Supporting a changing AOTEAROA

Annual Report 2022 | Pūrongo-a-tau 2022

He Kaupare. He Manaaki.
He Whakaora.
prevention. care. recovery.

Te Kaporeihana Āwhina Hunga Whara
Accident Compensation Corporation

Pūrongo-ā-tau 2022 (our Annual Report) highlights our achievements throughout the year and outlines our financial and non-financial performance. It describes our results for 2021/22 and reports on how we performed against our strategic intentions as set out in our Statement of Intent and Service Agreement.

How to read this report:

The overview of this report includes summary performance information, who we are, what we do and key aspects of our operating environment for 2021/22.

The remainder of the report provides more detail about progress made towards our strategic intentions (injury prevention, customer outcomes and experience and sustainability) and improving our organisational health and capability. Also included is information on our governance, our investment fund report, statement of performance, our financial statements and a report against the recommendation of the Taskforce on Climate-related Financial Disclosures.

Previous Annual Reports, our Statement of Intent and Service Agreement are available on our website ***www.acc.co.nz***.

Australasian Reporting Awards:

Pūrongo-ā-tau 2021 received a gold award in the 2022 Australasian Reporting Awards (ARA). This award recognises our commitment to:

- providing a balanced and reasonable picture of our economic, environmental and social performance
- facilitating comparability, benchmarking and assessment of performance, and
- addressing issues of concern to stakeholders.

Pūrongo-ā-tau 2022 has been developed to meet the ARA criteria for best practice. These criteria align with the requirements of the Global Reporting Initiative (GRI), an international benchmark in reporting and reflect the substance of the GRI Sustainability Reporting Guidelines.

Contents

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

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

ACC's Purpose Karakia can be used to begin and end meetings and 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

Te Whāinga Roa

Our Vision

Ko tā mātou whāinga roa, ko te whakawhanaketanga mai o tētahi hononga motuhake ki ia tangata o Aotearoa, kia pai ake ai tō rātou noho, mā te whakaheke i te tūponotanga atu me te pānga atu o ngā wharanga.

Our vision is to create a unique partnership with every New Zealander, improving their quality of life by minimising the incidence and impact of injury.

Ngā Uara | Our Values

Our core values were shaped by asking people in New Zealand what they expected and needed from us.

Haumaru Aotearoa Safe Kiwis	Ka whakahīkaka mātou i ngā tāngata o Aotearoa ki te noho haumaru, ki te mahi haumaru, ki te tākaro haumaru – e tutuki pai ai ngā mahinga katoa i te ao e nōhia ana e rātou..	We motivate New Zealanders to live, work and play safely, so they can lead full and active lives.
He hoamahi pai Good partners	Ka whakatītinahia ngā hononga ki ō mātou hoamahi i raro i te kaupapa o te kaupare me te manaaki wharanga, waihoki, ko ngā hononga ki ngā ahurea rerekē me te hapori whānui.	We foster close relationships with our partners in injury prevention and care, as well as within cultural groups and the wider community.
He kaitiaki tōtika Responsible stewards	Ka mātua whai tikanga te kohikohi me te tuku pūtea e ea ai ngā hiahia o ngā Kiwi o nāianei, o āpōpō hoki.	We gather and invest our income wisely to meet the needs of today's and tomorrow's Kiwis.
Ko te tangata i mua i te tukanga People before process	Ka rongo mātou i ngā hiahia o te tinana me te ngākau o ia tangata, kia māmā ai te toro mai ki a mātou.	We are responsive to each person's physical and emotional needs, making it easy for people to engage with us.
Te mahi tōtika, he ng kau tuwhera Fair and open	Ka mahi tōtika mātou, ka pono hoki ki ngā āhuatanga o ia tangata – ka whāi noa i ngā whakatutukinga māmā i ngā wā e tika ana.	We are fair and transparent about a person's situation, applying common-sense solutions when called for.

Summary

Our purpose

The purpose of the Scheme is to deliver injury prevention initiatives and no-fault personal injury cover for everyone in New Zealand.

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

The Scheme was established following the 1967 Royal Commission of Inquiry chaired by the Rt Hon Sir Owen Woodhouse. The 'Woodhouse Report' led to an extension of the 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 previously not covered (including students, non-earners and visitors to New Zealand).

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

To deliver the Scheme we have three outcomes we aim to achieve over the long term:

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

Supporting a changing Aotearoa

Back in the early 1970s ACC was set up to provide no-fault cover for people hurt by accident or injury, whether at work, at home or at play. ACC was, and remains, unique in the world.

In recent years we have made significant steps forward; we now have modern systems and technology, we have a case management model that means we can target the right level of support to each client and we have kept delivering for Aotearoa during a global pandemic.

As we look to the future, we know we can, and must, do better for New Zealanders. We must embed Te Tiriti o Waitangi in all that we do. We must ensure genuine equity in access, experience and outcomes whoever you are and wherever you are in New Zealand. We have introduced service improvements and choices to the Scheme, including Rogoā Māori and Kaupapa Māori health services.

Our team of 4,000 are committed to improving lives everyday and to supporting a changing Aotearoa.

Our year in Review

Supporting all New Zealanders for over 48 years

We have accepted over
1.8m
New registered claims

With over
250k
MyACC registered users

We helped
64%
of our clients return to work within 10 weeks

and
85%
of our clients returned to independence (not in the workplace)

5,470
Long-term clients returned to independence

67%
Reduction in tCO_2e corporate emissions

430k
Players supported through sports programme

$78m
Invested to prevent injuries

$5.4b
For compensation, rehabilitation and treatment

8,800
Rongoā sessions funded for clients

$50.3b
Outstanding Claims Liability

$45.1b
Investment fund

3,791
Employees in 2021/22

65%
Public Trust & Confidence

$1,463
Value of $100 today (invested in June 1992)

Measuring our performance

- Target met
- Target not met

We deliver on our three outcomes by pursuing three core strategic intentions.

Increase the success of our injury prevention activities

Return on investment

The return on investment measures the long-term impact of our injury prevention investments. The higher the result the greater impact we are having on reducing the incidents and severity of injuries.

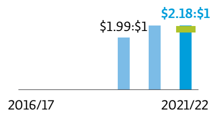
Return on investment:
0 to 20-year injury prevention programmes

2021/22 ACTUAL

$2.18:$1

Target **$2.08:$1** Target met

YEAR ON YEAR PERFORMANCE



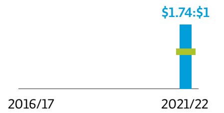
Return on investment:
Workplace injury prevention programmes

2021/22 ACTUAL

$1.74:$1

Target **$1.60:$1** Target met

YEAR ON YEAR PERFORMANCE



Improve the financial sustainability of the Scheme

Investment Performance After Costs Relative to Benchmark

The quality of our investment management can be gauged by comparing our returns (net of costs) with those of a blended market average benchmark.

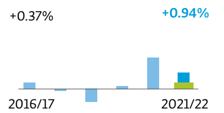
Investment performance after costs relative to benchmark:

2021/22 ACTUAL

+0.94

Target **+0.15%** Target met

YEAR ON YEAR PERFORMANCE



Average Treatment Cost Per Injury

Managing treatment costs means we are effectively countering inflationary pressures while delivering effective services to our clients when needed.

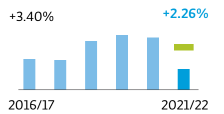
Average treatment cost per injury:

2021/22 ACTUAL

+2.26%

Target **<5%** Target met

YEAR ON YEAR PERFORMANCE



Improve our customers' outcomes and experiences

Public Trust & Confidence

The way the public views ACC is a useful indicator of how effectively we communicate the value we deliver through interactions with levy payers, clients, providers and stakeholders.

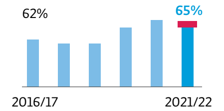
Public trust & confidence:

2021/22 ACTUAL

65%

Target **66%** Target met

YEAR ON YEAR PERFORMANCE



Net Trust Score

If we get their experiences and outcomes right, our clients will trust us and have confidence in our ability to support their returns to independence.

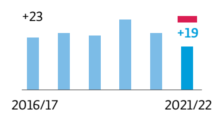
Client net trust score:

2021/22 ACTUAL

+19

Target **+31** Target met

YEAR ON YEAR PERFORMANCE



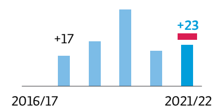
Māori client net trust score:

2021/22 ACTUAL

+23

Target **+28** Target met

YEAR ON YEAR PERFORMANCE



Return to Work Within Ten Weeks

Research confirms that when people make rapid returns to independence after injury their overall health and wellbeing is significantly improved.

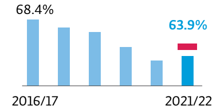
Return to work within 10 weeks:

2021/22 ACTUAL

63.9%

Target **63.9%** Target met

YEAR ON YEAR PERFORMANCE



Growth Rate of The Long-Term Claim Pool

Enabling clients back to independence can positively impact them and make a significant difference for the long-term sustainability of the Scheme.

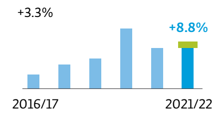
Growth of the long-term claim pool:

2021/22 ACTUAL

+8.8%

Target **+9.5%** Target met

YEAR ON YEAR PERFORMANCE



HOW YOUR ACC WAS FUNDED

WHERE THE MONEY CAME FROM

Every New Zealander, and visitor to New Zealand, is covered

Employers
$ 921 MILLION
The **Work Account** is for injuries at work

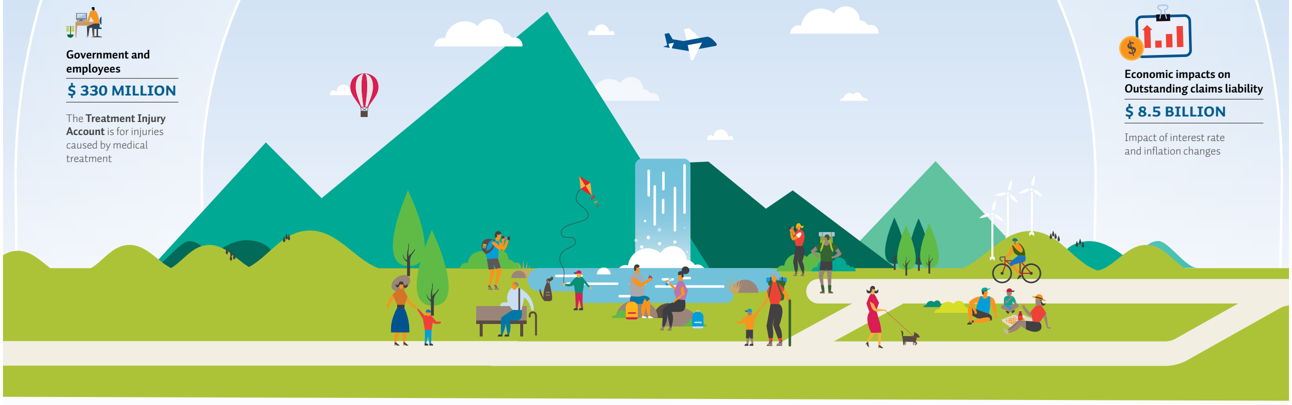
Employees
$ 2.0 BILLION
The **Earners' Account** is for injuries outside work, eg at home or while playing sport

Government
$ 1.7 BILIION
The **Non-Earners' Account** is for people not in the workforce, such as children or retirees

Motor vehicle owners and drivers
$ 460 MILLION
The **Motor Vehicle Account** is for all road-related injuries

Government and employees
$ 330 MILLION
The **Treatment Injury Account** is for injuries caused by medical treatment

Economic impacts on Outstanding claims liability
$ 8.5 BILLION
Impact of interest rate and inflation changes



WHERE THE MONEY WAS ALLOCATED

Injury prevention **$ 78 MILLION**
Helping the community understand how to stay safe and healthy

Treatment and emergency travel **$ 2.2 BILLION**
Includes visits to a GP, X-rays, surgery and associated travel

Care and support **$ 1.0 BILLION**
Helping people back to independence, eg through having carers or home alterations

Financial compensation and vocational rehabilitation **$ 2.1 BILLION**
Payments for people who are injured and can't return to work, and helping people back into work

Other Costs **$ 623 MILLION**
Operating and other costs

Other changes to OCL **$ 3.4 BILLION**
Additional funds to cover the future costs of claims

Negative Investment returns **$ 4.5 BILLION**

2021/22 Operating environment

The past two years have been two of the more challenging we have faced in the workforce; the way we work has changed, and the way we provide services to our customers has also evolved.

Supporting customers through COVID-19

Since the initial outbreak of COVID-19, we have continually reviewed the services we provide and how we provide these. Prior to COVID-19 the services available to clients via Telehealth (phone-based consultations) was very limited. Since then, we have significantly expanded the treatment and rehabilitation services available using this technology.

This continues to be an important evolution as capacity constraints within the health sector remain. The combined impacts of COVID-19 and Influenza are causing ongoing disruptions to service provision.

A key focus in the Omicron outbreak was to ensure our most vulnerable clients were safe. We worked with clients and their whānau to ensure they were not put at risk by shortages of home and community support workers due to illness or self-isolation.

As part of the Government's shift to the Red traffic light setting in the Omicron response plan in March 2022, we considered how we could lessen the administrative burden on providers, at a time of high demand for services and workforce shortages.

Several changes were implemented, including removing the need for our customer-facing teams to approve some services including treatment extensions, orthotics, concussion services, nursing and vocational services supporting people to stay at work or return to work.

We expanded the use of Telehealth to cover assessments and reviews for some Clinical Services and Vocational Medical Services contracts. Requests for additional medical notes about patients (from GPs and DHBs) were also limited where appropriate.

These changes have freed up time and reduced interactions with providers meaning our customer facing teams have more time to focus on supporting clients. Feedback from providers about the changes has also been encouraging.

As a result, most of these initiatives have already been extended. We will continue to monitor impacts to understand how they are impacting providers and can inform our decisions.

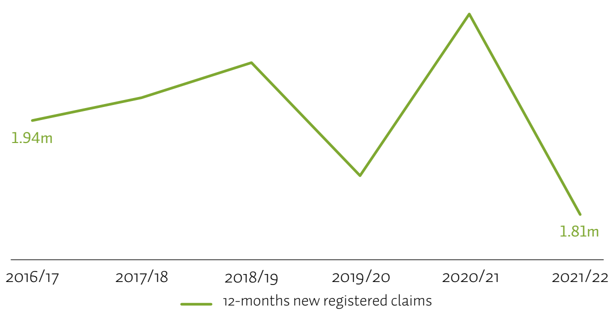
Claims volumes

We know that injury and presentation to primary care (leading to new registered claims) are associated with general measures of economic activity, purchasing power and wealth accumulation. We forecast Scheme demand on this basis.

However, lockdown restrictions have had an immediate impact on people accessing the Scheme for new injuries. This was due to the sudden decline in exposure to injuries in the workplace, from recreation or in a motor vehicle. In addition, the economy did not rebound in 2021/22 as anticipated.

These impacts mean there were 14.1% fewer new registered claims, and 6.7% fewer new weekly compensation claims in 2021/22. This is compared to the record high new claims recorded in 2020/21 and is significantly fewer claims than we estimated.

GRAPH 1: 12-MONTHS NEW REGISTERED CLAIMS



Rehabilitation performance

In the first quarter of 2021/22, rehabilitation performance continued the improving trend seen for much of the 2021 calendar year. However, as anticipated (from our COVID-19 experience in 2020), nine to ten weeks following the August 2021 COVID-19 restrictions rehabilitation performance began to decline.

Over the lockdown periods, we made changes to operational settings to ensure clients were not put at risk. This included extended notice periods for suspension or vocational independence decisions made immediately prior to lockdown and put other decisions on hold.

Despite these challenges, performance for the return-to-work rate within ten weeks increased over the year to 63.9%. This means we supported nearly 57,000 injured New Zealanders back to work within ten weeks. In addition, performance expectations for long-term rehabilitation were achieved.

Challenging financial environment

2021/22 was another volatile year for the economy with significant impacts on our financial performance. There was a simultaneous fall in both equity and bond markets, resurgent inflation and a sharp increase in interest rates. Equity and property markets also fell as did the New Zealand dollar.

Our investment returns were the lowest they have historically been, a weighted average return of -9.36% after costs. More importantly however, the Fund continued to overall outperform its market benchmarks (by 0.94%), reflecting an excellent performance and generating about $500 million of additional value for ACC.

Despite the negative returns in the Investment Fund, the increase in interest rates meant a significant fall in the outstanding claims liability (today's value of the future costs of accepted claims has reduced). This is not a coincidence. Our investments are deliberately structured to reduce overall Scheme risk, not to maximise risk-return in their own right.

Changing leadership of ACC

Over the past few years, we have undergone significant changes as an organisation, to build a better experience for our customers, and to make things easier and more efficient for our people. As we have changed, so has the world around us.

To continue delivering in the changing environment, we need to set ourselves up in the right way now, to deliver for our customers into the future.

With our new Chief Executive (Megan Main) joining the organisation in November 2021, we made changes to our Executive leadership structure, to set ourselves up for success. These changes went live with the start 2022/23, but meant we farewelled several of the ACC Executive team in 2022.

Privacy

We take how we care for personal information and its privacy very seriously. The organisation was deeply disappointed by the Snapchat privacy incident in 2021.

We expect that information provided to us by our customers is handled with care and respect. How we collect, secure, use and share information is governed by the Privacy Act 2020 and the Health Information Privacy Code 2020. We consider all personal information that ACC collects as sensitive information.

In response to the incident, we commissioned an independent review to investigate our employee access to and use of client information. The review found ACC employees understand their obligation to protect personal information, but that our focus and understanding of privacy has been too narrow.

The review made 30 recommendations across three areas; policies and procedures, systems and culture. We have accepted all recommendations and have established an enterprise-wide action plan to address them. This provides the opportunity to update how we do things and develop a more mature approach to how we care for people's information. We hope that by being able to verify how we manage information will give assurance to New Zealanders, increasing their trust and confidence in us.

New Zealand Income Insurance Scheme

On 2 February 2022 the Government, Business New Zealand and the New Zealand Council of Trade Unions announced their proposal to introduce a New Zealand Income Insurance Scheme (NZIIS). The proposed scheme is designed to give financial support to New Zealanders who lose their job through no fault of their own. We worked with MBIE to support the development of a public consultation document on a proposed New Zealand Income Insurance Scheme.

Public consultation occurred between February and April 2022. One proposal was for ACC to deliver the scheme which would provide income replacement for people made redundant or who are incapacitated by a health condition or disability. Funding of $10 million was provided to ACC in 2021/22 to undertake some pre-implementation planning for what would be needed to deliver a new scheme alongside the Accident Compensation Scheme. Enabling legislation was passed in May 2022, alongside an additional $45 million for ACC to undertake further preliminary work to establish the systems and operational processes for the new scheme.

Climate change

In December 2021 we launched a $100 million climate change impact fund. We are actively seeking initiatives that reduce carbon emissions and provide strong risk-adjusted financial returns.

The fund has a long-term investment horizon and flexibility in how it structures transactions. Information on our first investment, with Leaft Foods is included on *page 60*.

Nā te Minita

Mātāmua ana te Kaupapa ACC i te ao, engari i whakaritea i te horopaki o tētahi Aotearoa e rerekē pai ana i te Aotearoa e noho nei tātou i ēnei rā. Kua 50 tau nō te whakamana i te Accident Compensation Act 1972, ā, ahakoa e pakari tonu ana te tū o ngā pou o te Kaupapa – te Kaupare, te Manaaki me te Whakaora – me tōna hirahira hoki, e kuneroa tonu ana e hāngai pū ai hei Kaupapa ki a ngāi Aotearoa whānui.

E hirahira ana ki ahau, hei Minita o Te Kaporeihana Āwhina Hunga Whara (ACC), te whaiwāhitanga a te katoa ki te Kaupapa, me te toitū ā-ohaoha. I te 2021/22 i tīmata ki te takahi i te ara kia mana ōrite ā-ira i te Kaupapa, he whakauru mai nō tētahi Pire e tae rā anō ana ki ngā wharanga whakawhānautanga, anā, kua whakamanahia. Heoti, inā rā hoki ngā wero o te tau i pā atu ki ngā kaikerēme i te pānga tonutanga o ACC e te urutā KOWHEORI-19. Ahakoa tēnā, i okea ururoatia e ACC kia whakarato tonu rā tēnei wā, e whai tautoko ai te hunga e pānekeneke kino nei, i whakapau kaha hoki kia urutau i te tukunga i ngā ratonga.

E waiwai ana tā te Kaupapa whakamana i Te Tiriti o Waitangi, waihoki tana taurite, tana tōkeke, me ā ngā kaikerēme katoa whai āheinga. E hiahia ana au kia mihia te ārahitanga kua whakatinanahia e taku hoamahi, te Minita Tūhono o Te Kaporeihana Āwhina Hunga Whara, te Hōnore Willie Jackson. E mōhio ana au kua uma kūkupa hoki ia i tā ACC kokenga i te tau nei e whakaritea ai a Whāia te Tika - te rautaki Māori. He tohu pai te whanaketanga o ngā ratonga rongoā Māori puta noa i te motu, ki ngā kaimahi hoki a ACC, o te anamata ina whanakehia ai ngā kaupapa ratonga Māori.

He wāhi matua a ACC o tā Aotearoa kupenga haumarutanga ā-pāpori. E kawatau nei au i tana kokenga tonutanga hei hoa haere mō ngā umanga kāwanatanga anō i te kaupapa nei. He tauira pai tā ACC ūnga ki Te Aorerekura, tā Aotearoa rautaki 25-tau, me te mahere hohenga e hoepapatia ai te pāwhera me te taikaha taratahi, ka mutu, e waiwai ana tēnei ki te angitu o te rautaki. E hiamo ana au i te whanaketanga ka hua mai i a ACC e hautū ana i ngā hinonga 10 i ngā mea e 40 mō te mahere hohenga, hei patuitanga ki ngā umanga kāwanatanga anō, ngā rāngai hauora, ngā iwi me ngā hapori.

E mōhio ana au ki te ūnga a tā ACC whakamana pū i te tūmataiti o ngā mōhiohio kiritaki katoa, nā whai anō i matangurunguru au i ngā pānga ā-tūmataiti i pupū ake i te 2021. I a ACC e āta tirotiro ana ki ngā marohitanga i te Arotakenga Motuhake mō te āheinga me te whakamahinga i ngā mōhiohio kiritaki, ka āta hihira hoki ahau i tana pēheatanga e whakaritea ai ngā whanaketanga e poipoi nei i tētahi ahurea tūmataiti whaimana e tautoko ana i ngā iwi o Aotearoa.

Kua ū tonu te Kāwanatanga ki te whakatakinga i tētahi kaupapa rīanga pūtea e aumangea ake ai tō tātou ōhanga, e noho tonu ai a ngāi Aotearoa ki ngā mahi, heoti kāore anō kia whakatau mārika i te whakahoahoa o te Kaupapa. E hiahia ana au kia whakamiha i te noho mai a ACC ki te kaupapa rīanga pūtea ā mohoa nei. Ki te koke whakamua, he rite tonu nō tā ACC tautoko i te Kaupapa hōu nei rā tana whanaketanga, e manahua ai te āhua.

I te tau nei, i whakaingoatia e te Kāwanatanga ngā māngai Poari ACC hōu e toru: ko Mark Cross rātou ko David Hunt, ko Ali'imuamua (Sandra) Alofivae. Mokori au kia mihia ngā māngai Poari e tiu atu ana, a Dame Paula Rebstock DNZM rātou ko James Miller, ko John Brabazon, i ā rātou mate ururoa e angitu ai a ACC i ngā tau kua hori. E tika ana rā kia mihia hoki ngā mema o te Ope Hautū i topa atu hoki i te 2021/22, i ā rātou mahi kia whakaratongia ai tētahi Kaupapa paremata hauata, me uma kūkupa ka tika.

Ka mutu, e nakohia nei te mihi atu ki te Poari ACC, te Ope Hautū, me ngā kaimahi e 4,000 i ngā mahi ā rātou rangi mai, rangi atu. Kua kino kē atu te wero o te mahi nei nā ngā pānga o te urutā KOWHEORI-19. E mihia ana e au ngā tāngata e pukumahi ana ki ACC i tā rātou ūnga ki a ngāi Aotearoa i ēnei wā taumaha hārukiruki. E hiamo ana au i te mahi tahi tonu kia whakaratongia ai tētahi Kaupapa e tautoko ana, e manaaki ana hoki i te katoa o ngāi Aotearoa kua whara.

Hon Carmel Sepuloni
Minister for ACC

From the Minister

The ACC Scheme is and continues to be world-leading, but it was set up for a very different Aotearoa from the one we live in today. The passage of the Accident Compensation Act 1972 is now 50 years ago, and while the pillars of the Scheme – Prevention, Care and Recovery – remain as important as ever, it needs to continue evolving to ensure it remains a Scheme for all New Zealanders.

It is important to me, as Minister for ACC, that the Scheme is accessible for all and financially sustainable. 2021/22 saw the first steps towards greater gender equity in the Scheme with the introduction of a Bill to extend cover to maternal birth injuries, which is now in effect. However, it was also a challenging year for claimants as the effects of the COVID-19 pandemic continued to impact ACC. Despite this, ACC continued to deliver services over this period, ensuring the most vulnerable of claimants had the support they required and worked to adapt the way services were provided.

It is essential that the Scheme delivers on its Te Tiriti o Waitangi obligations and is fair, equitable and accessible for all claimants. I want to acknowledge the leadership my colleague, Associate Minister for ACC Hon Willie Jackson, has provided to ACC in this respect. I know he would share my pride in ACC's progress this year in implementing Whāia te Tika – its Māori strategy. The expansion of rongoā Māori services across the country and to ACC's own employees is a good sign of what is to come through the development of kaupapa Māori services.

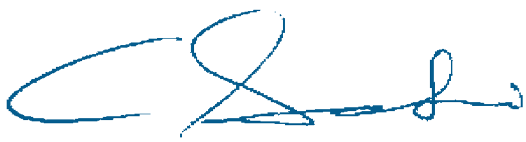
ACC is a key part of New Zealand's social safety net. My expectation is that it continues to work closely with other government agencies on this kaupapa. A great example of this is ACC's commitment to Te Aorerekura, New Zealand's 25-year strategy and action plan to eliminate family and sexual violence, which is critical to the strategy's success. I look forward to the progress that can be made as ACC leads 10 of the 40 projects in the action plan in partnership with other government agencies, health sector partners, iwi and communities.

I know ACC takes its commitment to maintaining high levels of confidentiality for all customer information seriously and I was disappointed by the privacy incidents that occurred in 2021. As ACC addresses the recommendations from the Independent Review into the access and use of client information, I will be keeping a close eye on its progress to ensure improvements are made that foster a mature privacy culture supporting the people of Aotearoa.

The Government remains committed to the introduction of an income insurance scheme that would make our economy more resilient and keep New Zealanders in good work, although final decisions on the Scheme's design have not yet been made. I would like to acknowledge the engagement of ACC on the income insurance kaupapa to date. If it goes ahead, the success of this new Scheme will require ongoing commitment from ACC as it develops.

This year, the Government appointed three new ACC Board members: Mark Cross, David Hunt and Ali'imuamua (Sandra) Alofivae. I would like to thank departed Board members Dame Paula Rebstock DNZM, James Miller and John Brabazon for their commitment to ensuring the success of ACC over a number of years. I would also like to acknowledge the Executive team members who left in 2021/22 and thank them for their service to delivering an accident compensation Scheme to be proud of.

Finally, I would like to thank the ACC Board, the Executive and 4,000 employees for the work they do every day. This work has been made more challenging due to the effects of the COVID-19 pandemic. I commend the people working hard at ACC for their commitment to New Zealanders in these trying times. I look forward to continuing our work together to deliver a Scheme that supports and cares for all injured New Zealanders.



Hon Carmel Sepuloni
Minister for ACC

Nā te Poari me te Tumu

Ko te 2021/22 tētahi tau i huri ai te kāwanatanga o ACC, he panonitanga nō roto anō i te Poari ACC me te Ope Hautū, i te ururuatanga rā anō o tētahi mate urutā. E uma kūkupa ana mātou i te ūnga me te manawanui o ā mātou kaimahi e 4,000 ki ā rātou anō mahi i ia rā kia tautokona ai, kia hāpai ai hoki i te oranga o ngāi Aotearoa.

Te Pēhea o te Mahi

I te pānga tonutanga o ngā āhuatanga o te urutā KOWHEORI-19 ki a tātou i tēnei tau, i whakapau kaha ā mātou tāngata kia tautoko i ngā kiritaki rā te urutā, e haumaru ai te hunga pānekeneke rawa atu, e whaiwāhi ai hoki ngā kiritaki ki ngā ratonga i hiahiatia e rātou. Rā tēnei wā, i arotake tonu mātou i te pēheatanga o tā mātou tautoko i ngā kiritaki, me tā mātou whakarato i ngā ratonga e matea ana. I te tau nei, i whakawhānui mātou i ngā ratonga whakaoranga, whakahaumanutanga hoki e wātea ana mā te hauorā ā-waea, i tōmene hoki i ngā ara e whakawhāiti ai i te wahanga whakahaerenga ki ngā kaiwhakarato me ACC. Nā ngā panonitanga nei i whakawātea ai, i whakawhāiti ai hoki i ngā whakawhitinga ki ngā kaiwhakarato, e wātea ai te aronga pū a ACC me ngā kaiwhakarato ki te tautoko i ngā kiritaki.

Rā te tau, kua kitea te pānga o te KOWHEORI-19 me ōna āhuatanga ki ā mātou mahi. He pānga mārika ki te pūkākā o ngā keremē hōu, te āheinga a ngā tāngata kia toro ki ngā ratonga hauora, te āheinga a ngā tangata kia hoki ki te mahi, me te tukunga i ngā kaupapa kaupare wharanga. Nā ēnei, he nui ngā wāhanga waiwai o te Kaupapa tē eke ki ngā taumata i manakohia ai i te 2021/22.

Kua whakarewa mātou i tētahi ahunga whakaratonga riterite ki te panonitanga, kua whanakehia hoki ngā āheinga i tēnei horopaki. E iwa ā mātou peka whakaratonga e tautoko ana i te pāhekoheko me te panonitanga puta noa i te umanga, e tokona ana mātou kia tutuki i ngā whāinga. Ina tiro ki te tau tītoki, kua ū mātou ki te whakamahinga i tēnei aronga kia whakawhanake i te kounga o ā mātau mahi mā ngāi Aotearoa whānui.

Te tautoko i te Māori

E pai nei tā mātou whanake tonu i tā mātou rautaki, ko Whāia te Tika, e pai ake ai te whainga āheinga, te wheako, me ngā hua ki te Māori, rā tētahi aronga pū ki te kiritaki, te patuitanga kounga, me te whanake i te pūkenga. He mahinga ā mātou kua whakarewaina e tū ai tētahi ACC e tōkeke ana ki te Māori kua whara, e noho tahi nei ki a mātou.

Kua whakatūria e mātou tētahi kaupapa hauora Māori e hāpai nei i te whakahoahoatanga i ētahi ara e tika ana ā-ahurea, e ai ki te Māori, nā te Māori, mō te Māori, me ngā mātāwaka katoa. Mā te noho tahi ki ngā kaiwhakarato Māori, ngā iwi, ngā hapū, ngā kiritaki ACC me ngā whānau kia whanake i ēnei ratonga, e mātāmua ai ngā hiahia o ā mātou kiritaki rātou ko ō rātou whānau i te whakahaumanutanga.

I te 2021/22, he $7 miriona i haumi atu ki ngā ahunga kaupare wharanga, nā te Māori i whakahoahoa, i whakarato hoki, mā te Māori. E taiāwhio nei te eminga kaupare wharanga Māori i ngā wawata me ngā whāinga Māori, ā, e whaiwāhi atu ana ki tētahi ara e wātea ai ngā ahunga kaha ā-whānau ki te kauparenga wharanga, e noho nei te mātauranga Māori hei tūāpapa.

He angitu nō te whakarewa i ngā ratonga rongoā Māori ki ngā kiritaki i te 2020/21, kua whakahere atu mātou i ngā ratonga rongoā Māori ki ngā kaimahi e tautoko ai i ō rātou hauora i te wāhi mahi, i ō rātou ake ao hoki.

Te pēhea ā-pūtea

Kua tārake te kite i te tino pānga mai o ngā āhuatanga ōhanga rāwaho ki ngā hua pūtea ā mātou. Hei whainga atu i te hemihemi $10 piriona i te tau 2020/21, he paku takarepa $49 miriona i hua mai i te tau nei. E tae rā anō ana tēnei hua ki te tino whakapāpaku i te Outstanding Claims Liability (OCL) e $5.1 piriona, nā te pānga o ngā pāpātanga huapūtea e piki haere ana.

Kua noho hakahaka rawa atu ā mātou hua pūtea haumitanga, he toharite -9.36% i muri mai i ngā utu, e whakapāpaku ana i te Hua Haumitanga ki te $45 piriona.

Heoti, e eke pai tonu ana te Hua Haumitanga ki tua o ngā taumata mākete (mā te 0.94%), ahakoa ngā hua tōraro. E whakatauira ana tēnei i te ahunga kairangi a te tīma haumitanga, ā, i tōna tikanga, me he $100 i haumi atu i te 1992, kua $1463 tana whaihua i te 30 o Hune 2022.

Mā te ekenga kē atu i ngā taumata nā e whakapāpaku ai te rahinga pūtea me utu e ngāi Aotearoa ina whara ai.

Tūmataitinga

E whai ana mātou kia āta whakamahi i ngā mōhiohio katoa, e hāngai ai hoki tā mātou kohikohi, rokiroki, whakamahi hoki i ngā mōhiohio ki te Privacy Act me te Health Information Privacy Code. Nō muri mai i tētahi huatau tūmataitinga i te 2021, i tonoa e mātou tētahi arotakenga motuhake kia whakatewhatewha i te āheinga a ngā kaimahi, me tā rātou whakamahinga i te mōhiohio a te kiritaki. Hei tā te arotakenga, i mōhio ngā kaimahi ki te herenga e tiakina ai ngā mōhiohio matawhaiaro katoa, engari i hanga whāiti kē tā te umanga tirohanga ki te tūmataitinga. Kua whakaae mātou ki ngā marohitanga e 30 katoa o te arotakenga, ā, kua whakaritea tētahi mahere ā-umanga e tutuki ai. E ū ana mātou ki tā ngāi Aotearoa whānui whirinaki mai ki tā mātou whakarite i ā rātou mōhiohio matawhaiaro.

Te ngarenga me te rāhiri

Anō te hirahira o te tau 2021/22 mō te panonitanga o ngā kanohi o te Poari ACC. I ngare mātou i a Dame Paula Rebstock DNZM rātou ko James Miller, ko John Brabazon. Haramai ngā tini hua o ā rātou noho mai ki te kāwanatanga i te umanga nei i ngā tau e hia kē nei. Kua tūhono mai a Mark Cross rātou ko David Hunt, ko Ali'imuamua (Sandra) Alofivae ki te Poari ACC i tēnei tau. He nui nō ngā pūkenga nei, e hiamo ana mātou ki ngā painga ki te kāwanatanga o te umanga haere ake nei.

I te tau nei, i ngare hoki mātou i ētahi kanohi o te Ope Hautū kua roa nei e whāngai ana i te umanga. Rā ēnei wā, i tautoko rātou i a ACC kia whakawhanake i te whai āheinga, ngā wheako, me ngā hua o ngāi Aotearoa i te ACC. E mihia ana ia o rātou i ā rātou ūnga ki tā ACC tautoko i āna kiritaki, me ō rātou hauora. I te Noema 2021, i rāhiri mātou i a Megan Main hei Tumu, ā, i te Āperira 2022, i tūhono mai a Michael Frampton hei Tumu Tuarua - Tāngata me te Ahurea. I a mātou e tiro ana ki te anamata, e mōhio ana mātou, e taea ana te painga ake o ā mātou mahi mā ngāi Aotearoa, ka mutu me pēnā hoki, ā, he panonitanga ā mātou ki tō mātou rangaranga me te rautaki, e hua mai ai ko te angitu.

Kua tū ngā panonitanga i tō mātou Ope Hautū ki ngā tūāpapa kaha, e taea ai ētahi panonitanga ki te aronga, me te tīaroaro, e ngāwari ake ai tā te umanga tūhonohono, mōhio, whaimana hoki kia okea ururoatia.

Ka mutu, e hiahia ana mātou kia mihia ō mātou hoa katoa, me rātou i whai wā ki te tautoko, ki te manaaki i ā mātou kiritaki, tae rā anō ki te manawanui kua whakatauirahia rā te tau nei. I a mātou e whakanui ana i te 50 tau nō te whakamana i te Accident Compensation Act 1972, e hiama ana hoki mātou ki te manaaki i a Aotearoa hei ngā tau e 50 ki mua tonu i te aroaro.

Steve Maharey CNZM
Board Chair

Dr Tracey Batten
Deputy Chair

Megan Main
Chief Executive

From the Board and Chief Executive

2021/22 was a year of change for the governance of ACC with changes to both the ACC Board and Executive leadership team, in the middle of a global pandemic. We are proud of the commitment and dedication of our 4,000 employees in what they continue to do every day to support New Zealanders and improve lives.

Performance

As the effects of the COVID-19 pandemic continued this year, our people worked to support customers throughout the pandemic, ensuring the most vulnerable were safe and clients could access the services they need. Over this time, we continued to review how we support clients and deliver the services they require. This year we expanded the treatment and rehabilitation services available via Telehealth, and explored ways to reduce the administrative burden on providers and ACC. These changes freed up time and reduced transactional interactions with providers, allowing greater focus for ACC and providers to focus on supporting clients.

Throughout the year, the impact of the COVID-19 pandemic and related factors were visible in our performance. There were direct impacts on the volatility of new claims lodged, ability for people to access health services, ability for individuals to return to work and the delivery of injury prevention programmes. This meant that many of the measures that matter most to the Scheme did not achieve their targets in 2021/22.

We have adopted a continuous delivery approach to change and have built significant capability in this area. We now have nine delivery streams supporting integration and change across the organisation, supporting us to deliver on our priorities. Looking forward, we are committed to using this approach to improve our performance for New Zealanders.

Delivering for Māori

We continue to make pleasing progress with our Whāia te Tika strategy to create better access, experience and outcomes for Māori through a strong customer focus, partnering for excellence and developing capability. We have actions and activity underway to create a more equitable ACC for Māori who are injured and who partner with us.

We have established a Māori health programme of work to support the design of culturally appropriate pathways by Māori, with Māori and for Māori, and for all ethnicities. Partnering with Māori providers to develop these services alongside iwi, hapū, ACC clients and their whānau, ensures we will place the needs of our clients and their whānau at the centre their recovery.

In 2021/22, $7 million was invested in new injury prevention approaches designed and delivered by Māori, for Māori. The Māori injury prevention portfolio centres on Māori aspirations and outcomes and provides a mechanism to enable strength-based, whānau-centred approaches to injury prevention, underpinned by mātauranga Māori.

Following the success of the implementation of rongoā Māori services for clients in 2020/21, this year we offered rongoā Māori services to employees to support their wellbeing in the workplace and in their personal lives.

Financial performance

Once again, the significant impact of externally-driven economic factors were evident in our financial results. Following the $10 billion surplus recorded in 2020/21, this year a small deficit of $49 million was recorded. This result includes a significant reduction in the Outstanding Claims Liability (OCL) of $5.1 billion primarily due to the impact of rising interest rates.

Our investment returns this year were the lowest they have been historically, a weighted average of -9.36% after costs, reducing the Investment Fund to $45 billion. However, the Investment Fund continued to outperform its market benchmarks (by 0.94%), despite the negative returns. This reflects the continuing excellent performance by the investments team and means that every $100 invested in 1992 was worth $1,463 by 30 June 2022.

The achievement of above benchmark results minimises the amount New Zealanders have to pay for accident cover.

Privacy

We aim to handle all information with care and respect and ensure that how we collect, secure and use information aligns with the Privacy Act and the Health Information Privacy Code. Following a privacy incident in 2021, we commissioned an independent review to investigate employee access to, and use of, client information. The review found that employees understood their obligation to protect personal information, but the organisation had been too narrow in its focus on privacy. We have accepted all 30 recommendations from the review and have established an enterprise-wide plan to address them. We are committed to ensuring New Zealanders can have full trust and confidence in how we manage their personal information.

Farewell and welcome

2021/22 was another significant year of change for the membership of the ACC Board. We farewelled Dame Paula Rebstock DNZM, James Miller and John Brabazon. Their contribution to the effective governance of the corporation over many years has been invaluable. Joining the ACC Board this year were Mark Cross, David Hunt and Ali'imuamua (Sandra) Alofivae. With their broad skills we look forward to the contribution they will make to the governance of the corporation.

This year we also farewelled several members of our Executive Leadership team with many years of service to the corporation. Over this time they supported ACC to improve the access, experience and outcomes New Zealanders have with ACC. We thank each of them for their commitment to ensuring ACC was supporting its customers and their wellbeing. In November 2021, we welcomed Megan Main as Chief Executive and in April 2022, Michael Frampton joined us as Deputy Chief Executive – People and Culture. As we look to the future, we know we can, and must, do better for New Zealanders and have made changes to our structure and strategy, to set ourselves up for success.

The changes to our Executive Leadership team build on our strong foundations, allowing for some changes in focus and alignment to make it easier for the organisation to feel connected, informed and empowered to do our job well.

Finally, we would like to acknowledge and thank all our partners and others who give their time to support and care for our clients and the commitment they have demonstrated through this year. As we celebrate 50 years since the passage of the Accident Compensation Act 1972, we look forward to supporting Aotearoa over the next 50 years.

Steve Maharey CNZM
Board Chair

Dr Tracey Batten
Deputy Chair

Megan Main
Chief Executive

Overview

Our strategic framework

"Injury arising from accident demands an attack on three fronts. The most important is obviously prevention. Next in importance is the obligation to rehabilitate the injured. Thirdly, there is a duty to compensate them for their losses…"

Sir Owen Woodhouse, Chairman,
Royal Commission on Compensation
for Personal Injury, 1967

ACC's vision and values have reflected the organisation that we wanted to be and the vision established by Sir Owen Woodhouse.

Our strategic intentions change over time to reflect our medium term-areas of focus. These intentions reflect the areas we identified as needing the most focus during the period of the Statement of Intent (2021-2025).

There is a strong alignment between our outcomes and our strategic intentions. Our strategic intentions represent our commitment to:

- reduce the incidence and severity of injury in New Zealand by increasing the success of our injury prevention activities
- rehabilitate injured people in New Zealand more effectively by improving our customers' outcomes and experiences
- ensure that New Zealand has an affordable and sustainable scheme by improving the financial sustainability of the ACC Scheme.

Injury prevention is critical to the success of ACC. Most injuries are preventable and we have an important role in encouraging those behaviours that contribute most to stopping injuries in the first place. Success in injury prevention goes a very long way towards improving quality of life in New Zealand.

Where an injury has occurred, ACC works to rehabilitate the individual. We recognise that an individual's health and wellbeing are significantly improved with a rapid return to independence, so it is important that we ensure the Scheme is fair and accessible and provides individuals with the right services at the right time.

Over the course of 2022 we are reviewing and refreshing ACC's strategy to be fit for the future. The strategy will build on the last 50 years and set the organisation up for the next 50 years. It will be the guiding document for ACC decisions and direction for the next 5-10 years. As a result, we will publish a new Statement of Intent for 2023-2027.

Long term (Enduring)

Vision

To create a unique partnership with every New Zealander, improving their quality of life by minimising the incidence and impact of injury.

Outcomes

Our outcomes describe, at a high level, what we are delivering to support a healthy and prosperous New Zealand.

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

Values

Safe kiwis

Good partners

Fair and open

Responsible stewards

People before process

Medium term (Four years)

Intentions

Our intentions reflect the areas that need the most focus during the four-year period covered by our Statement of Intent. They demonstrate where we intend to concentrate our efforts to deliver our vision, our outcomes and the Government's priorities for ACC. We have strategic intentions and intentions to improve the organisational health and capability of ACC.

- 20 key measures for 2021/22
- 55 initiatives during 2021/22

Injury prevention

Increase the success of our injury prevention activities.

Customer outcomes and experiences

Improve our customers' outcomes and experiences.

Sustainability

Improve the sustainability of the Scheme.

Organisational health and capability

People – maintain a diverse, high-performing workforce empowered to deliver great customer experiences and outcomes.

Information – improve the way we use, protect and share information.

Technology – support our business outcomes with modern, reliable and secure information technology.

Short term (One year)

Our outputs

We aim to achieve the best possible delivery of New Zealand's unique ACC Scheme through four outputs representing the core activities we deliver and the areas we invest in.

- 50 performance measures for 2021/22

Injury prevention

We aim to reduce the incidence and severity of injury to reduce the economic, social and personal impacts of injury on individuals and to achieve a cost-effective reduction in levy rates or government funding.

Levy setting and collection

In order for us to deliver services we must collect revenue. Through our levy-setting process we calculate our future revenue needs for each Account and recommend levies in line with the full funding requirements of the Scheme.

Investment management

Serious injuries will require ongoing expenditure for decades into the future, so 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 claims.

Claims management

We deliver effective, high-quality rehabilitation services so that injured people covered by the Scheme get appropriate medical treatment, social and vocational rehabilitation services and compensation to enable an early return to work, independence or everyday life.

Rongoā Māori: A traditional healing choice for all

Used by Māori in Aotearoa for centuries, rongoā Māori is a popular healing option that has been available through ACC since 2020.

The traditional Māori practice will likely be a new concept to many people but can be requested by people of all ethnicities who feel it may help in their recovery.

ACC accredited rongoā Māori practitioner Donna Kerridge says rongoā Māori is different from western medicine because practitioners try to help position the person to maximise their healing first.

"This means we take care of their mana, their self-esteem and make sure all of those things that help keep them strong and more receptive to healing are in place first."

In addition to rongoā rākau (native flora and herbal preparations), rongoā Māori includes a range of different healing methods, such as mirimiri and romiromi (bodywork), whitiwhiti kōrero (support/advice) and karakia (prayer).

Our data shows that Māori are 2.5 times more likely to experience a serious injury, but 25% less likely to make an ACC claim. We are committed to changing this and the access to rongoā Māori is making a difference.

Since the service began, we have approved rongoā Māori for around 2,300 claims and funded more than 15,200 sessions. One in five of those clients had not previously received other forms of ACC care or treatment before benefitting from rongoā.

There are around 70 ACC-registered rongoā Māori practitioners in New Zealand, from Kaitāia to Invercargill.

Rongoā Māori is available to clients on request and can be used as standalone care or in conjunction with other treatment.

Rongoā Māori: Now also a choice for all kaimahi

Following the success of rongā Māori for our kiritaki, we are now offering rongoā Māori to all kaimahi (staff) alongside our Employee Assistance Programme (EAP) service. This means ACC kaimahi can choose rongoā Māori services to support their wellbeing in the workplace and in their personal lives. It is available to Māori and non-Māori kaimahi.

Cheryl Pakaru is an ACC Recovery Partner from Tauranga. Every time Cheryl walks through the doors of her ACC office, she has her tūpuna (ancestors) and whānau (family) guiding her.

She works with seriously injured clients who have sustained a life changing injury. Her goal is to make a difference every day. Cheryl is thrilled to see the commitment ACC has made to its kaimahi (staff) with rongoā Māori.

“As an ACC employee who is a proud Māori, I’m humbled to have this resource available,” she says.

“I also acknowledge, and I’m grateful, that there has been a huge journey behind the scenes for this to become a reality.”

Cheryl wants her connection with her culture to help her to do the best job she can for her clients.

“I come to mahi every day to make a difference,” she says. “When we help our kiritaki (clients) to live a more independent life, it’s hugely rewarding.”

Whāia Te Tika

Whāi a te whānuitanga me te hōhonutanga o te mātauranga
Pursue the breadth and depth of knowledge

E mōhio ana mātou ko te Tiriti o Waitangi tētahi o ngā tuhinga tuatahi ki Aotearoa. Ka tautoko a ACC i te Karauna i ōna haepapa o te Tiriti o Waitangi ki te tuku i ā mātou ratonga e puta ai he āhuatanga putanga tōkeke mā Māori.

E aro ana tā ACC rautaki Māori, Whāia Te Tika, ki te whakapakari ake i te whai wāhi, i ngā wheako, i ngā putanga hoki mā Māori, mā roto o Te Arotahi Kiritaki (a strong customer focus), mā te Kia Hiranga Te Mahi Ngātahi (partnering for excellence) mā te Whakawhanaketia te kaha (developing capability) hoki.

I te tau kua hipa i aro a ACC ki ngā mahi e kitea rawa ai:

- te iti iho o te wā e whara ana ngā Māori o Aotearoa.
- te whakatahatanga o ngā taunahua, o te whakaiti o te manarite-kore me te whakapai o te manarite hoki .
- te wāteatanga atu o ngā tautoko me ngā ratonga Kaupapa Māori ki ngā Māori ki ō rātou whānau hoki.
- te mahi tahi o mātou ki ngā Māori, te mārama me te whaiwhai i ō rātou matea, i ō rātou kawatau, i ō rātou wawata hoki nō rātou e mahi tahi mai ana ki a mātou.
- te mahi tahi o mātou ki ngā ratonga hauora Māori me ētahi atu umanga ki te hoahoa me te tuku i ngā mea me ngā ratonga e tutuki ai ngā matea o ngā kiritaki Māori.
- he rōpū kaha ā-ahurea mātou.

Te Arotahi Kiritaki

Ko ā mātou mahi he whakapai ake i tā te kiritaki whai wāhi, whai wheako, whai putanga hoki.

E manawanui ana mātou ki te whakarite he ACC e pai ake ana te tōkeke ki ngā Māori e whara ana, ā, e mahi tahi ana ki a mātou. Tae ana ki te whakapaitanga ake o ngā putanga mā te whai wāhi atu ki ngā ratonga hauora e tika ana ā-ahurea ā-haumanu hoki.

Kia tutuki ai tēnei, kua whakatū a ACC he hōtaka mahi Hauora Māori hei whakakaha i ngā hapori Māori me te tautoko kia rea ai te ōhanga Māori. I hoahoatia ai tēnei hōtaka i ngā hinonga rangahau me ngā mahi haumi takitaki, i ngā whakahoki korero i te rāngai Māori e tautuhi ana i ngā taunahua, i ngā akoranga, i ngā hui o Te Rōpū Whakamana i te Tiriti o Waitangi.

HĀPAI – MĀORI CENTRED RECOVERY SERVICE

He kaupapa te Hāpai nā ACC, ko tōna aronga kia waihanga ake i tētahi aroahurea e pai ana te whakahaere mō ngā kiritaki Māori me ō rātou whānau. E whakamātauria ana tēnei: ki Rotorua, ki Tauranga, ki Whakatāne, ki Tūranga hoki.

Hei tā ngā kitenga e tautuhia ana e whakaaetia ana te Hāpai e ngā kiritaki me ngā rōpu e tuku ana i ngā ratonga. Mā te arotake e tohu i te whakawhānuitanga atu o te Hāpai i Aotearoa whānui.

PAE WHAKATERE RATONGA KAUPAPA MĀORI

E whakarite ana mātou i tētahi Pae Whakatere Ratonga Kaupapa Māori hei whakapai ake tēnā e wheakotia ana e ngā Māori e kuhu ana ki ACC. Iti noa atu ngā Māori e kuhu ana ki tā mātou pae whakatere āianei. He ara tēnei kia whiwhi ngā kiritaki ki ngā āwhina me ngā tautoko motuhake, ā, he utu kore. Ka tautoko te Pae Whakatere Ratonga Kaupapa Māori ki te tuku kupu āwhina e tika ana me te tuku tika ā-ahurea hoki mā tētahi mea ngāwari te whai wāhi me tētahi kaiwhakarato whaimana. Ko te aronga matua ko te mahi tahi ki ngā Māori ki te whakatutuki i ngā whāinga a te tūmatanui. Kua tīmata kē ēnei ratonga te hahatia.

RONGOĀ MĀORI

Ko ngā Ratonga Rongoā Māori ngā ratonga tuatahi i kawe i te hōtaka mahi o Māori Health. I te tau 2020, i whakaae a ACC i te whai wāhi o ngā ratonga Māori, ko te hoatu i te kōwhiringa o tētahi ratonga whai-tikanga mō te hunga Māori kua whara, mō ngā tangata o ahurea kē hoki.

He mutunga kore ngā whakapaitanga ki ngā ratonga rongoā Māori nō te tūtanga ake i te tau 2020. I whakaritea tētahi ara rēhita ōkawa mō ngā mātanga i te tau 2021, tae ana ki ngā matai haumaru, ki ngā whakamanatanga a te mana whenua me ngā pou. I mārama tēnei whiriwhiringa i tō mātou Paewhiri Kaitohu Rongoā Māori kia tika ai te kawe o ngā ratonga, kia haumaru hoki te taonga e kīia nei ko te rongoā Māori. I oti hoki tētahi hōtaka taiwhenua akoako i Ākuhata i te tau 2021, ki te whakapakari i ngā kaimahi pāhekoheko-kiritata kia mōhio hoki rawa ai rātou ki ngā painga o tēnei ratonga e tūwhera nei.

Hei urupare ki te pikitanga o ngā taumata COVID-19, i whakatūria te telehealth (Ākuhata 2021) e haere tonu ai ngā mahi rongoā pāhekoheko-kore i ngā wā kāore i taea ngā hui ā-kanohi. Nō muri i te wā whakamātautanga eke panuku, i whakaaetia te oranga tonutanga o telehealth mō ngā mahi rongoā.

I te Hepetema o te tau 2021, i whakarewangia tūmatanuitia te ratonga rongoā Māori i tētahi pāhopori i tētahi kōkirikiri pāhopori. Nō te pai o te whai wāhitanga o tēnei kōkirikiri tūoho i ākina te pupuhitanga o ngā ratonga, i kitea nui atu i te 8,800 o ngā mahinga rongoā i tautokona ā-pūtea puta noa i ngā tono 1,723 nō te tau 2021 ki te tau 2022.

I tautuhia e tētahi ripoata rangahau i komihanatia i te tau 2022 ngā hua pai me ngā pānga pai e wheako ana ngā kiritaki me ngā kairongoā nō te whakaritenga mai o tēnei ratonga. Kua tohu hoki ēnei whakahoki kōrero i ngā wāhanga hei aronga hei whakapaitanga ā tērā tau.

NGĀ RATONGA KAUPAPA MĀORI

Kua huataki ake mātou i tō mātou hōtaka mahi nui rawa mō ngā kiripānga Māori, ki te waihanga ratonga hauora kaupapa Māori puta i te motu.

E mōhio ana a ACC kāore te tauira 'one size fits all' e tika ana mō ngā Māori. Ka mutu, e whakapakaritia ana ngā ratonga hauora kaupapa Māori ā-rohe kia ea ai ngā matea kia pakari ake ai hoki ngā wheako o ngā Māori kua whara.

Ko te hoahoa o ēnei ara e tika ana ā-ahurea mā te Māori, me te Māori, mō te Māori, me ngā ahurea katoa. Nā te rangapū ki ngā ratonga Māori ki te whakapakari i ngā ratonga i ō ngā iwi, i ō ngā hapū, i ō ngā kiritaki o ACC, i ō ō rātou whanau taha, ka noho mai ko ngā kiritaki me ō rātou whānau te aronga o ia whakautu ā-rohe.

I te tīmatanga ko ngā aronga o ēnei ratonga ko te tuku i ngā manaakitanga ā-kaupapa Māori ki ngā hunga tangata e nui ana ngā matea. Tae ana ki ērā ngā tūroro taotū kino, ki ērā kua pāngia e te taitōkai me te patu kino, ka mutu, ki ērā ka whānui ngā ratonga me te tautokotanga, heoi mō te āke.

I te Tihema i te tau 2021 i huihui kotahi te paewhiri tuatahi o ngā kaiwhakarato ki te hoahoa i tā ACC ratonga hauora kaupapa Māori. I piri tahi te paewhiri o te rohe o Tainui waka ki Te Huinga Taniwha (ngā Whānau me ngā māngai kiritaki) ki te hoahoa ratonga ki te tautoko i te hunga haukāinga me ngā matea pīroiroi, ngā matea tiketike. Nā tēnei rangapūtanga i tohu ai ko te whānau te pūtake, ko te Māori e arataki ana i te mahi hoahoa, e tauiratia mai ana i roto i te tauira kōhukihuki tuatahi i whakaaturia ki te ohu tautoko o ACC, arā, ko Te Tira Hāpai i te Marama o Hūne i te tau 2022. Ka whakarārangi te hoahoa kōhukihuki i te makehua o ngā ratonga whewhera ana ki te whānau e noho ana i te rohe o Waikato.

I te tau 2022 me te tau 2023, ka whakaū a Te Kawa Ora, a Te Huinga Taniwha me Te Tira Hāpai i te ratonga hoahoa taipitopito me te tāhono o te kaituku ratonga me ACC, i mua i te komihanatanga me te whakataunga o ēnei ratonga i roto o te rohe o te waka o Tainui.

I te Marama o Mei i te tau 2022, i whakaaetia ki Te Tai Tokerau me Tāmaki Makaurau te poutama tuarua. I tīmata pū ngā mahi o te iwi me ngā kaituku ratonga ki te whakatairanga ki roto o ngā rohe e rua i mu ai te hahatanga i mu ai te tīmatanga it e marama o Ākuhata i te tau 2022. I whānui ake te poutama tuarua i runga anō i ngā akoranga i te poutama tuatahi hei tāpiri ki ngā ratonga hei tautoko i ngā taotū tiketike. E mōhio ana mātou ka manaaki titiro whānui ngā kaupapa Māori e tūhono ai ki te aukati, ki te maimoatanga me te whakarauoratanga e whāriki takapau nui te manaaki i te whānau.

Kua whakarongo mātou ki ngā reo o ngā kiritaki Māori me te ako mai i te hātepe hoahoa, ā, kua mārama mātou ināianei ki te kawe mātou i ngā ratonga hauora kaupapa Māori ki te motu whānui i roto i tētahi wā e pai ana me kawe tukutahi rawa ki ngā rohe taurea. Ko te aronga ināianei ko te whakapakari i raukaha me te āheitanga o Te Tira Hāpai ki te tautoko i tēnei ki te kawe whānui i ngā ratonga ki te motu tae atu ki te Tihema o te tau 2024.

RARANGA

Kua ārahi te kaupapa o Raranga i te waihanga o ngā taumata hou o te haumaru ā-ahurea huri noa i ō mātou ratonga e hui kotahi ai he kaupapa here haumaru ā-ahurea a ACC. Tā tēnei ara he kōtuitui mana ōrite i ngā tirohanga Māori me ngā tirohanga ehara i te Māori, i te mātauranga me te tikanga hei whakapai ake i ngā wheakotanga o ngā kiritaki me ō rātou whānau. Ko te kupu raranga he whakaatu i te Rangatira me te hirahira o te ngā āhuatanga e rua, arā, ko ngā tirohanga me ngā tikanga. E mōhiotia ana ko tēnei whakakotahitanga e hua ai ngā putanga e tika ana, e pai ana hoki mō ngā Māori.

E āwhina ana te whāiti o te whai wāhi o te rāngai ki te whakaahua i te ara e whai mātou hei whakarewa i te kaupapa here i ngā tau 2022 me te 2023. Tae ana ki te whakatairanga o te panonitanga, ki te ārahi tika, ki ngā rauemi me ngā utauta hei tautoko i ngā ratonga kia mārama ai, kia korero ai ki ngā rerekētanga ā-ahurea me ngā ngākau kinotanga, ā noa nei whanake ake nei. Mā roto o tēnei kaupapa here toro-whānui, ko tā mātou kia pai ake ngā wheakotanga ki te tautoko i ngā putanga tōkeke mā Māori, mā Pasifika, mā rōpū ahurea kē hoki i ngā ratonga whānui e tukuna ana.

WHAKANUI I TE TŪOHO TŪMATANUI O ACC

I tīmata i te takiwā o te tīmatanga o te tau 2022 tā mātou mahi tūoho tūmatanui, he wāhanga o tā ACC rautaki whai wāhi. Ka arohia nuitia tā mātou mahi i roto i te aukati mamae, i te tiaki me te whakamāuitanga. Kua tae rawa te kiko o te tūoho o te tūmatanui ki ngā Māori, ā, e tau pai ana, e hirahira ana ki ngā Māori i waenganui i ngā tau 18-34. I waenganui i te tau kua piki ngā tatauranga whānui mō ngā Māori, tae ana ki te kitea, ki te mārama, ki te pai, ki te whakapono hoki ki te waitohu. Kua pakari matomato te whakamanatanga a te Māori i ngā uara o te Manaakitanga, o te Kotahitanga, o te Taonga, o te Tika, o te Whanaungatanga i tēnei tau.

Kua tīmata te hoahoa me te whakapakaritanga o tētahi whakatairanga ā-motu. Kia mahea kia puāwai (Make it clear so we can flourish), Hāngai pū tēnei ki ngā Māori mō ngā ratonga ka tuku a ACC he pēhea hoki ēnei ratonga e tautoko i te katoa o te whānau.

Kia Hiranga Te Mahi Ngātahi

Ko te aronga o ā mātou mahi ko te whai wāhi me te mahi ngātahi kia pai ake nga putanga.

WAIHANGA HE KŌPAKI AUKATI MAMAE E ARO NUI ANA KI TE MĀORI

Ko tā mātou rautaki Māori, Whāia Te Tika, he whakatau i te ara kia aro pū ki ngā haumitanga aukati mamae kia iti atu ngā aituatanga me te kino o ngā mamaetanga o ngā Māori.

I te tau 2021 me te 2022, i haumitia te $7 miriona ki ētahi ara hou aukati mamae mō te Māori nā te Māori i hoahoa me te tuku. E matapae ana ka nui atu te haumitanga i ngā tau kei te aroaro ki te tautoko i ngā whānau Māori kia mauri ora ai rātou.

Ko tā te kōpaki aukati mamae Māori he aro nui atu ki ngā wawata me ngā putanga he tuku hoki i tētahi āhuatanga e pai ai ngā ara pūtake-whirikoka, matua-whānau ki te aukati mamae, ā, ko te mātauranga Māori tōna tūāpapa.

NGĀ TINI WHETŪ

He tauira whakamātau tautoko wawe me te aukati Ngā Tini Whetū i whakatūria ngātahitia e Te Puni Kōkiri, e Oranga Tamariki, e Whānau Ora Commissioning Agency i te 2020. Ko tā tēnei kaupapa kia noho te whānau i te pito o te kaupapa me te whakakaha i a rātou kia whakatinana ai i ā rātou ake rongoā torowhānui, rongoā pūnga ki te āhurea. Ko tā Ngā Tini Whetū he hoatu i ngā ratonga tautoko wawe me ngā rauemi kua āta whakaritea mā rātou. Ko tā tēnei huarahi auaha kia āhei ai ngā umanga o te kāwana me ngā hinonga Karauna ki te mahi tahi ki ngā ratonga Kaupapa Māori ki te tautoko i ngā whānau.

Ki te rangi nei, kua 800 (ko te tapeke e nui atu ana i te 2,000 tāngata) whānau e whakawhitiwhiti ana ki te aromatawai me te waihanga mahere, ā, e 92% e pūrongo ana he wheako pai. Neke atu i te 13,000 o ngā kaupapa nā ngā whānau i ārahi, ka mutu, i te 10,000 o ngā kaupapa nā ngā kaiārahi i tautoko i tutuki hei āwhina i ngā whānau ki te whakatutuki i ō rātou matea me ō rātou wawata.

I te Mei o te tau 2022, i manawanuitia atu kia rua tau anō o te whakangao ki te tuku tonutanga o Ngā Tini Whetū.

ORANGA WHAKAPAPA

Noho hāngai ki Te Aorerekura, ko tā Oranga Whakapapa he aro ki te whakahaere i te Manini Tua, tā mātou ariā panoni aukati mamae. Mā tēnei e hua tētahi punaha mātua aukati e ārahina ana ki te Tiriti hei ārai atu i te taitōkai me te tautoko i ngā whānau ki te tiaki i tō rātou whakapapa mā roto i ngā hononga kua whakahaumakotia ki te tapu me te mana ki tangata kē me te taiao.

TŪĀRAI – SUPPORTING IWI HEALTH PROVIDERS TO PREVENT INJURIES

I te Hānuere o te tau 2022, i manawanui a ACC ki te tautoko i te whakahaere o te poutama tuatoru o te tauira o Tūārai. He whakaaetanga mahi tahi te Tūārai mō ngā tau e 10 i waenganui i a ACC, i ngā iwi me ngā hapū o te Tairāwhiti kia kōkiri ai tētahi ara kaupapa Māori e aro ana ki te aukati whara i Te Tairāwhiti.

Tā te Poutama Tuatoru he aro ki te whakamahi i ngā anga a ngā iwi e whakamahi ana i ngā āhuatanga pēnei ko te whakapapa, pēnei ko te pā me te marae, pēnei ko te wānanga, hei piki ake ai te tauira Tūārai. Mā tēnei e titi kaha ake ai e kaha ai te tauira o Tūārai huri noa i te rohe o te Tairāwhiti. Ka aweawe, ka whakahapori mātou i te āhuatanga mō te mahi o te Tūārai i roto o ACC. Ko ngā raupapatanga wānanga Protecting Our Whakapapa i ngā hapori e 10 i te Tairāwhiti ka whakahaerehia hei kōrero i te auautanga o te whakamomori, o te whakarekereke, o te whakamamae i a koe anō. I waihanga tahitia tēnei hōtaka me ngā hapori o te Tairāwhiti.

KO TE WHAI WĀHI O ACC KI TĒTAHI IWI

Kua whakatau kōrero a ACC i tētahi whakaaetanga whanaketanga ki tētahi kamupene ā-iwi, āra, ko Ngāi Tahu Property, ki te hanga i tētahi whare tari ao-hou-rawa-ake-nei ki Ōtepoti. E mahi ngātahi ana a ACC ki a Ngāi Tahu kia pūmau te kuhu atu o ngā āhuatanga o te iwi kāinga; i hoahoatia kia pai kia tukuwaro-iti ai hoki; ka mutu, ka whai hua ngā pakihi o te rohe i te hanganga. Ka tōpūtia ngā tari ACC e whā i Ōtepoti ki tētahi wāhi waengapū. Ko te tikanga mutu ai te hanganga o te wāhi hou i te wāhanga tīmatanga o te tau 2024.

TE WHĀNAU ORANGA PŪMAU (ACC'S MĀORI CUSTOMER ADVISORY PANEL)

Ko tā Whānau Oranga Pūmau (ACC's Māori Customer Advisory Panel) aro he whakamātāmua i te atamai o te Māori, ā, he whakakaha i ngā Māori me ngā whānau kia whai hua taurikura ai ā-tangata. Kua manawanui atu mātou ki tēnei kaupapa, ki te whakakaha i tōna āheinga ki te tautoko.

He auau te hui tahi a ACC ki ngā mema o Whānau Oranga Pūmau. Erua ngā wā ia marama hui ai ki te rōpū urungi o Whāia Te Tika, ā, ia hauwhā tau hui ai ki ngā wāhi rerekē o ACC. Ko tā te paewhiri he whakakanohi i te mātauranga kaupapa Māori nō ngā ao tuatini, tae noa ki ngā māngai o ngā whanau kua whara, ki ngā ratonga Māori me te aukati i ngā wharanga i te wāhi mahi.

Whakawhanaketia Te Kaha

Ko tā ō mātou mahi he whakapai ake i te āheinga ā-ahurea me tā ACC kawe ki ngā Māori

E tautoko ana mātou i te rautaki o Whāia Te Tika mā te waihanga āheinga ā-ahurea o ō mātou tangata me te whakarea i te whakakanohitanga o ngā kaimahi Māori i tō mātou hunga kaimahi. Mā tēnei e hiki ai te āheinga ki te mahi tahi tika ā-ahurea ki o mātou kiritaki.

TE KĀPEHU WHETŪ – MĀORI OUTCOMES WELLBEING FRAMEWORK

Ka tautuhi Te Kāpehu Whetū tēnā i pai ai ki tā te kiritaki Māori me ngā whanau o ACC titiro. Ko tā Te Kāpehu Whetū he ine i te takiwātanga e uta atu ana tō mātou rōpū ki te oranga whānau. Ko tā te hōtaka mahi o Kāpehu Whetū he whakamana i te kohi taunakitanga kia mārama hoki he pēhea tō mātou whakapou kaha e whakahua ana i ngā putanga oranga mō ngā whānau Māori. Ka whaiwhai tonu mātou i ēnei ine o te angitūtanga ā-rōpū i tautuhia mai e ngā whānau Māori me te putanga taioreore o te Whānau Oranga ā-reanga – mō āianei, mō āpōpō, ā, mō ngā mokopuna o Aotearoa, New Zealand.

KOKIRI WHAKAMUA (WHĀIA TE TIKA ACTION PLAN)

Ko Kōkiri Whakamua te mahere mahi a ACC mō Whāia Te Tika. Nui atu i te 160 ngā mahi e kōkiri nei mātou e tutuki ai te Whāia Te Tika. Ka tuku rīpoata mātou ia hauwhā tau. E panoni ana mātou i te Kōkiri Whakamua hei rautaki hōtaka mahi e hāngai ana ki Whāia Te Tika ki Te Kāpehu Whetū hoki.

MĀORI ENGAGEMENT FRAMEWORK

E whakaoti ana mātou te whanaketanga o tētahi hinonga whānui mō tētahi anga mahi tahi ki ngā Māori. Ko tā tēnei anga kia mau tonu ai ō mātou hononga ki ngā hapori Māori, ki ngā Iwi, ki ngā Hapū, ki ngā Ratonga Kaupapa Māori, ki ngā Pakihi, ki ngā hoa huri noa i ngā rāngai whānui. Ko tā te anga kia ngātahi ai te ara ki te torotoro ki ngā Māori me te ine i te ekenga me te uara o ngā mahi tahi me ngā hononga.

WHĀINGA AMORANGI PLAN AND MĀORI LANGUAGE PLAN

He Mahere Reo Māori kōhukihuki tā ACC hei ārahi i ngā mahi huri noa i te pakihi e hāngai ana ki te reo Māori me ōna tikanga. Tae ana ki ētahi āhuatanga whakangungu me te whakawhanake i te reo Māori, mahi ahurea me te whakatipu mātauranga ahurea e pā ana ki te mahi tahi me te rangapū i te Ao Māori.

MAHERE RAUKAHA Ā-AHUREA

Hei utu ki te aronga o Whāia Te Tika ki ngā āheinga ā-ahurea kua whakaahu mātou i tō mātou Mahere Raukaha ā-Ahurea. Ko tā te mahere he aro ki te hōtaka āheinga taiwhenua kia hua ai ngā putanga pai ake mō Māori. E mārama ana ki te rangapū ki a Māori, ki te taunaha wāhi mō Māori kia Māori i a rātou e mahi ana i roto o ACC me te mahi tahi ki ACC. Mā roto o tēnei mahere e aru ana mātou ki te whakauru tikanga Māori ki ō mātou āhuatanga mahi kia pai ake te mahi tahi ki ngā Māori, ki te whakarite hoki i tētahi wāhi mahi pai ake mō ō mātou kaimahi.

TE HIHIRI – MĀORI LEADERSHIP PROGRAMME

Mā mua ka kite a muri; mā muri ka ora a mua

He hōtaka whakaahu-rangatira tangata taketake mā ngā Māori Te Hihiri. Ka whakaata i tō mātou manawanui ki te whakarite he ara mō ngā Rangatira Māori o āpōpō. He ara hoki tēnei e whakatipuria e tautokona ai ngā kaihautū Māori o nāianei. Ko te ara e whāia ana e mātou ko te 'mā Māori, mō Māori' he mahi tahi hoki ki Indigenous Growth.

E iti ana te kitea o Māori i ngā tūranga hautū huri noa i te rāngai tūmatanui i roto hoki i tō mātou rōpū. Me nui atu ngā rangatira Māori tā ACC e pīrangi nei hei kawe i te whāinga o Whāia Te Tika ki te waihanga i tētahi hunga kaimahi kanorau me ngā rangatira kanorau. I te nui atu o ngā Rangatira Māori, kei tētahi wāhi pai ake a ACC ki te whakaata, ki te toro, ki te whakakaha atu i ngā hononga ki ngā iwi me ngā hapori Māori.

Kei te whārangi 74 ngā pārongo mō ngā ekenga o te rōpū tuatahi. I tīmata te rōpū tuarua o ngā Māori e wawata ana kia rangatira huri noa i ACC i te Hūrae 2022.

Whāia Te Tika

Whāi a te whānuitanga me te hōhonutanga o te mātauranga

Pursue the breadth and depth of knowledge

We recognise that the Titiriti o Waitangi is a founding document in Aotearoa. ACC supports the Crown in its Titiriti o Waitangi responsibilities to deliver our services in ways that enable equitable outcomes for Māori.

Whāia Te Tika, ACC's Māori strategy, aims to create better access, experience and outcomes for Māori, through Te Arotahi Kiritaki (a strong customer focus), Kia Hiranga Te Mahi Ngātahi (partnering for excellence) and Whakawhanaketia te kaha (developing capability).

In the past year ACC have focused on actions through which we will ultimately see that:

- Māori New Zealanders are injured less often.
- barriers to access and engagement for Māori are removed, disparities are reduced and equity is improved.
- Kaupapa Māori supports and services are available for Māori and their whānau.
- we partner with Māori and, understand and respond to their needs, expectations, and aspirations when they engage with us.
- we partner with Māori health providers and other agencies to design and deliver products and services to meet Māori customer needs.
- we are a culturally capable organisation.

Te Arotahi Kiritaki – customer focus

Our actions seek to improve customer access, experiences and outcomes.

We are committed to creating a more equitable ACC for Māori who are injured and who partner with us. This includes improving outcomes by enabling access to culturally and clinically appropriate health services.

To achieve this, ACC have established a Māori Health programme of work to strengthen Māori communities and help grow the Māori economy. This programme has been developed based on previous ACC research projects and pilot investments, feedback from the Māori sector highlighting barriers that exist, and learnings from various Waitangi Tribunal hearings.

HĀPAI – MĀORI CENTRED RECOVERY SERVICE

Hāpai is an ACC initiative that aims to create a more culturally responsive case management experience for Māori clients and their whānau. The approach is being piloted in four locations: Rotorua, Tauranga, Whakatane and Gisborne.

Initial findings indicate that Hāpai is being received positively by clients and the teams delivering the service. The review will be used to inform the expansion of Hāpai across Aotearoa.

KAUPAPA MĀORI NAVIGATION SERVICES

We are establishing a Kaupapa Māori Navigation Service to improve the experiences of Māori accessing ACC. Proportionately less Māori access the existing navigation services. These services give customers access to free and independent advice and advocacy. Kaupapa Māori Navigation Service will help to achieve technically correct advice delivered in a culturally appropriate way, through an easy to access and trusted provider. The focus is on partnering with Māori to achieve collective outcomes. Procurement for these services is underway.

RONGOĀ MĀORI

Rongoā Māori Services were the first services delivered from the Māori Health programme of work. In 2020, ACC improved access to rongoā Māori, providing the option of a tikanga-aligned service for injured Māori, and people of all ethnicities.

Improvements to the rongoā Māori service have been ongoing since the service was stood up in 2020. A formal registration process for rongoā practitioners was implemented in 2021, which includes safety checks and endorsements from mana whenua and mentors. This process was informed by our inaugural Rongoā Māori Advisory Panel to ensure the delivery of safe and quality services, and to protect the taonga that is rongoā Māori. An internal education programme was also completed in August 2021, to ensure client-facing kaimahi were upskilled and fully aware of the benefits and availability of this service.

In response to heightened COVID-19 levels, telehealth was stood up (August 2021) to allow the continuation of non-contact rongoā care in times when ā-kanohi (in person) appointments were not available. Following a successful trial period, telehealth for rongoā care was approved on an ongoing basis.

In September 2021, the rongoā Māori service was publicly launched through a social media and media campaign. The positive engagement through this awareness campaign helped to bolster service uptake, which saw more than 8,800 rongoā sessions funded across 1,723 claims within the 2021/22 period.

A commissioned rangahau (research) report in 2022 has highlighted the positive impact and benefits kiritaki and practitioners are experiencing through the provision of the service. This feedback has also informed the focus areas for continuous improvement in the next year.

KAUPAPA MĀORI HEALTH SERVICES

We have embarked on our biggest Māori stakeholder engagement programme of work, to develop kaupapa Māori health services across the motu.

ACC recognise that a 'one size fits all' model does not work for Māori. Therefore, kaupapa Māori health services are being regionally developed to meet local needs and improve experiences for Māori who are injured. The design of these culturally appropriate pathways will be by Māori, with Māori, for Māori, and for all ethnicities. By partnering with Māori providers to develop services alongside iwi, hapū, ACC clients and their whānau, we will place the needs of our clients and their whānau at the centre of each regional solution.

The services will initially focus on the delivery of kaupapa Māori care to injured people with complex and high-level needs. These include those seriously injured, those affected by sexual abuse and assault, and those who require a range of services and supports, often for the long-term.

December 2021 marked the coming together of the first panel of providers to design ACC's kaupapa Māori health services. The panel representing the Tainui waka rohe (region) joined with Te Huinga Taniwha (whānau and kiritaki representatives) to design services to support local people with complex and high-level needs. This partnership has enabled whānau-centric, Māori-led design, as evidenced through the initial draft model of care which was presented to ACC's support team, Te Tira Hāpai in June 2022. The draft design outlines the delivery of a suite of services to be offered to whānau living within the Tainui waka rohe.

In 2022/23, Te Kawa Ora, Te Huinga Taniwha and Te Tira Hāpai will finalise the detailed service design and the interface between service providers and ACC, before these services are commissioned and operationalised in the Tainui waka rohe.

In May 2022, tranche two was confirmed to take place in Te Tai Tokerau and Tāmaki Makaurau. Iwi and provider engagement commenced immediately to raise awareness in both rohe ahead of procurement commencing in August 2022. Learnings from the first tranche have led to broadening service design for tranche 2 to include injury prevention, in addition to services to support complex injuries. We recognise that kaupapa Māori is holistic care which links prevention, treatment and rehabilitation to provide a continuum of care for whānau.

We have been listening to the voice of kiritaki Māori and learning from the design process, and we realise that to deliver kaupapa Māori health services across the motu in a timely manner we are going to have to deliver multiple rohe concurrently. The focus is now on increasing the capacity and capability of Te Tira Hāpai to support this to deliver services across the motu by December 2024.

RARANGA

The Raranga project has been leading the creation of a new standard of cultural safety across our services that will culminate in a new ACC cultural safety policy. The approach weaves together a balance of te ao Māori and non-Māori worldviews, knowledge and practices to improve the experiences of our kiritaki and their whānau. The term raranga acknowledges the independent integrity and importance of both perspectives and practices. It is recognised that this positive intersection can provide appropriate and effective solutions for Māori.

Targeted sector engagement is helping to shape the approach we will take to implement the policy in 2022/23. This includes raising awareness of the change, and providing appropriate guidance, tools and resources to support providers to understand and address cultural differences and biases, continuously and progressively. Through this wide-reaching policy, we expect our universal service offering to provide better experiences to support equitable outcomes for Māori, Pasifika and other cultural groups.

INCREASING PUBLIC AWARENESS OF ACC

Our public awareness activity, part of ACC's engagement strategy[1], started in early 2020. The activity highlights our role in injury prevention, care and recovery. The public awareness content has reached and resonated strongly with Māori, notably young Māori aged 18-34. During the year there has been an encouraging uplift across key metrics for Māori, including visibility, understanding, likeability, and brand trust. There has also been strong growth in Māori endorsement of the values of Manaakitanga, Kotahitanga, Taonga, Tika and Whanaungatanga during the year[2].

Design and development of a nationwide campaign is underway. Kia mahea kia puāwai (Make it clear so we can flourish), speaks directly to Māori about the services ACC offer and how these services support the whole whānau.

Kia Hiranga Te Mahi Ngātahi – partnering for excellence

Our actions focus on strategic engagement and partnering to improve outcomes.

CREATING A MĀORI-SPECIFIC INJURY PREVENTION PORTFOLIO

Our Māori strategy, Whāia Te Tika, sets the direction for focusing and targeting injury prevention investments to reduce the incidence and severity of injury for Māori.

In 2021/22, $7 million was invested in new injury prevention approaches designed and delivered by Māori, for Māori. This investment is expected to increase in future years to support Māori whānau to achieve mauri ora, a positive state of wellbeing.

The Māori injury prevention portfolio centres on Māori aspirations and outcomes and provides a mechanism to enable strength-based, whānau-centred approaches to injury prevention, underpinned by mātauranga Māori.

NGĀ TINI WHETŪ

Ngā Tini Whetū is an early support and prevention prototype established in 2020 in partnership with Te Puni Kōkiri, Oranga Tamariki and the Whānau Ora Commissioning Agency. This initiative puts whānau at the centre and empowers them to realise their own solutions that are more holistic and culturally grounded. Ngā Tini Whetū enables more whānau to access early support services and resources that are tailored to their needs. This innovative approach allows government agencies and Crown entities to collaborate with Kaupapa Māori organisations to support whānau.

To date, 800 whānau (totalling more than 2,000 people) have engaged to assess and develop plans, with 92% reporting a positive experience. Over 13,000 whānau led activities and 10,000 kaiārahi supported activities have been completed to help whānau achieve their needs and aspirations.

1 *ACC's engagement strategy is a multi-year phased approach to increase awareness and understanding of ACC's role and services, to demonstrate value and build trusted partnerships with the people of Aotearoa.*
2 *TRA Brand Tracking: Continuous weekly surveying of a nationally representative sample of New Zealanders (18+ years), online, n=400 per month.*

In May 2022, we committed further investment to continue to deliver Ngā Tini Whetū for another two-years.

ORANGA WHAKAPAPA

Aligned to Te Aorerekura, Oranga Whakapapa focuses on implementing Manini Tua, our injury prevention theory of change. This enables a Tiriti-led primary prevention system to prevent sexual violence and support whānau in protecting their whakapapa through tapu-enriched and mana-enhanced relationships with others and te taiao (the environment).

TŪĀRAI – SUPPORTING IWI HEALTH PROVIDERS TO PREVENT INJURIES

In January 2022, ACC committed to supporting the implementation of third phase of the Tūārai Model. Tūārai is a 10-year partnering agreement between ACC, Tairāwhiti Iwi and hapū to drive a kaupapa Māori approach to injury prevention in Te Tairāwhiti.

Phase Three will focus on using Iwi frameworks that utilise hapū and Iwi mechanisms such as whakapapa, pā and marae, wānanga, to scale up the Tūārai model. This will further embed and consolidate the Tūārai model across the Tairāwhiti region. We will also influence and socialise the Tūārai way of working within ACC. The Protecting Our Whakapapa wānanga series in 10 communities in Tairāwhiti will be delivered to address the rates of suicide, violence and self-harm. This programme was codesigned by Tairāwhiti communities.

IWI PARTNERSHIPS WITH ACC

ACC have negotiated a development agreement with an iwi-based company, Ngāi Tahu Property, to build a new, state-of-the-art office building in Dunedin. ACC is working in partnership with Ngāi Tahu to ensure that the building incorporates local iwi design elements; it is designed to be efficient and minimise carbon emissions; and the construction benefits local businesses. Four existing Dunedin ACC offices will be consolidated into one central location. The new site is due to be completed in early 2024.

TE WHĀNAU ORANGA PŪMAU (ACC'S MĀORI CUSTOMER ADVISORY PANEL)

Whānau Oranga Pūmau (ACC's Māori Customer Advisory Panel) aims to bring Māori ingenuity to the forefront, strengthening Māori and whānau to thrive as a people. We committed to this kaupapa, strengthening its ability to contribute and support.

ACC meet regularly with members of Whānau Oranga Pūmau. Bi-monthly meetings are held with the Whāia Te Tika steering group and quarterly meetings held at different ACC sites. The Panel represents kaupapa Māori expertise and knowledge from a broad range of backgrounds, including the voice of injured whānau, Māori providers and preventing workplace injuries.

Whakawhanaketia te kaha – developing capability

Our actions seek to improve cultural capability and how ACC deliver for Māori

We are supporting the Whāia Te Tika strategy by building the cultural capabilities of our people and increasing the representation of Māori employees within our workforce. This will lift our ability to engage in a culturally appropriate way with all our customers.

TE KĀPEHU WHETŪ – MĀORI OUTCOMES WELLBEING FRAMEWORK

Te Kāpehu Whetū defines what good looks likes from the perspective of Māori clients and whānau of ACC. Te Kāpehu Whetū measures the extent to which our organisation contributes to oranga whānau (family wellbeing). The Kāpehu Whetū programme of work enables us to evidence and understand how our efforts enable contributions to delivering wellbeing outcomes for whānau Māori. We will monitor these measures of organisational success as defined by whānau Māori where the ultimate outcome is intergenerational Whānau Oranga – today, tomorrow and for the mokopuna of Aotearoa, New Zealand.

KOKIRI WHAKAMUA (WHĀIA TE TIKA ACTION PLAN)

Kōkiri Whakamua is ACC's Whāia te Tika action plan. This plan captures over 160 activities we are driving to deliver on Whāia te Tika. We report on progress quarterly. We are working to evolve Kōkiri Whakamua into our strategic programme of work aligned to Whāia te Tika and Te Kāpehu Whetū.

MĀORI ENGAGEMENT FRAMEWORK

We are finalising the development of an enterprise wide, Māori engagement framework. This framework will capture our existing relationships with Māori communities, Iwi, Hapū, Kaupapa Māori Providers, Business and sector wide partners. The framework will enable a more joined up approach to engaging with Māori and measure the success and value of the engagements and relationships.

WHĀINGA AMORANGI PLAN AND MĀORI LANGUAGE PLAN

ACC has a draft Māori Language Plan to drive activity across the business relating to te reo Māori me ōna tikanga. Elements include te reo Māori training and development, cultural practices and building cultural intelligence around engagement and partnership in te Ao Māori.

CULTURAL CAPABILITY ROADMAP

In response to the Whāia Te Tika focus on cultural capability we have developed our Cultural Capability Roadmap. The roadmap covers the internal capability programme required to deliver better outcomes for Māori. It recognises our partnership with Māori, to create space for Māori to be Māori when working within, and engaging with ACC. Through this roadmap we are seeking to build tikanga Māori into our ways of working so that we can engage better with Māori, and create a better work environment for all our kaimahi.

TE HIHIRI – MĀORI LEADERSHIP PROGRAMME

Mā mua ka kite a muri; mā muri ka ora a mua

Those who lead give sight to those who follow; those who follow give life to those who lead

Te Hihiri is an indigenous leadership-development programme for Māori. It reflects our commitment to creating a pathway for future Māori leaders. It also provides a way to grow and support our current kaihautū Māori. We are taking a 'by Māori, for Māori' approach and have partnered with Indigenous Growth.

Māori are underrepresented in leadership roles, across the public sector and within our organisation. ACC need more Māori leaders to be able to deliver on the Whāia Te Tika goal of building a diverse workforce and diverse leadership. With more Māori leaders, ACC will also be in a better position to reflect, reach and build stronger relationships with iwi and Māori communities.

Information on the successes of the first rōpū is included on *page 74*. The second rōpū of 16 emerging and aspiring Māori leaders from across ACC commenced in July 2022.

Core performance

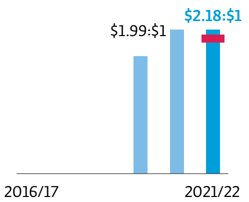
Injury prevention

Core to our purpose is reducing the incidence and severity of injury. Achieving this has positive economic, social and personal impacts and reduces the cost of injuries funded by levy payers and government.

Return on investment:
0 to 20-year injury prevention programmes

2021/22 Target met

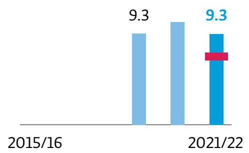
$2.18:$1



Rate of serious injury (inc fatal):
0 to 20-year injury prevention programmes

2021/22 Target not met

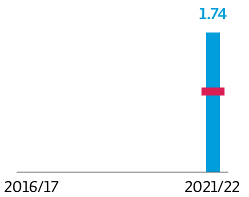
9.3



Return on investment:
Workplace injury prevention programmes

2021/22 Target met

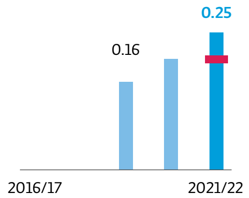
$1.74:$1



Rate of serious injury (inc. fatal):
Workplace injury prevention programmes

2021/22 Target not met

0.25



In 2021/22, we invested $78 million in injury prevention activity to reduce the incidence and severity of injury. Our focus is on improving the wellbeing of New Zealanders and managing the expected growth of our Scheme costs. Injuries have a substantial impact on the wellbeing of the people of Aotearoa, both as a leading cause of premature death and through disability following an injury.

Supporting healthy active lifestyles

This year we renewed investment in SportSmart injury prevention partnerships for football and rugby league. Our existing SportSmart investments in touch, netball and rugby programmes continued.

Through our sport programmes we reached the equivalent of 434,000 players and supported them to stay in the games they love. This was achieved via education and training provided to over 19,000 coaches. In addition, more than 200,000 children learnt water skills across New Zealand through our support for Water Skills for Life.

Preventing older adult falls

A lot of falls are preventable and we are committed to reducing falls for older people in their homes and community. The Live Stronger for Longer falls prevention programmes provide support to older adults to stay on their feet, enjoying their independence and live the life they want to live.

We are investing further in Fracture Liaison Services in 16 regions. This investment supports best practice fragility fracture care and prevention aligned with international standards. By the end of 2021/22, nine Fracture Liaison Services had International Osteoporosis accreditation

Over 20,000 older adults per week attend community strength and balances classes through our support.

Nymbl, a digital strength and balance application launched in 2020/21 was evaluated this year. Nymbl takes users through physical and cognitive exercises to support their ongoing strength and balance that can be completed at home. The evaluation showed that more than 15,000 people aged over 55 years had registered with Nymbl and completed over 300,000 training and over 100,000 education sessions. People who used Nymbl four or more times reduced their fall and fracture claim rate by 27% per year.

Improving workplace safety and wellness

Supporting organisations to lead and drive workplace injury prevention initiatives continues to be a focus for us.

Through our ongoing work with Construction Health and Safety New Zealand (CHASNZ) the *Work Should Not Hurt* programme was launched to tackle rising injuries in the construction industry. Work Should Not Hurt offers guidance and practical resources to tradespeople to help reduce sprains and strains (the industry's most common injury) and help them enjoy long, pain-free careers.

The programme is informed by ACC and WorkSafe data. Trade specific insights were used to demonstrate the impact of injuries on the sector. Since the launch in April 2022, there has been over 8,000 new engagements through the CHASNZ website, 25,000 views of resources and research and over 100 direct contacts from businesses across Aotearoa wanting to participate in the programme.

The workplace injury prevention grants programme supports organisations to develop new innovative ways to improve health and safety in New Zealand workplaces in high-risk sectors. This year $3.7 million was awarded to five organisations. Initiatives for this third funding round were sought on two priority areas – sprains and strain and sector leadership.

Since the Injury Prevention Grants programme was introduced in 2019, we have invested a total of $12.5 million across 15 organisations who are working collaboratively to design and implement products and services that lead to safer and healthier workplaces.

Improving treatment safety

This year, we strengthened treatment injury surveillance capacity to better detect the risk and harm the population is experiencing. We have shared this information widely through face to face, virtual and written channels so that people can learn about preventable harm from treatment, and act to reduce it. We reviewed, evaluated and validated the performance of new products against the specific goals and outcomes targeted in the prevention of Fetal Anti-Convulsant Syndrome, Healthcare Acquired Infections, and Pressure Injuries. We have added indicators of access and impact on Māori wellbeing have been added into product monitoring, evaluation and learning frameworks.

In 2021/22, ACC continued the Event, Detection and Mitigation (EDM) trial to prevent the causation of Fetal Anti-Convulsant Syndrome, a claim estimated to have an individual lifetime cost of $8 million. Fetal Anti-Convulsant Syndrome can occur when a pregnant woman is prescribed Sodium Valproate used to treat epilepsy. Over the course of the trial, prescription rates of Sodium Valproate have declined, and ACC is currently undertaking an evaluation to determine the correlation of this declining trend and the EDM system.

Supporting Pasifika safety and wellbeing

We continue to support the wellbeing and safety of Pasifika communities in New Zealand through our ongoing partnership with Pasifika organisation Le Va.

Atu Mai is New Zealand's first national violence prevention programme for Pasifika young people. The programme focuses on addressing high rates of violence, low access to existing health and social services, and low violence reporting behaviour. This year, working with Le Va the following initiatives were launched:

- Upstander – designed to support Pasifika youth and communities to take a stand against violence.
- 1,000 days Alofa – designed to emphasise the importance of the first 1,000 days of life and how loving and safe relationships during our children's early years lays the foundation for a strong flourishing future.

Preventing family violence and sexual violence

We are committed to preventing family violence and sexual violence from happening in Aotearoa by playing an active role in Te Aorerekura[3]. Te Aorerekura is New Zealand's 25-year strategy and action plan to eliminate family and sexual violence.

In 2021/22, we committed $45 million to establish a sexual violence primary prevention system over the next four years. This includes $12 million for kaupapa Māori approaches. We are also leading 10 of 40 projects in the Te Aorerekura Action Plan. These projects are in partnership with other government agencies, health sector partners, iwi and communities.

3 *Link to Te Aorerekura* ***https://tepunaaonui.govt.nz/national-strategy/***

Supporting Māori injury prevention initiatives

Our Māori injury prevention portfolio aims to progress towards achieving equity in the incidence and severity of injury for Māori, and accelerating the spread and delivery of Kaupapa Māori informed, whānau-centred, injury prevention approaches.

Aligned to Whāia Te Tika, ACC's Māori strategy, the Māori injury Prevention portfolio is focussed on:

- Systems transformation to improve Māori access, experience and outcomes
- Partnering for Excellence to improve outcomes, and
- Developing Māori injury prevention capability & capacity.

More information on specific initiatives including Ngā Tini Whetū, Tūārai and Oranga Whakapapa can be found on *page 26*.

PJ’s Story

South Auckland dad Peter Josephs works with Pasifika organisation Le Va to help other Polynesian fathers learn from his successes – and his mistakes.

Auckland-based organisation Le Va focuses on health and wellbeing outcomes for Pasifika families. This drives PJ’s connection to Le Va,

The Father’s Fono, funded by ACC and led by community figures like PJ, helps Pasifika fathers know their value and raise thriving families. It focuses on helping to build healthy consensual relationships.

“The biggest thing that appeals to me is ‘violence is not our culture.’ That's the headline of the Father’s Fono. That’s what I believe to be true.”

The word ‘fono’ is shared by many Polynesian languages. It translates generally to describe meetings of all kinds, from national assemblies to face-to-face. Father’s Fono is about meaningfully connecting fathers to their children, and men to their partners.

PJ is one of a handful of fathers contributing their thoughts on Pasifika parenting. “Somebody who might need it can find information and knowledge, that can help them as a father.”

Pasifika children are twice as likely to be physically punished than other kids. ACC provides funding to Le Va to encourage healthy and positive relationships, and to stand against violence.

TABLE 1: 2021/22 INJURY PREVENTION ACHIEVEMENTS

Objective	What we set out to deliver	Result
We use analytics to target our injury prevention investments and increase the impact of our efforts	We will use data, insights and evidence to understand the root causes of injury to better target and focus interventions, maximising returns from investment.	Achieved ✓
	We will explore and review appropriate measurement of our injury prevention investment considering our evolving investment approach.	Achieved ✓
	We will be making Treatment Safety information more accessible, through the Health Quality and Safety Commission online health system quality dashboard and via other online channels.	Achieved ✓
We increase prevention effectiveness by partnering with capable, like minded organisations	We will have continued to evolve our existing injury prevention partnerships while developing new partnerships where appropriate. Together with our partners, we will have designed and delivered initiatives in the areas that have the greatest impact on reducing injuries.	Achieved ✓
	We will have continued to evolve our injury prevention partnership with WorkSafe NZ to design and deliver initiatives that have the greatest impact on reducing injuries in the New Zealand workplace.	Achieved ✓
	We will continue to partner with Oranga Tamariki, and Te Puni Kōkiri to co-invest in the Whānau Ora Commissioning Agency to work collaboratively to establish a Whānau centred Early Support Prototype – Ngā Tini Whetū. Ngā Tini Whetū will see additional early support progressively offered to whānau Māori across Te Ika-a-Māui, to support tamariki and whānau wellbeing	Achieved ✓
We extend our reach by working closely with communities	We will have a Māori investment portfolio to appropriately resource Kaupapa Māori approaches to injury prevention that will help reduce the incidence and severity of injury for Māori.	Achieved ✓
	We will work with communities to develop and deploy effective injury prevention programmes to a cross section of the New Zealand population using a broad set of channels.	Achieved ✓
	ACC will continue to deliver an injury prevention grants and subsidies programme investing in businesses to stimulate the adoption of initiatives to reduce harm in New Zealand workplaces.	Achieved ✓
Our injury prevention investments contribute to a reduction in the OCL	We will apply an investment approach that balances benefits, costs and risks and, where appropriate, assess both the claim and social economic returns from our investment.	Achieved ✓
We design for New Zealanders, creating sustained behaviour changes and large scale, long-term, sustainable societal change	We will use Preventable, our national behaviour change programme to constructively challenge Aotearoa to take action to avoid injury and keep themselves and their whānau, friends and community safe and well. This will address the ACC claim portfolio by talking to all New Zealanders about the risks they take where they live, work and play.	Achieved ✓
	We will use the customer, not just the injury, as the basis for investment. Our investment in prevention will be based on understanding the customer cohorts who suffer injuries. We will focus on the root cause, be empathetic and apply a customer lens when designing and delivering interventions.	Achieved ✓
	We are developing long-term approaches with scaled investment solutions designed by Māori, for Māori.	Achieved ✓
	We will increase injury prevention investment on strategic initiatives. This includes areas such as the prevention of family and sexual violence, Kaupapa Māori and using broader channels to influence attitudes and change behaviour.	Achieved ✓

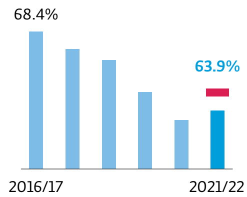
Customer outcomes and experience

Once somebody has sustained an injury, we know that person's health and wellbeing is significantly improved with a rapid return to independence. This improvement extends to their family, whānau and community.

Return to work within 10 weeks

2021/22 Target not met

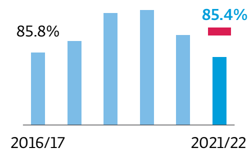
63.9%



Return to independence for those not in the workforce

2021/22 Target not met

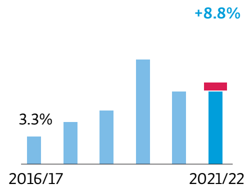
85.4%



Growth in the long-term claim pool

2021/22 Target met

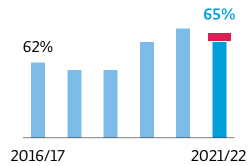
+8.8%



Public trust and confidence

2021/22 Target not met

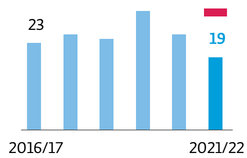
65%



Client net trust score

2021/22 Target not met

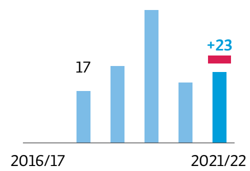
+19



Client net trust score for Māori

2021/22 Target not met

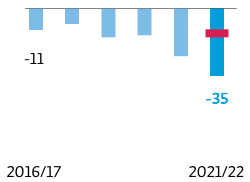
+23



Provider net trust score

2021/22 Target not met

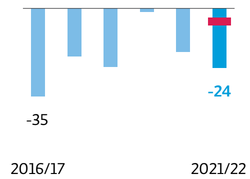
-35



Business net trust score

2021/22 Target not met

-24



Recognising that an injury can have a significant impact on our client's lives and those close to them, we are committed to show that we care, and we are here to support their recovery.

COVID-19 Response

Our organisation, our clients, and our partners faced another challenging year operating in uncertain times.

At the beginning of March 2022, we began redeploying staff with appropriate experience from across the organisation into business-critical areas such as claims assessment, and provider and client payments. This allowed us to maintain the timeliness of our critical services to clients.

Since the initial outbreak of COVID-19, we have significantly broadened the range of treatment and rehabilitation services that can be provided via telehealth.

A key focus of our response to the Omicron outbreak was ensuring our most vulnerable clients were not put at risk by a shortage of Home and Community Support workers due to illness or self-isolation. We helped clients explore whether we could pay whānau or friends to provide short-term care and worked with sector agencies to find spare capacity or redirect service providers where possible.

Swift action by all agencies involved helped the sector cope well with the shortages that emerged. A survey of clients at the height of the Omicron outbreak found the care level received for 96% of respondents was maintained during this challenging time.

Our performance

Overall claim volumes were down in comparison to the previous year due to the community COVID-19 outbreaks. Compared to 20202/21, there were 14% fewer new claims received and 6.7% fewer new weekly compensation claims. At the end of June 2022, we had returned 63.9% of our clients back to work within 10-weeks. This was below our target, but an improvement on the previous year.

Growth in the Long-Term Claims Pool performance was better than target at 8.8%, and the Long-Term Claim Pool return-to-work rates kept steadily improving. We returned 5,470 long-term clients to independence compared to 4,978 last year. The proportion of long-term clients in part-time work has increased to 13.3%, exceeding the target and demonstrating an improvement on last year's result of 12.6%.

Improving outcomes for clients

To better support client rehabilitation outcomes we continue to evolve our case management service through initiatives to improve our staff capability and capacity.

We have focused on capability streaming within our teams as a key enabler to matching clients' needs to the right people, teams, services, and pathways that can best support them. We have been developing more specialised areas of focus for staff, improving speed to competency, and the quality of our support for clients with more complex rehabilitation needs.

To enhance this capability focus we are reviewing performance reporting to ensure it is tailored to the new capability-based teams. This will enable recovery team members to provide greater levels of support specifically where it is needed. This is hand in hand with an ongoing learning and capability development programme.In 2021 we began Hāpai, an initiative aiming to create a more culturally responsive case management experience for Māori clients and their whānau.

The Hāpai pilot involves seven recovery team members supporting Māori clients in Whakatāne, Tauranga, Rotorua and Gisborne. Insights gained from the pilot will be used to expand the service.

MyACC is our online service that can be accessed from any device, anytime making it a convenient way for our clients to self-manage different aspects of their recovery with us.

Clients can see information about their claim, apply for weekly compensation and request other types of support such as simple equipment, home help and travel or pharmaceutical reimbursements. MyACC now has 'Live Support', enabling clients to chat real time with our customer-facing people.

In the last year, we saw our biggest annual increase in the number of people signing up to use MyACC. There are now around 253,500 total clients registered since its' inception in 2018. This is up from just under 150,000 last year and coincides with an increase in the percentage of people being invited to register, up to 59% from 53%.

As a result, the number of people able to access and apply for support through MyACC has also increased. There have been a total of 120,000 Weekly Compensation applications and 112,000 requests for the other types of support we offer (up from 55,000 and 50,000 respectively from last year).

We have started to automate some of these processes too. Implementing straight-through processing for simple equipment requests has reduced the amount of manual work required by more than half. Work is currently underway to extend this to other types of support, with client travel reimbursement, enabling clients to get paid faster.

The ways in which clients can contact us ranges from self-service via digital channels, through to one-on-one team members for clients who require dedicated support. This supports clients with accessing services and support when they need it, ensuring they receive timely responses supporting with their rehabilitation.

We now have a single inbound call channel enabling clients to make faster contact us with. This channel supports 85% of all inbound calls to ACC, which has resulted in more clients experiencing shorter call wait times and have their call resolved without needing to be transferred. This has resulted in first call resolution for 70% of Client, 90% of Business Customer and 92% of Provider calls.

Responding to sexual violence

In our work in response to sexual violence we are taking the time to listen and fully understand the challenges and benefits of our current Integrated Services for Sensitive claims.

We engaged directly with providers, the wider sector, and other agencies at an online hui in December 2021. The hui canvased the issues collectively being faced in the delivery of support for survivors of sexual violence through our services. The hui was the first important step in a programme of engagement with the sector and clients planned for the next few years, to improve services and outcomes for survivors.

Key themes identified were access to information for survivors about the support that is available before engaging with ACC, new ways of providing support (including Telehealth), workforce capacity and waitlists, and the supported assessment process.

We continued the kōrero with two follow-up hui with representatives from across the sector in March 2022 to build on the initial hui and further explore issues raised.

We are also looking to include opportunities for those whose lives have been directly impacted by sexual abuse, survivors and their support networks, to have their say and be involved in the process.

This work will be done alongside the actions ACC is taking as part of Te Aorerekura: The National Strategy to Eliminate Family Violence and Sexual Violence, refer *page 38*.

Making it easier for businesses

We continue to partner with businesses so they have the knowledge and tools to prevent injuries in the workplace and support their people when injuries do happen.

With the impacts of COVID-19 still a significant challenge for businesses during the year, we have remained responsive to their needs. Despite periods without kanohi ki te kanohi (face to face) meetings, our relationship managers made over 14,000 contacts with individual businesses and the business sector across Aotearoa, offering tailored support and advice on issues like injury prevention, recovery at work, ACC's products and services, and levies.

Through our online platform, MyACC for Business, businesses can update details, check invoices, and access claim reports and information at a time that suits them. The platform was visited 546,000 times, a 20% increase on last year – and the number of automated changes made by customers increased by 48%, making doing business with us more efficient and easier.

A new function on MyACC for Business provides businesses with access to information about their employees' work-related claims to support them with a successful recovery at work. This new feature was used over 1,200 times in the two months after it was launched.

In addition, 12% fewer customers received incorrect details on their invoice as a result of how we communicate to businesses about levies.

Improving health outcomes for New Zealanders

We continue to partner with healthcare providers to focus on what really matters to us all, improving outcomes for injured New Zealanders.

We have been running four trials to collect health outcome measures. This enables us to consider different approaches to shift toward an outcomes-based approach to delivering care and support to injured New Zealanders. These trials (currently in different stages of development), are designed in partnership with the Provider sector and focus on clients who have an upper or lower limb fracture, have concussion, access physiotherapy or have a sensitive claim.

The Health Sector Strategy (HSS) also signalled a shift towards considering whole-person (i.e. injury and non-injury) needs within a treatment pathway. Historically non-injury factors may not have been considered as strongly. ACC is combining literature, data analysis and datasets from the Integrated Data Infrastructure to better understand how these factors influence recovery and need. This insight will be shared with the sector and reflected into ACC's future service design.

ACC's Māori Outcomes and Māori Health frameworks, such as Te Whare Tapa Whā, will be used alongside outcome measures to ensure broader domains of wellbeing are used to inform broader needs that are more specific to Māori.

Improving equity for Māori

We have established a Māori Health programme of work to improve access and outcomes for Māori clients that aims to strengthen Māori communities and grow the Māori economy.

In its second year, this programme of work has broadened to include service developments and improvements. The focus remains firmly on strengthening ACC's service offering to whānau Māori to increase access to care, improve experience and support better health outcomes.

To achieve this, we are committed to listening to the needs of Māori and delivering change through Māori-led, whānau centric initiatives.

Additional information can be found in the Whāia Te Tika section on *page 26*.

Resolving issues

We have continued our commitment to the early resolution of issues raised with us. Improvements made enable earlier engagement with customers, supporting their understanding of the review process and what resolution options are available to them before lodging a formal review application. Over a third of all review requests are resolved without referring to an independent conciliator or third-party review provider.

Where an issue cannot be resolved, Fairway Resolution and the Independent Complaint and Review Authority provide independent review and dispute-resolution services. We also partner with Talk – Meet – Resolve, which provides conciliation where all parties agree that an independent conciliator can help. The accessibility to attend conciliations and reviews by video-conferencing continues to be the preferred method by customers, with in-person alternatives available.

We also fund a Navigation Service, which gives customers access to free and independent advice and advocacy. Agencies delivering this service (Way Finders and the Workplace Injury Advocacy Service) assist approximately 310 ACC customers per month.

We are establishing a Kaupapa Māori Navigation Service to deliver easier access to navigation services, and provide informed advice to clients in a Kaupapa Māori way. This will be through trusted organisations known in Māori communities, and in a manner that meets the holistic and whānau-centric needs of Māori.

Improving our digital environment

We continued to increase digital options for our providers, and now receive over 2.5 million submissions directly from provider's software systems through our APIs – our primary channel for Digital Provider interactions. In addition, we developed a new platform for our Providers who do not have API-enabled software systems (with rollout of the pilot expected in 2022/23) to enable digital interactions such as claim and invoice submission, enabling faster and more direct means of communication with ACC.

For our general public we continue to shift towards Prevention First, and launched the 'beta' version of the Ride Forever website, focused on reducing the incidence and impact of injuries within the motorcycle community. Our falls prevention campaign 'Injury Prevention to Front Line' went live to support reducing the incidence and impact of falls related injuries in over 65 year olds, and we increased the functionality within the ACC website to increase the ease of use and ability to search for information within the site.

In addition, to improve access to digital services for Māori we have added bilingual navigation to all of our digital products and websites, and continue to look for ways to improve in this area.

Lenka's Story

After sustaining a head injury, Lenka Fields, a Kāpiti Coast local has had a two-year battle to feel normal again. Four years ago she suffered a concussion that had a lasting impact on her life. She was retraining horses that had behavioural issues and things went awry. Lenka was taken into Wellington Hospital straight away where she was admitted, assessed and had an MRI. Lenka had some bruising down the right side of her face and pain in her right eye.

"I had some real problems with my right eye for a long time afterwards. My eye would go to the right and it would shudder when I tried to look to the right or the left."

"It wasn't very attractive," she laughs. "It knocked me back a fair bit.

"Suffering a concussion doesn't just affect you. It's the people around you. It's your job. Your family. They have to all pitch in and it's really worrying for them."

ACC has played a key role in Lenka's rehabilitation, covering her hospital visit, assessments, physio appointments and Concussion Clinic sessions. Lenka says an ACC Concussion Clinic proved to be a turning point.

"It was fantastic," she says. "They gave me the reassurance that what I was going through was normal. I just needed to stay patient and work to getting back to normal." She says the Concussion Clinic set her up with long-term strategies.

Lenka was told to learn a language or learn a new skill like playing a musical instrument. "I took up learning Italian and that helped me rebuild some of those pathways in my brain."

"It took a long time to get back to normal, so I recommend preventing a concussion at all costs."

Nat Hardaker is an ACC Injury Prevention Partner. She says it's important to follow the four Rs of Concussion Management. The four R's include:

- Recognise (the signs and symptoms of concussion),
- Remove (the person from play or work)
- Refer (to a medical doctor to confirm diagnosis and provide treatment/advice)
- Recover (this includes a period of relative rest and a gradual return to general activities and then school/work and sport).

"If you or someone else has a suspected concussion, it's important to be seen by a medical doctor as soon as possible," says Nat. "Then you can be assessed and receive the advice and treatment you need before returning to work, school or sport."

TABLE 2: 2021/22 CUSTOMER OUTCOMES AND EXPERIENCE ACHIEVEMENTS

Objective	What we set out to deliver	Result
We deliver high quality and effective treatment and rehabilitation services for our clients to enable a return to independence	We will continue to enhance our claims management model. This will improve customer experiences and return to independence outcomes.	Achieved
	We will be automating administration and payment processes to enable more clients to access end-to-end self-managed services.	Achieved
	We will have used data to build and automate models for rehabilitation outcomes and injury prevention.	Achieved
We partner with providers, businesses, government agencies, iwi, hapū, whanau and communities to enable improved value for our customers	We will optimise our levy and business customer systems to drive better customer outcomes and experiences.	Achieved
	We will be working to develop measurement of client outcomes. This will support our understanding of value and our ability to commission services for outcomes.	Achieved and ongoing
	We will be making changes to the way we contract for services such as concussion services and acupuncture to improve client outcomes and value for customers.	Not achieved and ongoing
	We will develop a needs assessment process to understand the health and wellbeing needs of a population. This will improve health and wellbeing outcomes and reduce inequities.	Ongoing
We actively make it easier for our customers and others to work with us	We will have started our phased process to revitalise ACC's brand to reflect a modern organisation that is better connected to meeting the needs of its customers.	Achieved and ongoing
	We will evolve our client's experience when they call us to enable improved timeliness of response and first call resolution.	Partially achieved and ongoing
	We will continue to leverage our digital channel to provide value add interactions for our business customers.	Achieved
We achieve improved access, experiences and outcomes for Māori	We will implement Kaupapa Māori services to provide culturally responsive services and experiences for Māori.	Partially achieved and ongoing
	We will have identified, and are measuring, all areas across the organisation supporting the delivery of our Whāia Te Tika strategy[4], specifically better outcomes for Māori.	Partially achieved and ongoing
	ACC will take a human centred co-design approach to establish kaupapa Māori and culturally appropriate pathways and experiences for Māori with the most significant ongoing needs. This includes those seriously injured, those impacted by sexual abuse and assault, those with other high and complex needs requiring a range of services and supports, often over the long-term.	Achieved and ongoing
	We will have delivered an evidenced-based cultural competency workforce development programme, enhancing our people's cultural literacy levels and lifting our ability to engage with all our customers.	Partially achieved and ongoing

4 *Whāia Te Tika, our Māori strategy, aims to create better ACC experiences and outcomes for Māori. Further information is included on page 26.*

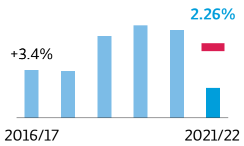
Sustainability

To ensure the longevity of the Scheme for future generations of Aotearoa, we need to consider our environmental and financial sustainability. Through careful stewardship of the Scheme we can continue providing the high-quality services our customers need, while not simultaneously imposing a burden on future levy payers (including the Government).

Change in average treatment cost per injury

2021/22 Target met

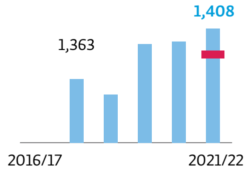
+2.26%



Average care hours per serious injury claim

2021/22 Target not met

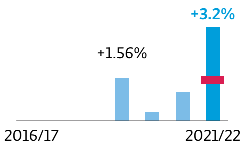
1,408



Actuarial movement

2021/22 Target not met

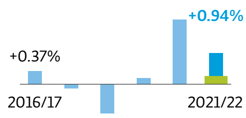
+3.2%



Investment performance after costs relative to benchmark

2021/22 Target met

+0.94%



External impacts on financial performance

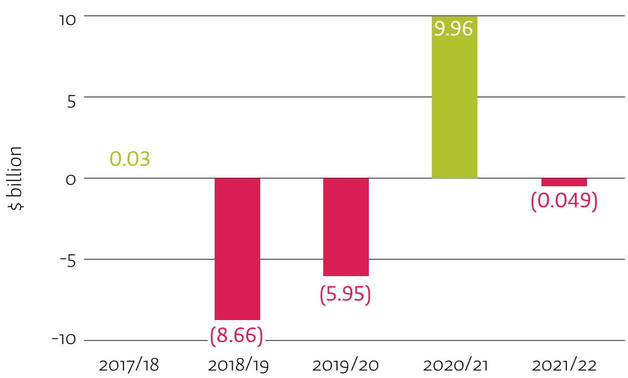
The largest drivers of our financial performance are externally driven factors including interest rates, inflation, financial market performance, levy decisions and claims volumes.

In the latter part of this year, financial markets generally continued to fall, adversely affecting returns in our Investment Fund. However, the Fund continued to overall outperform its market benchmarks, reflecting the excellent performance of the team.

Despite the negative returns in the Investment Fund, the increase in interest rates meant a significant fall in the outstanding claims liability (today's value of the future costs of accepted claims has reduced). This is not a coincidence. Our investments are deliberately structured to reduce overall Scheme risk, not to maximise risk-return in their own right.

This reduction in the Outstanding Claims Liability significantly reduced our full-year deficit from what we forecast to be a sizeable deficit in March 2022. Economic volatility will continue to impact both the Fund and the claims liability, the impact of which are the primary drivers of the significant swings in recent surplus and deficit results.

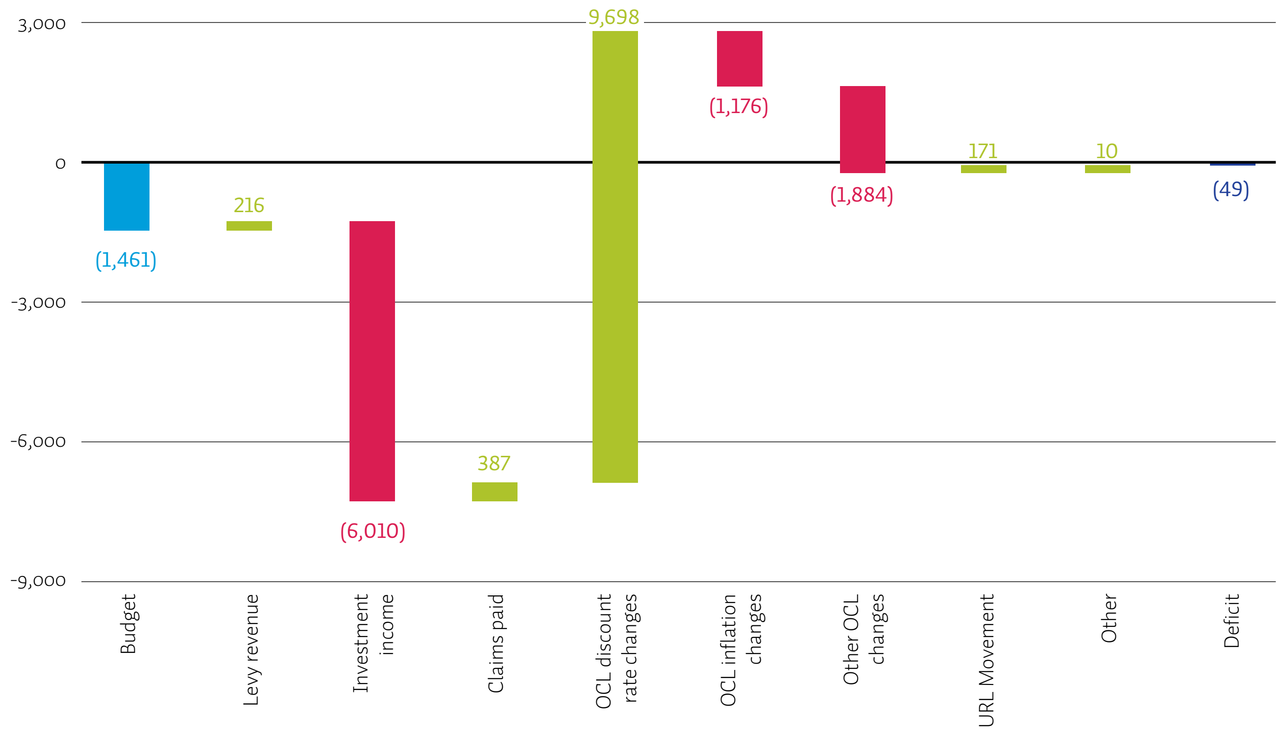
GRAPH 2: HISTORICAL SURPLUS / (DEFICIT)



Despite these large external influences, there are still clear areas of financial performance we can influence.

The following analysis demonstrates the breakdown of components contributing to our financial results versus budget expectations. These are discussed in the following sections.

GRAPH 3: 2021/22 FINANCIAL PERFORMANCE COMPARED WITH BUDGET ($M)



Investment returns exceeding benchmark

The calculation of the funds required to meet the future cost of injuries works on the assumption that we will earn an investment return that matches the yields available on long term government debt. We aim to achieve returns that are at least as high as this over time, in order to ensure that ACC can continue to fund past claims without placing any burden for the cost of these injuries on future generations of levy payers.

Lower interest rates imply an expectation of lower future investment income, which means ACC needs to invest more money today in order to provide for those costs that we expect to be funding several years in the future.

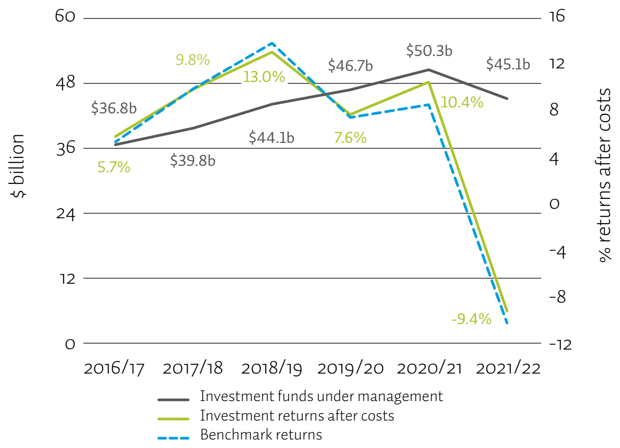
A portion of levies collected each year is invested to provide for future costs to support clients for the claims incurred in that year. Our investment fund is one of the largest in New Zealand, and to reduce the impact on levy payers, we look to maintain investment performance above benchmarks.

This year our investment returns were the lowest they have been historically, a weighted average return of -9.36% after costs. However, more importantly, the Fund continues to overall outperform its market benchmarks (by 0.94%), reflecting an excellent performance by the team.

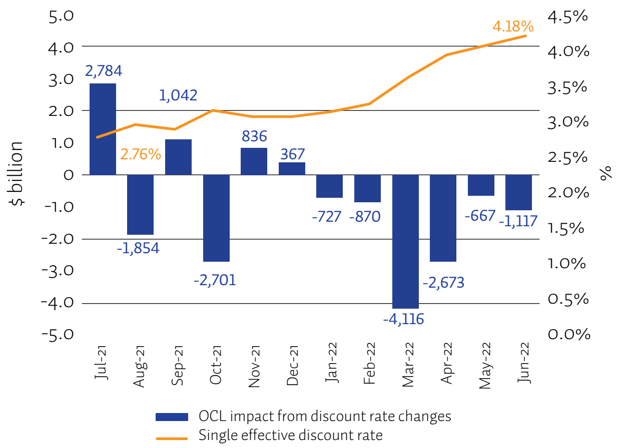
This result was achieved while navigating a simultaneous fall in both equity and bond markets, resurgent inflation and a sharp increase in interest rates. Equity and property markets also fell, as did the New Zealand dollar.

Every $100 invested in since 1992, is now worth $1,463 and our investment portfolio is now $45 billion, a reduction from the $50 billion last year. For more details on our investment performance, refer to our Investments information on *pages 57 and 176*.

GRAPH 4: HISTORICAL FUNDS UNDER MANAGEMENT AND INVESTMENT RETURNS



GRAPH 5: MONTHLY DISCOUNT RATE IMPACT ON OCL VALUATION



Supporting clients into the future

Some clients with serious injuries will require ongoing support for decades into the future. The Outstanding Claims Liability is the net present-value[5] estimate of how much money we need today to support already injured clients for as long as they need it. Generally, the Outstanding Claims Liability increases when interest rates fall and vice versa.

During the year, the value of the Outstanding Claims Liability decreased $5.1 billion to $50.3 billion. This is in addition to the significant ($6.1 billion) decrease in 2020/21.

The main reason for this decrease was a rise in interest rates. Specifically the 118 basis point increase in rates, reduced the Outstanding Claims Liability by $9.7 billion. The following chart highlights the significant reductions in the Outstanding Claims Liability as interest rates increased, particularly in the latter half of 2021/22.

Offsetting the interest rate impacts were changes in inflation rates (both experienced and forecast) and changes in the Treasury methodology for deriving economic assumptions. This increased the expected cost of future claims by $1.2 billion.

Given the significant value of the Outstanding Claims Liability ($50.3 billion) the Scheme will continue to be affected by the volatility of economic factors, predominantly interest rate movements. For perspective, as at 30 June 2022, if interest rates were 1% higher, the Outstanding Claims Liability would be a further $6.7 billion lower. Conversely, a 1% decrease in interest rates would have added $9.0 billion to the Outstanding Claims Liability.[6]

There were several other movements in the valuation of the Outstanding Claims Liability this year, offsetting the interest and inflation rate movement impacts. These total $3.4 billion and include:

- The maturity of the Scheme: Each year, more clients enter the Scheme, than leave. The Outstanding Claims Liability also grows with population growth and inflation. The impact of this growth towards maturity of the Scheme in the year was $1.6 billion.
- Claim volume and claim costs experience: The OCL models of future claims costs are updated annually to reflect the most recent claims experience. This includes reflecting trends in the number of clients accessing the Scheme, the average cost of providing the services needed and for how long those supports are required.

5 *The net-present-value is calculated using the Treasury discount rates that are generated from underlying government bond yields.*
6 *Note 8 C (d) (ii), page 142 of the financial statements, provides full analysis of the sensitivities of key Outstanding Claims Liability valuation assumptions.*

This year the OCL increased $1.8 billion to reflect the claim volume and claim cost experience. The majority (56%) of the increase was for changes in wage rates where ACC had minimal ability to influence. A total of $1.2 billion increase is related to various rate changes associated with claim payments including changes in the minimum wage. The largest individual contributor was a $900 million unplanned additional cost from the care and support worker rate negotiations with providers relating to several policy and legislation changes. These changes included the introduction of Matariki public holiday, increasing the minimum sick leave entitlement, and allowances for travel between clients. Partially offsetting this portion of the OCL increase was lower claim volumes as a result of COVID-19 impacts.

Of the influenceable portion ($800 million) of the claim volume and claim costs experience increase, the largest increases were from:

1. Weekly compensation: contributed $356 million to the strain mainly driven by deterioration in rehabilitation rates over the year
2. Sensitive claims: contributed $258 million to the strain. This reflects a greater level of services being provided for a longer period of time.
3. Serious injury care: contributed $123 million to the strain mainly driven by modelling changes, reflecting increasing care needs for moderate traumatic brain injuries.

Refer to *page 139* for the full breakdown of the movements in the Outstanding Claims Liability.

Providing services to clients

We carefully consider the costs of the services we offer to achieve the most appropriate outcomes and best value for our customers while supporting clients to achieve effective rehabilitation and independence outcomes. This year claims costs increased 3.0% to $5.3 billion. This follows two years of volatile growth from the impact of COVID-19.

Our claims costs have three main drivers:

- **Changes in claims volumes** are driven by a range of economic factors, with GDP and the unemployment rate being the most significant. COVID-19 restrictions also impact claims volumes.
- **Changes in the costs of goods and services** are driven by wage levels, general cost inflation and medical health inflation
- **Changes in operational approach or settings** are driven by several factors including judicial rulings, changes in legislation or regulations, and management decisions to change a service approach, design or offerings.

In 2021/22 we received 1.8 million new registered claims, a decrease of 14% on 2020/21. This is much lower than assumed in our budgets. Lockdown restrictions resulted in immediate declines in new claims. This is due to the sudden decline in exposure to injury risk in the workplace, recreation and in motor vehicles.

Lower new claims volumes are a driver of lower than budgeted treatment and rehabilitation costs. Also reflected in these costs are capacity constraints within the health sector and client behaviours. The combined effects of COVID-19 and Influenza are expected to cause ongoing disruptions to service provision and related claims costs as we move into the new financial year.

Weekly compensation costs grew by 7% this year but were 1% lower than expected. The main factor driving this experience was a reduction in new weekly compensation claim volumes. This was offset by lower-than-expected improvements in rehabilitation performance. In addition, wage inflation was also lower than expected despite picking up as the year progressed and continues to grow leading into 2022/23.

Maximising intergenerational fairness

We must be mindful of the role we play in maximising intergenerational fairness. Through our responsible stewardship of the Scheme we are reinforcing the fully funded model. This means we can reduce the need for future generations of levy payers to cover the costs of injuries that occurred in earlier years. Funding for the Scheme comes from levies, appropriations, and investment income. There are two key elements to setting levy and appropriation requirements; funding positions and new year claim costs.

The funding positions, including funding ratios, are used to measure our success at achieving this goal. For each ACC Account, we measure the funding ratio, described as applicable assets as a percentage of the applicable liabilities[7]. We also calculate the funding balance of each Account on the same basis. Where there is a positive funding balance, assets exceed liabilities and the funding ratio is greater than 100%.

7 *Funding Policy Statement in Relation to the Funding of ACC's Levied Accounts - 2021-go1226 - New Zealand Gazette*

GRAPH 6: FUNDING RATIOS BY ACCOUNT

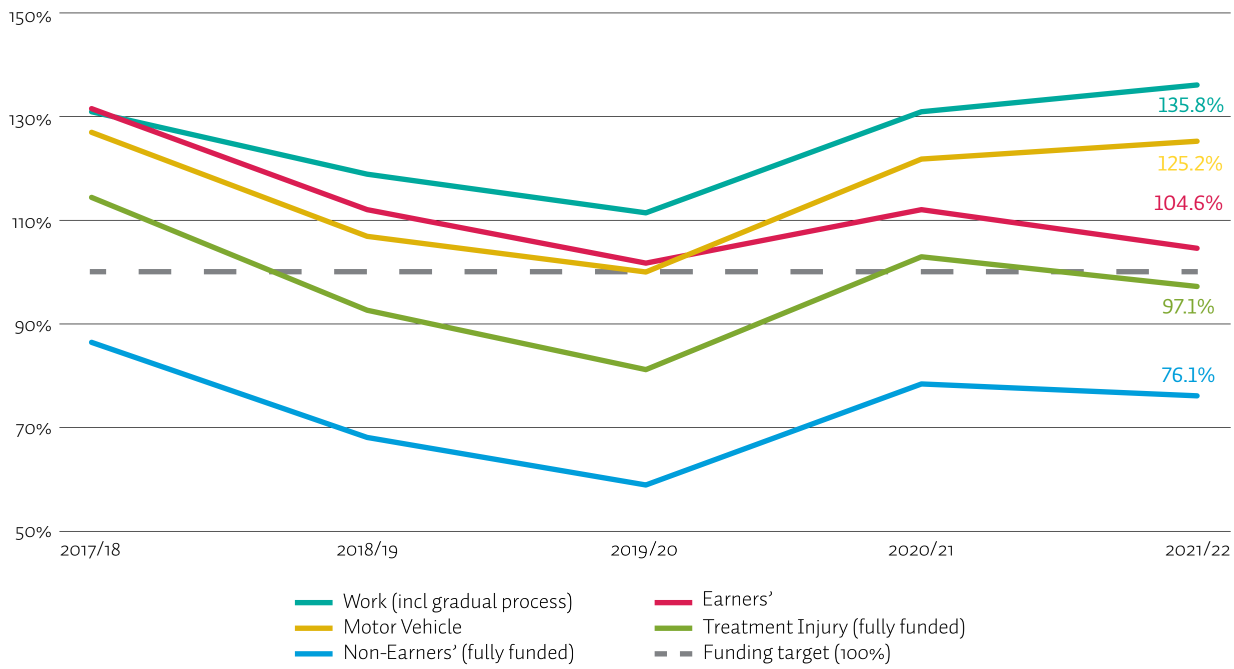


TABLE 3: FUNDING BALANCE SURPLUS / (SHORTFALL) – 30 JUNE 2022

	Funding balance surplus / (shortfall)	Funding ratio
Motor vehicle	$2,717m	125.2%
Work	$2,751m	135.8%
Earners'	$477m	104.6%
Treatment injury	$(160)m	97.1%
Non-earners'	$(1,514)m	76.1%

Also key to understanding our levy and appropriation requirements is new-year claim costs. The intent is that levy and appropriation revenue in a year should be at a level to cover the lifetime costs of new claims incurred in that year. Any gap between expected revenue and cost, by Account, is referred to as the "new year's claims cost gap". As a result of the greater fall in the OCL compared to the Investment Fund losses, in 2021/22 the new-year claims costs gap for all funds reduced to $1.2 billion. However, one consistent trend is that levies collected remain below the levels needed to cover the cost of claims each year.

When expected revenue is lower than new years claims costs, we would expect the funding position to reduce as existing assets are used to fund some claim costs. When an Account is in a funding surplus, there is a deliberate move to collect less revenue than expected for new year costs. The opposite is true when an Account is in a funding deficit.

As our current funding positions for the levied Accounts are above target, the funding policy prescribes that we collect levy revenue at a level lower than new year's claims costs in order to reduce the funding ratios towards their target (100%). Other things being equal, this results in a financial deficit.

Levies are set every three years. This means responses to changes in funding ratios happens over a longer period of time. The gap between the expected revenue using current levy rates and the new year cost, by Account, is shown below.

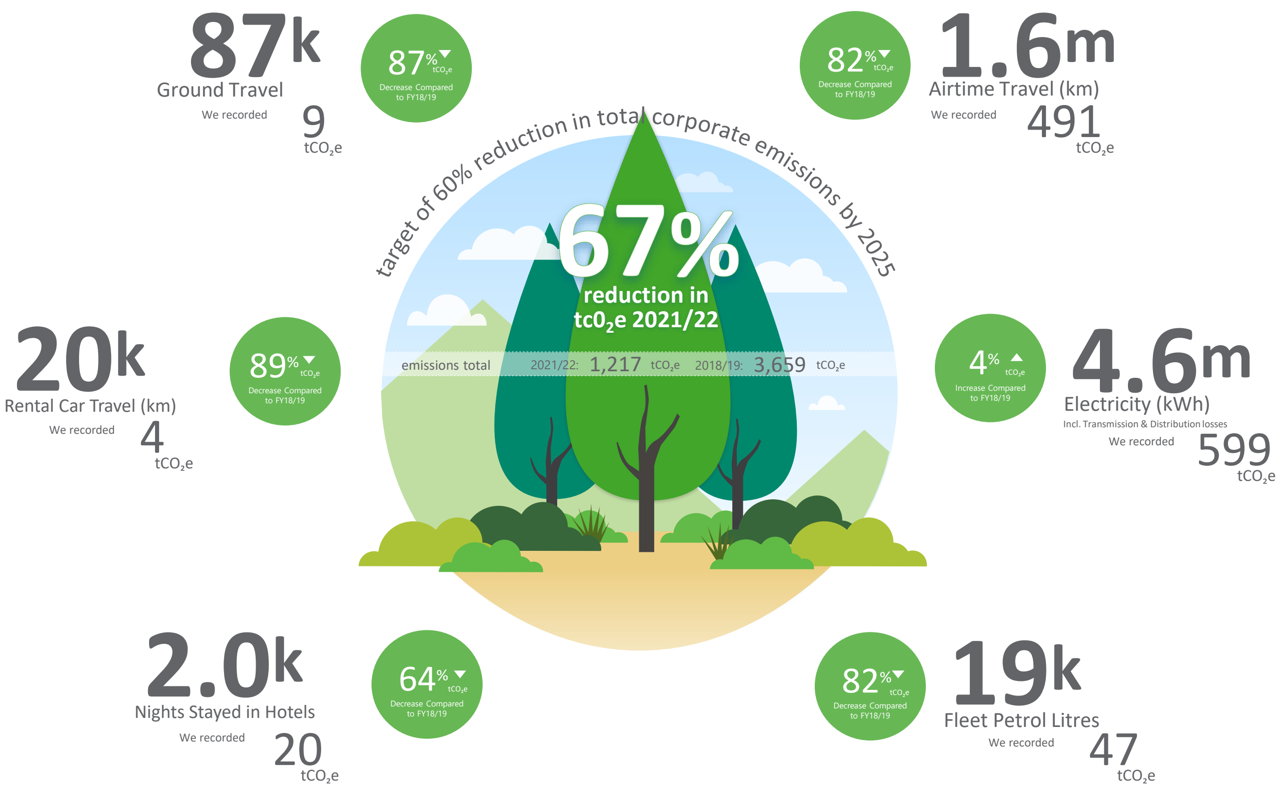
TABLE 4: NEW YEAR CLAIMS COST GAP - LEVY YEAR 2022/23

As at 30 June 2022	Motor Vehicle	Work	Earners'	Treatment Injury (Earners')	Non-Earners' including treatment injury (Non-Earners')[8]	Total
New year claims cost gap surplus / (shortfall) 8	$(312)m	$(272)m	$(541)m	$(115)m	$41m	$(1,200)m

Our commitment to reducing carbon emissions

Climate change is an issue of significance for many of our customers and stakeholders. Through our climate change actions we aim to reduce our corporate emissions 60% by 2025, and to reduce the carbon intensity of our global equity investment portfolio 60% by 2025 and 65% by 2030. These reduction targets are compared to 2019 levels. Our reporting on the Task Force on Climate-related Financial Disclosures (TCFD) is included on *page 189*.

We have reduced our corporate-related carbon emissions by 67% as at 30 June 2022 from out 2019 baseline. We have reached our 2025 target sooner than anticipated, however we recognise that some of this has been realised by the impacts that COVID-19 has had on our travel plans.



8 *The Non-Earners' (including Non-Earners' portion of the Treatment Injury Account) is based on 30 June 2021 assumptions.*

The carbon intensity emission path of our investment equity portfolio since our 2019 baseline year is summarised in the following diagram.

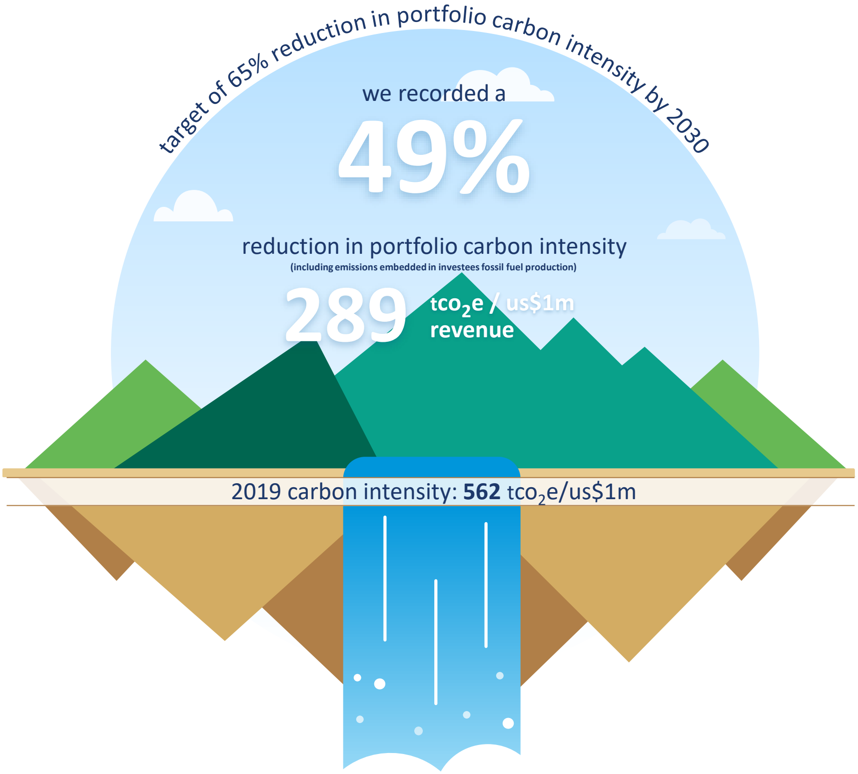


TABLE 5: 2021/22 FINANCIAL SUSTAINABILITY ACHIEVEMENTS

Objective	What we set out to deliver	Result
We carefully consider the costs of the services we offer to achieve the most appropriate client outcomes and best value for our customers	We will continue to refine our performance management approach to ensure we manage the dual focus on the costs and outcomes of the services we provide while increasing our overall effectiveness.	Partially Achieved
	We will continue the delivery of a single integrated Enterprise Resource Planning system including financial management, procurement, and human resource processes. This will enhance controls and processes for non-health expenditure.	Achieved
	We will have revised our strategy for inclusion in the Statement of Intent 2022-26. This will include updating our performance management framework and developing our understanding to better measure client outcomes, specifically for Māori.	Partially Achieved
We manage cost and liability growth	We will continue to develop our understanding of which drivers of cost and volume changes are influenceable, versus those that are outside of our control. This will inform the actions we can take to improve customer and financial outcomes.	Achieved
We maintain investment performance above benchmarks to reduce the impact on levy payers	We will continue to manage our investments with the objective of obtaining the best possible balance of return and risk.	Achieved
	We will continue to develop the investment portfolio Impact Fund, aligned with the Scheme's role in Health and Safety, while contributing to a balance of benefits, costs and risks.	Achieved
Risk management is embedded across our organisation	We will continue to enhance ACC's risk maturity and culture, so decision makers are informed of the risks they are taking to enable performance and/or in the pursuit of value.	Achieved
We are committed to New Zealand's environmental goals including the net zero emissions target and achieving carbon neutrality	We will continue to deliver on our public commitments to New Zealand's environmental goals.	Achieved
	We are tracking and reporting on our progress to reduce carbon emissions	Achieved

Hybrid. The way we work now

During COVID-19, ACC adapted its flexible working approach to continue delivering its services. By the end of 2021 we were undertaking a re-examination of our whole flexible working approach, with a clear message coming from our people that they wanted certainty about the future of work at ACC.

Over the past year, the Hybrid Working Group has developed "phase one" hybrid work settings, formalising measures adopted for COVID-19 such as up to three days' working from home, depending on customer, role and team needs. We also promoted behaviours for a positive hybrid working culture, such as caring, collaboration and empowerment, and provided upskilling opportunities for our leaders.

Our approach to date has addressed the importance of bringing people together in both face-to-face and virtual settings - in the right way and for the right reasons – through our "Moments that Matter".

It was critical to do right by our customers – ensuring the quality of our work is at least as good as it would be working in more traditional formats. The new approach also recognises that we must be in the right place at the right time to meet our customers' needs.

The early indications are that hybrid working is already improving our people's experience of ACC as a supportive employer, with a positive reaction to the launch in our most recent engagement survey.

Now our attention is shifting to continuous improvement of our systems and processes that support hybrid working, and new thinking about longer-term settings that will build on this foundation.

Investments summary

-9.21%
2021/22 RETURN
(BEFORE COSTS)

10.57%
2020/21
RETURN

9.36%pa
INVESTMENT RETURNS
SINCE 1992

8.04%pa
BENCHMARK RETURNS
SINCE 1992

$1,463
VALUE OF $100 INVESTED
SINCE 1992

0.15%
MANAGEMENT
EXPENSE RATIO

$45.1 billion
BALANCE OF INVESTMENT PORTFOLIO
AT 30 JUNE 2022

Message from the Chief Investment Officer

The year just finished was a challenging one for investors. Both equity and bond markets fell simultaneously. After some 20 years of low and stable inflation, price pressures are resurgent globally. Interest rates rose sharply while equity and property markets slumped. Our holdings of foreign currency exposure provided limited offset as the NZD also declined. In aggregate, in the face of these headwinds, most balanced funds have reported poor returns. Overall ACC's reserves portfolio delivered its lowest absolute return (-9.24%) since 1992.

However, this is not the full story. In three important ways the past year was highly satisfactory.

First, Investment returns can't be viewed in isolation. ACC mainly invests with a principal focus on asset-liability risk – the net movements between assets and the outstanding claims liability (OCL). The role of ACC's Reserve Assets is to counterbalance and partially hedge the financial risks inherent in ACC's operations. This is ultimately what drives the impact on levies, as well as the requisite Government appropriations for the Non-Earners' Account and Treatment Injury Account.

The two principle economic risks where Reserve Assets can provide a partial hedge for ACC Operations are a) changing discount rates and b) unanticipated inflation. Both arose over the past year. In general, rising discount rates will tend to lower the OCL, but also lower returns to Reserve Assets (as happened over the past year). Inflation is difficult to fully hedge, but the large holdings in inflation-linked debt went some way to offsetting any increase to claims costs. ACC's net operating result was reasonably close to balance over the past year, despite the negative returns to Reserve Assets. This highlights that the investment portfolio is playing the role intended of stabilising the corporation's overall finances.

The 2021/22 year was also marked by progress toward our goal to reduce carbon emissions across the portfolios, with more ambitious interim targets for 2025 and 2030. I'm pleased to report we're running ahead of those revised targets as part of ACC's commitment to carbon zero 2050 and the Paris agreement.

The other pleasing aspect of the year was the success of ACC's active management strategies. Returns to most portfolios, including our domestic equities, bonds and private markets, exceeded benchmarks. The sole major asset class that underperformed was global equities, and even here there was a wide range of outcomes between value and growth managers.

Adding value to investments over and above benchmark returns is a key performance measure for our team. In this regard, ACC was highly successful. Active returns were about 1.09% above benchmark in 2022, corresponding to about $500 million of added value. This is above our longer run expected performance from active management and represents a solid outcome for the year.

In the past 30 years, investment returns have contributed substantially toward funding the cost of accidents, injury prevention initiatives, rehabilitation clients and lowering levies for New Zealanders. In that time, we have beaten our benchmarks in all but two years. By keeping our focus on the long-term sustainability of our portfolios we intend to ensure that we continue to play a key role in supporting the ACC scheme and the well-being of New Zealanders.

Highlights of 2021/22

Carbon Reduction	More ambitious targets for reducing carbon intensity: ACC has committed to a 60% reduction in the carbon intensity of our listed equity portfolio by 2025 compared to a 2019 baseline, and a 65% reduction by 2030. This is a step up from our interim target set in 2020 of a 50% reduction by 2030. The Crown Responsible Investment Framework was approved, committing Crown Financial Institutions including ACC to report progress on transitioning their portfolios to net zero emissions by 2050, consistent with Government policy, the Paris Agreement and global investment leadership over time. ACC became a signatory to the Paris Aligned Asset Owners Commitment. This is a public declaration of the Fund's support for the Paris Agreement. Carbon caps: ACC has imposed carbon caps on our externally managed equity portfolios. We also adjusted benchmarks within our New Zealand and Australian portfolios to further reduce carbon emissions and weightings of the most carbon-intensive stocks. These measures have contributed to a reduction in the carbon intensity of our total listed equities, which is now 49% below the June 2019 baseline.
Value-added	Our portfolio managers offset some of the impact of tumbling equities and bond valuations by achieving higher returns than their benchmarks in almost all internally managed asset classes. In a strong year of value added versus our market benchmark, we outperformed by 1.09% (before costs), generating some $500 million of additional value for ACC.
Impact Investments	Climate Change Impact Fund made its first investment in Leaft Foods, a start-up that extracts a protein called Rubisco from green leaf crops and offers farmers a way to diversify away from more carbon-intensive food production. The Fund has co-invested with Ngāi Tahu Holdings and Khosla Ventures, the US venture capital firm founded by Vinod Khosla. Strong market interest and pipeline of potential investments for ACC's impact funds. Existing portfolio performing well. Mentemia rebrands as Groov with a suite of products to support employee wellbeing. Robotics Plus continues to expand into offshore markets. We developed a framework to assess the impact our investments in this fund are making.
Venture capital investment	We have approved a ~NZ$10 million allocation to venture capital (VC) funds managed by Blackbird Ventures, Australasia's pre-eminent VC firm. This is ACC's first commitment to VC in approximately 15 years. It reflects our belief that both the sector and the players have greatly matured in the interim and now represents an attractive investment opportunity. Framework developed for assessing the impact of our investments.

First investment for Climate Change Impact Fund

In December 2021, ACC launched the Climate Change Impact Fund to identify positive investments that support New Zealand's transition to a low carbon economy. For our first investment, we partnered with Leaft Foods, alongside Khosla Ventures, Ngāi Tahu Holdings and NBA basketballer Steven Adams.

Leaft has developed a systems-changing protein model that extracts a highly nutritional plant protein called Rubisco from green leafy crops. Rubisco protein is the most abundant protein on the planet, found in every green leaf. Leaft works with commonly grown crops like lucerne and oats, offering farmers a commercially viable means of reducing their carbon footprint.

As a co-product of Rubisco protein production, Leaft's system integrates with existing farms to deliver a protein-optimised animal feed, reducing the nitrogen footprint of farming and providing a pathway to diversify into plant protein production.

New Zealand's annual agricultural export revenue of some $50 billion contributes 48% to our national carbon emissions. Leaft's early Life Cycle Analysis indicates Rubisco production has a 10x lower carbon profile than conventional dairy protein, and 100x lower than beef protein.

As the global population grows, we are committed to backing companies that play to our economy's competitive advantages while developing a pathway to lowering carbon emissions that provides people with nutritious, high-quality, low-impact food.

The ACC climate fund is actively seeking companies that provide commercial returns and emission reductions.

leaftfoods.com

How we invest ethically

Our Ethical Investment Policy

ACC believes that carrying out its duty to invest requires it to consider the ethical implications of its investments as well as its fiduciary responsibilities. In considering these ethical implications, the ACC Board is guided by recent New Zealand and international laws, global ethical practices, its roles in the health sector and investment community, and its own views of ethical investing.

ACC aims to conduct its investment activities in an ethical manner that avoids prejudice to New Zealand's reputation as a responsible member of the world community.

ACC works closely with the Guardians of New Zealand Superannuation and the Government Superannuation Fund Authority on all aspects of ethical investment and is a signatory to the Principles for Responsible Investment (see ***www.unpri.org***).

ACC has a legal requirement to invest as a trustee, which implies a fiduciary responsibility to achieve the best possible mix of long-term return and risk on its investment funds.

While ACC recognises that significant numbers of New Zealanders may believe that various other activities are unethical (for example, involvement in gambling, fast food, sugary soft drinks, alcoholic beverages, or factory farming), ACC would be unlikely to impose a blanket exclusion on investing in these activities unless New Zealand's Parliament passed laws to ban these activities in New Zealand. When New Zealand's Parliament does ban an activity, ACC will presume that Parliament's decision reflects the majority view of the New Zealand public. In addition to avoiding investments in companies that engage in activities that are contrary to New Zealand law, we will never make any form of investment that is illegal under New Zealand law.

In addition to excluding investments in specific types of activity, ACC will occasionally exclude companies that it believes are behaving in an unethical manner, if there seems to be little chance that the companies will change this behaviour. In these cases, ACC will typically discuss its concerns with the companies before we make any final decisions to add them to our exclusion list.

We hope that, in many cases, the board or senior management of a company will seek to improve their company's behaviour when they recognise that some aspects of how they have been conducting their business is attracting unfavourable attention from large investors such as ACC.

Climate Change and Carbon Reduction

ACC takes its responsibilities on climate change and sustainability seriously. We continue to take actions that demonstrate this.

As a signatory to the Crown Responsible Investment Framework, ACC is committed to reporting progress on transitioning to net zero emissions by 2050, in line with Government policy and the Paris Agreement.

ACC is committed to a 60% reduction in the carbon intensity of listed equities by 2025 compared to a June 2019 baseline, and a 65% cut by 2030. This is a step up from our interim target set in 2020 of a 50% reduction by 2030 and means we are on track to achieve net zero by 2050. We have cut the carbon intensity of our listed equities by 49% compared to our 2019 baseline, by exiting thermal coal miners and imposing a carbon cap on portfolios that reduces over time.

These targets align with the Climate Change Response (Zero Carbon) Amendment Act 2019. The targets will be subject to review as we move towards net zero.

ACC supports the transition to a lower-carbon economy and companies heading in that direction.

Activities that we will not invest in

ACC avoids investing in entities that engage in activities that would be illegal in New Zealand. Our exclusions list is continually reviewed:

- Production or sale of anti-personnel land mines that are not compliant with the Anti-Personnel Mines Prohibition Act 1998.
- Production, design, testing, assembly, or refurbishment of nuclear explosive devices.
- Production or development of cluster munitions.
- Processing of whale meat.
- Production of automatic or semi-automatic firearms for civilian use.
- Coal-mining companies that get more than 30% of revenues from thermal coal.
- As a health-focused agency, ACC avoids investing in tobacco production. We recognise that while tobacco is still legal in New Zealand it is also greatly discouraged by public policy.
- Production of cannabis-based products.

Reducing carbon emissions

We recognise the scientific consensus, compiled by the Intergovernmental Panel on Climate Change, that humans are the main cause of global warming.

We acknowledge the responsibility of asset owners to support the transition to a low carbon economy through investment decisions and interactions with investee companies. All Fund employees are responsible for taking climate change into consideration in their roles.

In June 2020, the ACC Board committed to taking a leadership position in supporting New Zealand's goal of reducing greenhouse gases (excluding biogenic methane) to net zero by 2050. ACC established the Investments Climate Steering Group to help drive this work across the Fund.

This year, we welcomed environmental and sustainability professional James Muir to the Investments team to lead our Climate Change Impact Fund. James was formerly CleanTech Lead at Callaghan Innovation and has 25 years' experience in low carbon projects worldwide. He brings this expertise to the Steering Group.

ACC's largest equity holdings are outside of New Zealand, and they make up the largest part of measured emissions. We reduced weightings of the most carbon-intensive stocks and cut the carbon intensity of listed equities by 49% compared to the June 2019 baseline.

This is ahead of the pathway projected to achieve our interim targets of a 60% reduction by 2025, and 65% reduction by 2030. Carbon intensity fell to 289 tonnes of carbon dioxide equivalent (tCO_2e) per US$1 million revenue in the latest year from 562 tCO_2e per US$1m in 2019.

We have reduced carbon intensity by gradually reducing the permitted carbon exposure (often referred to as carbon caps) for global equity portfolios and, in the latest year, adjusting benchmarks within our New Zealand and Australian portfolios.

Although ACC has achieved considerable success in reducing measured carbon intensity by excluding high emitters and producers from the investment portfolio, divestment and exclusion can only be part of the answer. ACC believes companies are more likely to raise their climate ambitions and deliver on undertakings if held to account by responsible investors such as ACC, rather than being owned and controlled by less climate conscious shareholders. ACC, working with other investors, believes engagement will have an impact in reducing global emissions.

ACC can support companies we invest in to become resilient to climate risk as well as support policy makers in taking actions that encourage a just transition to lower carbon emissions.

Investing in New Zealand

Iwi partnerships

Māori iwi have many characteristics in common with ACC Investments. Iwi are focused on Aotearoa New Zealand, representing a broad part of our community and often have a long investment horizon and a broad mandate to invest. Both ACC and iwi aim to improve wellbeing outcomes for Māori and as Tiriti o Waitangi partners ACC is committed to working with whānau Māori to achieve leadership. This makes us natural co-investment partners where there is a demonstrated commercial return. Examples of our Iwi partnerships include:

Ngāi Tahu

We have partnered with Ngāi Tahu Property, investing in a joint venture opportunity to develop a state-of-the-art office building in Dunedin. The building is designed to accommodate ACC's 650 Dunedin-based employees on a single site. Construction is progressing with a completion date in 2024. ACC will lease the building for 20 years from the joint venture. Te Rūnanga o Ōtākou and Kāti Huirapa ki Puketeraki gifted the name Ōtepoti to the new development. A quality office building, backed by a long-term lease, is an attractive investment for ACC's property portfolio and the partnership strengthens our ongoing relationship with Ngāi Tahu Property.

Te Kawerau a Maki

In 2020, ACC partnered with Te Kawerau a Maki, the tangata whenua of the Waitakere district, to purchase the underlying land on four school sites across Tāmaki Makaurau. The Ministry of Education has the ground lease to the sites occupied by Campbells Bay Primary, Matipo Road School, Henderson Primary and Waterview Primary. ACC has an excellent relationship with Te Kawerau a Maki and the joint venture has benefited from rising land values and having the Ministry of Education as a long-term tenant.

New Zealand financial markets

ACC is one of the largest investors in New Zealand companies. ACC owns about 2.9% of the market capitalisation of the New Zealand sharemarket. This rises to about 3.9% of the available shares if we exclude strategic shareholding blocks (such as the Government's shares in the gentailers) from the calculation.

ACC holds an even greater proportion of New Zealand sovereign investment-grade bonds. For example, ACC owns around half of the inflation-indexed bonds that have been issued by the New Zealand Government and other material holdings in New Zealand government bonds.

ACC's investments in individual companies or securities are generally too small to significantly affect total investment returns in a single financial year. ACC holds five equity investments[9] that individually represent more than 0.5% of the reserves portfolio (i.e. greater than $224 million).

Note that in the below table, the largest holding, Kiwi Group Holdings, is an unlisted investment, being the parent company of Kiwibank. ACC and the New Zealand Superannuation Fund jointly made this investment in Kiwi Group Holdings in October 2016 and contributed further capital to Kiwi Group Holdings in April 2017.[10]

ACC holds most of its top-10 equity investments in companies or trusts listed on public stock exchanges. An exception is our investment in Kiwi Group Holdings.

The only individual credit exposures representing more than 1% of the reserves portfolio are to the New Zealand Government, Housing New Zealand and one banking group.

Only one of ACC's direct property investments represents more than 0.5% of the reserves portfolio. ACC's largest property investment is industrial land and warehouse buildings located in Wiri, Auckland and valued at $266 million.

ACC's 10 largest equity investments using International Financial Reporting Standards Valuation (as at June 2022)	$NZ million
Kiwi Group Holdings (holds KiwiBank)	464.07
Microsoft Corp	377.13
Alphabet	343.50
Auckland International Airport	272.03
Fisher & Paykel Healthcare	250.77
Contact Energy	221.78
Spark New Zealand	212.24
Infratil	208.03
Meridian Energy	191.69
BHP Group	181.93

Governance

ACC has a dedicated Governance Manager who works with our NZ 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 NZ corporate governance standards.

Over 2022, particular attention has been focused on the effective representation of shareholders' interests where conflicts exist (e.g., a large holder or an external manager), encouraging the clear disclosure by issuers of strategies and the consequent board skills which are required by boards and improving the alignment and disclosure of executive remuneration.

The team also interacts actively with regulators, exchanges, issuers and other investors regarding governance issues as they arise – with particular attention over 2022 on director duties, and issues arising from the NZX Corporate Governance Code Review – specifically the fairness of capital raisings, and issues related to the definition and application of director independence.

9 *Equity investments includes both public and private portfolios.*
10 *In August 2022, ACC confirmed it would accept the Crown's offer for its shareholding in Kiwi Group Holdings Limited.*

Organisational health and capability

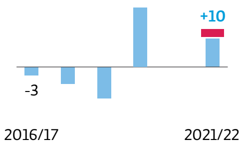
People

This year, progress towards a diverse, high-performing workforce empowered to deliver great customer experiences and outcomes, but we did not achieve everything we set out to achieve. Prioritisation choices were made to ensure the organisation was supported to respond to the challenges from COVID-19.

Employee net promoter score

2021/22 Target not met

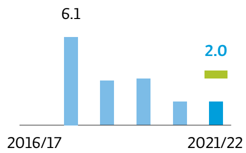
+10



Total recordable injury frequency rate

2021/22 Target met

2.0



Workforce profile

We have **4,049** permanent and temporary staff

68% Women

31% Men

1% Gender diverse/ prefer not to say

Our people

50% of our board members are women

47% Senior employees (Tiers 3 and 4) are women

14% of our people indicated a disability via survey

40.0 is the average age of our people

46% of our Executive are women (Tiers 1 and 2)

13% of senior employees (Tiers 3 and 4) identify as being Māori

16.9% median gender pay gap[25]

Ethnicity profile of our people via survey[26]

74% European	**13%** Māori	**13%** Asian	**7%** Pasifika	**12%** Other ethnicity

11 This measure is based on the Ministry for Women's methodology and is from our Pay Gap Report 2021.
12 Ethnicity sums to more than 100% as employees were able to select more than one ethnicity.

Improving health, safety and wellbeing

We prioritise the health, safety and wellbeing of our people. Although we did not meet our targeted injury frequency rate for the year, our injury rate remains low in comparison to benchmarked organisations. We will continue to set ambitious targets with initiatives to support our people to be safe in hybrid-working environments.

Wellbeing, especially during COVID-19, has been a key focus. We encouraged employees to take wellbeing leave, and complete a *Thrive* workshop focused on creating individual wellbeing plans.

Enhancing employee engagement

3,295 of our people (85% of the organisation) participated in our June 2022 engagement survey, the highest number of responses we have ever had.

Our Employee Net Promoter Score (eNPS) (a measure of how likely our people would recommend ACC as a place to work) sits at +10, up from +0 in June 2021.

Embracing hybrid working

This year, we set up a hybrid working group with representatives from across the organisation. We are establishing an ongoing hybrid-working approach building on the flexible working practices established in 2020/21. This work is taking place over two phases. The first phase (implemented from 1 July 2022) is focused on building the foundation for a hybrid ACC. It is about confirming that much of what we are already doing is working and formalising our approach. This includes the establishment of up to three days remote working for employees, depending on role and a range of hybrid working supports for our people and leaders.

In 2022/23, we will be focused on longer-term settings for phase two. This will include talking with customers about their access needs, exploring how advances in technology can enhance our hybrid approach, and consider how work might be designed differently to be even more attractive, effective, and rewarding.

A workforce that reflects our customers

We are committed to creating a diverse and inclusive workplace at ACC. We recognise that diversity helps us to better connect with our customers, to attract great employees, and to create a more engaged workforce.

We once again received the Accessibility Tick[13], which recognises our ongoing commitment to accessibility.

A second cohort of emerging and aspiring Māori leaders from across the organisation was identified for our Māori Leadership Programme, Te Hihiri. This programme is part of our commitment to ensuring the representation of Māori in leadership roles within ACC.

We continue to support te reo capability at ACC. We paused learning programmes in response to the pressure on the business when COVID-19 cases surged. This mean that participation rates for Te Reo Puāwai (our basic language learning programme) were lower than we had anticipated.

The numbers of Māori and disabled people who are hired, compared to the numbers who apply, have been comparable over the past year. In the last year 12% of applicants were Māori and 13% of those hired were Māori; similarly 9% of applicants were disabled and 9% of those appointed were disabled. This indicates low levels of bias against these two identity groups in the recruitment process. This increases our likelihood of maintaining a workforce that reflects our clients.

Employee networks

We continue to support the goals and activities of our existing six employee-led networks. The networks continue to be a strong and purposeful presence at ACC. A review was conducted in the second quarter of the year to clarify the role and function of the networks, enabling our Network Leaders to focus on the engagement and activities most meaningful to our employees.

A new employee network, Moana Pasifika, has been formed this year and is preparing to launch. Moana Pasifika will target professional and personal growth for all Pasifika peoples at ACC, with a focus on connecting and supporting people and the organisation, in a Pacific context.

13 ***www.accessibilitytick.nz***

Te Whānau Uenuku ki

ACC Pride@ACC

To ensure LGBTQIA+ people are safe, visible and valued by ACC.

Approx. 79 Members

Te Aka Wāhine

Women's Network

To support the development, advancement and engagement of a gender-balanced workforce, encourage equality for all and enable women to achieve their personal and professional goals.

Approx. 393 Members

Te Whānau āhei ki ACC

Ability@ACC

To ensure disabled people are safe, included and valued, personally and professionally at ACC.

Approx. 30 Members

Te Tira Mārama

Cross-cultural Network

To ensure people and their cultures are recognised, respected and celebrated at ACC

Approx. 68 Members

Wairua o te Hinengaro

The Mind Network

To ensure people impacted by mental health complexities and neurodiversity are supported, enabled and celebrated at ACC through education and advocacy.

Approx. 164 Members

Te Kōtuitui Tāngata Kaimahi

Māori Network

To foster a mana-enhancing environment and advocate for the Māori voice. We will honour our ancestors by strengthening our collective Māori identity through whanaungatanga because we want to better serve our whānau, hapū and iwi. We are proud to be Māori

Approx. 324 Members

Reducing our gender and ethnic pay gaps

Pay gap analysis for 2020/21 found our horizontal gender pay gaps were either positive or between 0% and 3.9%. Last year's action planning had a positive impact in our targeted roles, where the pay gap reduced from 3.3% to 0.5%.

Our Māori pay gap has reduced from 6% in August 2019 to 1.3%. This is the result of greater focus on equity considerations and initiatives like the Te Hihiri programme providing greater opportunities for kaimahi Māori.

Papa Pounamu

Papa Pounamu was established in 2017, to bring together diversity and inclusion practices across the Public Service and to support Public Service Chief Executives to meet their diversity and inclusion obligations and goals. The Papa Pounamu work programme has five priority areas of focus. These five areas work together to create positive impacts across all diversity dimensions.

The following table provides information on how we are delivering these priorities across ACC.

Priority area	What we have delivered
Cultural competence	• 25 more of our people completed our Kaupapa Māori Guidelines workshop, which explores what kaupapa Māori is, how we apply it to our mahi, and biases. • Our Māori Cultural Capability Roadmap outlines our approach to raising this capability across ACC, jointly led bythe Pae Ora and People and Culture groups. • The Wall Walk[14] workshops were planned in January, February and March but not delivered due to our need to cease large group workshops during our COVID response.
Addressing bias	• We developed a rongoā Māori service for employees, enabling to access Māori health providers and healing from July 2022. This is alongside the Employee Assistance Programme (EAP). • The new Te Kahu system was audited and a plan put in place to ensure the application is accessible for our people. • Our new Starting@ACC pathway and, in particular, the Purpose module within it sets the scene for incoming people about what's important to ACC, connecting them to key drivers including our Purpose, Te Tiriti o Waitangi, our Whāia te Tika strategy, and the importance of diversity and inclusion at ACC.
Inclusive leadership	• Te Hihiri, our kaupapa Māori leadership programme for kaimahi Māori, has been confirmed as an ongoing programme to support more Māori into leadership roles within ACC. • Diversity and equity were material considerations in shortlisting for new Executive roles. • Our new Respectful and Inclusive Workplace Policy confirms expectations of leaders in creating an inclusive workplace.
Building relationships	• Our Accessibility Toolkit has streamlined how our people access the equipment and other supports that enable them to be successful at work. • Sessions on mental wellbeing are provided for our leaders to build competency in managing a diverse workforce. • Health, safety, and wellbeing innovation grants are provided for teams to self-identify projects for improving the wellbeing of their teams
Employee-led networks	• We have seven employee led networks all with an executive sponsor, as described on *page* 69.

TABLE 6: 2021/22 PEOPLE ACHIEVEMENTS

Several of the initiatives planned for the year were delayed in order to support the organisation through the effects of COVID-19.

Objective	What we set out to deliver	Result
Our workforce reflects New Zealand's diversity	We will support ACC's Whāia Te Tika strategy through building the cultural capability of our people and increasing the representation of Māori employees within our workforce.	Partially achieved
	We will implement talent sourcing strategies that increase the representation of employees with a disability at ACC and model this to other employers in New Zealand.	Not achieved
We have highly motivated capable leaders	We will continue to develop and support our leaders across ACC.	Partially achieved
We ensure the work we do and direct is healthy and safe for all involved, and the wellbeing of our people is supported	We will continue to mature our Health, Safety and Wellbeing culture by progressing actions in our 2019-2022 Health, Safety and Wellbeing strategy and will develop a refreshed Health, Safety and Wellbeing strategy for the period beyond 2022.	Partially achieved

Continued ...

14 ***www.thewallwalk.co.nz***

Objective	What we set out to deliver	Result
Our people are capable and proud to be part of ACC	We will support our people to adopt new capabilities, technology, and ways of working to deliver our key organisational initiatives	Partially achieved
	We will continue to improve employee engagement by better communicating our employee value proposition and through initiatives which reinforce inclusion, development, wellbeing and our ACC purpose.	Achieved
Our organisational design and our practices facilitate high performance now and into the future	We will implement key components of our new Human Capital Management system to streamline our people processes.	Partially achieved and ongoing
	We will continue to mature our ability to align our change activity to our organisation's change capacity	Partially achieved and ongoing

Good employer activities

As a Crown entity, ACC is required to be a 'good employer' by providing safe working conditions and equal opportunities for employment and employees. Our activities under the seven elements of being a 'good employer' are set out below:

Element	Our activity this year
Leadership, accountability and culture	• Organisational values and behaviours are reinforced through our induction and leader-led conversations to support ACC's culture. • Regular Engagement and Pulse surveys provide leaders with feedback from their people on their effectiveness. • Talent management processes to review leadership effectiveness and identify opportunities to develop further capability and increase diversity in leadership. • Performance Development Cycle enables the setting of clear objectives for all employees each year, with regular feedback on progress. This was reviewed during the year to further improve effectiveness.
Recruitment, selection and induction	• Robust recruitment and selection processes are in place to attract capable applicants and to ensure consistent decision-making. • Recruitment processes have been adapted to ensure they can continue virtually during any COVID-19 restrictions. • Proactive inclusion of diverse candidates on selection shortlists. • Use of broad assessment and selection tools to encourage diversity in age, ethnicity, gender and disability. • Partnerships with Waikato Tainui, TupuToa and Workbridge to support recruitment of Māori and people with disabilities, including an internship programme. • Diversity statement on our careers website and in job advertisements. • Effective on-boarding through standardised e-learning material and leader toolkit.
Employee development, promotion and exit	• Performance development and remuneration framework in place with tools and resources to support employees and leaders. • Opportunities for our people to gain graduate or postgraduate qualifications through ACC sponsorship, with a focus on support for disadvantaged groups. • Comprehensive range of training programmes available to employees. • Grow@ACC portal allows employees to create their own development plans and access curated learning content on a wide range of relevant topics. • Accessibility guidelines in place with our learning team to ensure employee development programmes are accessible to all employees. • Significant internal promotion opportunities, with roles and secondment opportunities advertised internally. • Reviewing employee turnover trends and reasons for exit to identify improvement opportunities.

Continued …

Element	Our activity this year
Flexibility and work design	• Phase one of hybrid working has built the foundation for a hybrid organisation and formalised our approach. This has established five role groupings and up to three days remote working for all ACC employees, depending on role. • ACC continues to support 'modern workplace' ways of working in some locations, including a range of collaboration, team and quiet zones. • We retain a strong focus on diversity and inclusion, including inclusive work practices.
Remuneration, recognition and conditions	• Our people have access to a range of financial and non-financial recognition options through our recognition system. • Transparent and equitable job evaluation and remuneration practices. • Actively enabling staff participation in contractual arrangements as part of collective bargaining with the Public Service Association and the Association of Salaried Medical Specialists. • Monitoring gender pay equity and ensuring equity within pay bands.
Harassment and bullying prevention	• Employee Code of Conduct and relevant policies available at all times. • We actively seek and encourage employee feedback and participation in all EEO-related matters, particularly as part of collective bargaining. • One of ACC's four core behaviours is 'inclusive'. It sets an expectation of a respectful and collaborative work environment. • New Respectful and Inclusive Workplace policy that been developed in partnership with our employee networks and unions. • Our guidelines align with Te Kawa Mataaho Public Service Commission guidelines on bullying and harassment prevention.
Safe and healthy environment	• Strong employee representation and involvement in health and safety committees and initiatives. • Strong culture of reporting near misses and incidents so that learning and prevention can occur. • Health and safety learning modules for all employees, with ongoing safety alerts, recognition and initiatives to support a safe and healthy environment. • Physical site health and safety checks completed by centralised team to ensure practices and environments are safe. • 'Safe Kiwis' awards reward individuals and teams for outstanding health, safety and workplace behaviours and introduction of new safety initiatives. • Small innovation grants for teams to implement new health, safety and workplace initiatives. • Effective management of key health, safety and wellbeing risks through a structured approach to identification, control and monitoring. • Comprehensive wellbeing programme, which has been tailored to our environment throughout the year, including: – Flu vaccinations and health checks – Employee Assistance Programme and professional supervision support programme – ergonomic workstation assessments (both in the office and for remote working locations) and sit/stand desks across ACC – support for employees with disabilities and other needs.

Te Hihiri: creating a pathway for future kaihatū Māori

In October 2020 we set about creating a pathway for future kaihautū (leaders) Māori and growing and supporting existing kaihautū Māori. We invited expressions of interest from kaimahi (colleagues) Māori wanting to test and shape a Kaupapa Māori leadership development experience and received over 50 applications. A rōpū (cohort) of 16 were selected to pilot Indigenous Growth's award-winning Māori leadership programme. Te Hihiri was the name gifted to ACC for this programme.

The programme ran over the course of 2021, concluding with graduation in December 2021. Our rōpū described this experience as life-changing; citing it as a journey of self-discovery and growth that has enabled them to wear their korowai (symbolic of leadership, a mantle of prestige and honour, which carries with it an obligation to care for the people and environment) to work with pride, feeling culturally assured and ready to take a lead.

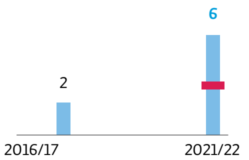
When we checked in with the rōpū in February 2022, they told us they have applied the tools, frameworks, and models in both their professional and personal lives and would recommend this development experience to other kaimahi Māori. Since beginning Te Hihiri, many of the rōpū have experienced role progression in ACC.

Information

The number of category 3, 4 and 5 privacy breaches and near misses (as defined by the Government Chief Privacy Officer's privacy matrix).

2021/22 Target not met

6 category 3, 4 or 5 privacy breaches or near misses



Managing the privacy of our customers

ACC is the custodian of a wide range of personal, confidential, and sensitive information. We use this information for a variety of purposes associated with our statutory obligations, for example, to help us calculate weekly compensation entitlement. Sometimes we need to share it with third parties, for instance, when we report payday filing to Inland Revenue.

The safe and effective management of this information is an essential element in maintaining the trust of New Zealanders. Fundamental to all our relationships is the need for our customers to have confidence that their personal information is collected appropriately, stored securely and only disclosed with appropriate authority, and can be accessed and corrected by them when needed.

Our people are committed to treating customer information as if it were their own. To support them, we have designed processes and systems to both minimise the possibility of privacy breaches and continually improve our privacy performance.

We currently use the Government Chief Privacy Officer's five-level privacy impact framework for impact ratings of breaches based on several criteria. The criteria includes whether it was a systematic issue, the number of impacted individuals, the level of harm to the individual, harm to the agency, and the sensitivity of the information. Under the Privacy Act 2020, breaches are only notifiable to the Office of the Privacy Commissioner, where they have caused serious harm to the individual.

This year, we had six breaches with an impact rating of 3 or above. This is the highest number of breaches in several years. Although it is disappointing we did not meet our 2021/22 target, our focus on development and privacy by design recognises these numbers as an improvement of visibility and awareness of privacy matters. It is likely that we will continue to see an increase in breach numbers as we shift our culture and the way we embed care of personal information within our systems and agile delivery frameworks. We believe this change positively reflects a greater awareness and embedding of proactive privacy practices.

In November 2021, we commissioned an Independent Review to investigate our employee access to and use of client information. This was commissioned following media reports of two separate privacy incidents. The Review was led by Dentons Kensington Swan Partner Linda Clark and was received by the ACC Board on Tuesday 31 May 2022. The review provided 30 recommendations across three broad areas: policies and procedures, systems, and culture.

ACC has accepted all the recommendations in the Review. We have established an enterprise-wide action plan to address them as soon as reasonably practicable. As a part of this, we will be reporting to the Office of the Privacy Commissioner monthly on our progress.

This year is the first year of reporting to the Government Chief Privacy Officer of Privacy Maturity Assessments to establish each agency's baseline to track future progress using the redesigned PMAF which is aligned with the Data Protection and Use Policy (DPUP). We have taken the opportunity to use this year's PMAF to establish our own baseline for what we consider good to be for ACC. We will be working towards improving privacy maturity through our continuous improvement programmes. As an organisation we are committed to the programme of activities underway to strengthen our maturity across the entire organisation.

We also track the number of privacy complaints that are made to the Office of the Privacy Commissioner. During 2021/22, 14 privacy complaints were notified to us. Of these, five were upheld, one partially upheld, six dismissed, and two were withdrawn.

2021/22 has been a significant year for privacy within ACC. We acknowledge that there have been several incidents which we do not want to define our culture nor the work we do. By reflecting on these incidents, we can improve the positive way in which we care for personal information, fostering a mature privacy culture that supports the people of Aotearoa every day.

We strive to be fair, open, and transparent, and are committed to making information available under the principles of the Official Information Act 1982, unless there is a good reason to withhold it.

TABLE 7: 2021/22 INFORMATION ACHIEVEMENTS

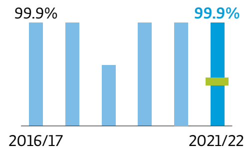
Objective	What we set out to achieve	Result	
We are custodians of customer information	We are fair, open and transparent, and committed to making information available under the principles of the Official Information Act 1982, unless there is a good reason to withhold it.	Achieved	✓
We enable safe and appropriate sharing of information	We will have further protected our customers' information by rolling out important updates to our systems and invested to ensure our systems have the capacity to meet predicted future demands.	Achieved	✓
We enable the appropriate sharing of information across government.	We will have supported and adopted NZ Government data and technology standards to better enable flow of data for joined up services.	Achieved	✓
	We will have supported and contributed to open government data standards and driven to improve access and appropriate sharing of information to enrich data and analytics to inform and strengthen decision making.	Achieved	✓
We use our organisation-wide analytical strength to make effective investment decisions	We will have generated value from ACC's cloud data platform to enable enterprise decision making.	Achieved	✓

Technology

Overall operational system availability

2021/22 Target met

99.9%



Technology enables our people to deliver services and support better outcomes for our clients

ACC is in the final phase of transformation delivery with all large-scale projects, such as its new case management model, new client payment system, new levy invoicing system, MyACC self-service and Analytics delivered over the last few years. This year, focus moved to improving or replacing back-office systems along with supporting our new systems and services.

Our technology platform is stable and secure

This year, ACC system stability and availability was maintained at 99.9% which enabled us to continue to deliver services to clients, customers and providers.

Technology maintenance has continued to ensure our systems and platforms remain stable and available. Security enhancements and firewall updates have also been implemented to improve resilience and protect against the dynamic cyber threat environment.

Our technology platforms are interoperable and scalable

ACC system interoperability and scalability has improved as legacy systems have been replaced with modern technology, and enhancements made to existing systems.

Our transition to new datacentres is near complete and more services have moved to the cloud.

In April 2022, our aging back-office finance, human resources and procurement systems were replaced with a new cloud based Corporate Enterprise Resourcing Planning system. The creates a single, reliable source of information, that transforms how our people work to support ACC.

Our Cloud Data Platform enhancements have continued as we work towards moving from legacy Datawarehouse systems. These systems provide reporting, insights and analytics used for monitoring and decision making.

We have broken down our claims management system, Eos, into smaller and more useable components. This allows us to more easily make changes to specific parts of the system when updates are required, reducing risk.

Replacing old technology alongside essential system maintenance, upgrades and enhancements are important to manage our operational risk.

Improved customer experiences and better outcomes

The number of users in self-service portals like MyACC or MyACC for Business have continued to increase since its introduction in 2018. As at 30 June 2022, there are over 250,000 registered users of MyACC.

Clients can see information about their claim, apply for weekly compensation, and request other types of support such as simple equipment, home help and travel or pharmaceutical reimbursements. This year, our process to request and receive pre-employment check information through MyACC has been automated reducing the number processed manually. This new functionality creates a faster, better experience for our clients and their prospective employers; and has reduced the manual workload enabling our people to focus on delivering other important services.

A new technology platform has also been introduced to deliver information direct to our customers that would benefit the most. An example is our current Injury Prevention Falls campaign that is designed to reduce the impact of fall related injuries and the associated claim costs.

Continuous Delivery

Continuous Delivery remains the main vehicle for change across the organisation. There are nine delivery streams working to better integrate and manage change across the business.

Hybrid working and collaboration made easier with Technology

Hybrid working enables our people to access information and tools from anywhere on any device. We have introduced Technology Home Bundles for our people to better support their technology set up when working at home.We can deliver resilient and continuous services to our customers and support our people with improved work life balance, building a more productive, healthy and sustainable workforce.

Currently, 100% of ACC's staff have the technical capability to work fully from home with mobile computer devices, remote access and virtual desktop solutions offered.

Cross-government collaboration

We continue to work with the heath sector and Government agencies to identify and support new technologies, including provider payments, digital identity solutions, data sharing, Application Programming Interface (API) services, and Microsoft 365.

TABLE 8: 2021/22 TECHNOLOGY ACHIEVEMENTS

Objective	What we set out to achieve	Result	
We maintain safe, secure and stable information technology.	We will have continued to maintain the stability and security of our information technology by implementing an appropriate maintenance programme and ensuring that our suite of technologies remains well integrated.	Achieved	✓
Our technology empowers our people.	We will continue to improve our mobile hardware and software capability to better enable our people to service our customers with ease and minimal business disruption.	Achieved	✓
	We will continue to improve our organisational capability through new modern technologies	Achieved	✓
Our technology enables our digital aspirations.	We will have continued to enhance our digital environment, allowing us to: • automate manual tasks and processes to remove friction and improve the quality and timeliness of payments, data and services • increase the range of self-service options so that our customers can choose the best options to suit their needs • work collaboratively with the health sector to ensure that our solutions integrate seamlessly with their ways of working.	Achieved	✓
We create and maintain an adaptive technology environment.	We will have continued to develop our adaptive technology environment by: • implementing a range of modern technologies and innovation, supporting ACC to better manage performance and customer service delivery • reducing legacy and customisation of our core systems to provide more flexibility and agility.	Achieved	✓

Lee's Story

Lee Taniwha became a tetraplegic aged 13 when he jumped into his cousin's swimming pool and misjudged the depth of the water. He broke his neck on impact and for several minutes he thrashed about at the bottom of the pool unable to move.

Lee went into emergency surgery where the surgeon inserted screws into his skull. He was put into an induced coma to save his life. He spent the next month at Auckland Hospital before a five-month stay at the Auckland Spinal Unit in Ōtara. After making great progress in the Auckland Spinal Unit it was time go home. Lee didn't feel ready.

"It's a hard journey. You know you're different to everyone else. You're totally isolated and don't have that support around you that you've relied on for months. It is scary."

He says returning home can be the hardest part of a person's rehabilitation. "Your whānau want to help but they don't understand," he says. "When you go back to your community or home, it's quite foreign for people to talk about things like bladder or bowel or skin issues. So you feel different and isolated."

After being a patient at the Auckland Spinal Unit, he now works for Spinal Support NZ as a Peer Support worker.

Peer and Whānau Support is a service where people with lived experience of SCI help mentor and support a person following their injury. They help them get familiar with their new life. He says the months of adjusting to life as a tetraplegic with the help of the Peer Support team at the Spinal Unit were invaluable.

ACC has recognised the value of Peer and Whānau Support. We are investing $1.3 million over two years into the New Zealand Spinal Trust and Spinal Support NZ Peer Support Programmes.

- There are approximately 5,000 New Zealanders living with spinal cord impairments.
- Around 220 people sustain a permanent spinal cord impairment in New Zealand every year.
- Approximately two thirds of these are accidents and one third are health-related.
- ACC will invest $1.3 million into Peer Support over the next two years.
- The Peer and Whānau programme will extend across 18 regions from the far north (Whangārei) to the deep south (Invercargill), with up to 30 community Peer Support staff.

Governance and managing risk

Governance

ACC Board and governance framework

ACC is committed to excellent corporate governance processes and practices and continues to work towards best practice.

ACC is governed by a Board of up to eight non-executive members, each appointed by the Minister for ACC for up to three years.

The Board has the authority to exercise ACC's statutory powers and perform its functions. The Board may only act for the purpose of performing ACC's statutory functions.

Board members are accountable to the Minister and to ACC for the performance of their duties. The Board's governance role is largely governed by the provisions of the:

- Crown Entities Act 2004
- Accident Compensation Act 2001
- Public Service Act 2020
- Public Finance Act 1989
- Health and Safety at Work Act 2015
- Climate Change Response (Zero Carbon) Amendment Act 2019.

These Acts include the following elements:

- Maintaining appropriate relationships with the Minister, Parliament and the public.
- Ensuring ACC's compliance with the law, ACC's accountability documents and relevant Crown expectations.
- Ensuring that ACC is a good employer and creates an environment that promotes the highest standards of safety and wellbeing, both for its employees and for the communities it serves.
- Setting strategic direction and developing policy on the operation and implementation of the legislation.
- Maintaining the financial viability and security of ACC and its investments.
- Appointing the Chief Executive of ACC.
- Monitoring the performance of ACC and its Chief Executive.
- Exercising due diligence to ensure that ACC complies with its obligations and primary duties.

All decisions relating to the operation of ACC must be made by, or under the authority of, the Board. The Board delegates to the Chief Executive the day-to-day management and leadership of ACC.

BOARD COMMITTEES

ACC has five Board committees to enhance the Board's focus in key areas. Each committee operates under its own Terms of Reference, which set out the roles and responsibilities of the committee and its members.

RISK ASSURANCE AND AUDIT COMMITTEE

Assists the Board to fulfil its responsibilities for risk assurance and audit reporting relating to ACC. The Board may delegate to this Committee responsibilities associated with the sign-off and publication of the ACC Annual Report and financial statements.

Members: Bella Takiari-Brame (Chair), Dr Helen Nott, Fred Hutchings (independent member)

INVESTMENT COMMITTEE

Assists the Board to monitor ACC's investment responsibilities. The Board has delegated to this Committee authority for investment decisions.

Members: Mark Cross (Chair), David Hunt, Stephen Montgomery (independent member), Paul Richardson (independent member), Amanda Smith (independent member)

PEOPLE AND REMUNERATION COMMITTEE

Assists the Board to fulfil its responsibilities for reviewing, reporting and making recommendations to the Board on people and remuneration matters including people, remuneration and health, safety and wellbeing strategies and policies, executive succession planning and diversity and inclusion.

Members: Dr Tracey Batten (Chair), Pat Bowler, David Hunt.

HEALTH SECTOR STRATEGY ADVISORY COMMITTEE

Assists the Board by providing advice on the development, design and implementation of the Health Sector Strategy including on the approach for meaningful sector engagement and implementation.

Members: Dr Tracey Batten (Chair), Dr Helen Nott, Dr Matire Harwood (independent member), Dr Lloyd McCann (independent member), Professor Kath McPherson (independent member), Dr Api Talemaitoga (independent member)

SOCIAL UNEMPLOYMENT INSURANCE COMMITTEE

This ad hoc temporary Committee assists the Board by overseeing strategic, governance and operational work of Management that supports input into, and implementation of, a Government proposed income insurance scheme and any implications for the ACC scheme.

Members: Pat Bowler (Chair), Hon Steve Maharey Dr Helen Nott, Sharon Shea MNZM (independent member)

The ACC Board

Board appointments during 2021/22

- Mark Cross – appointed 1 August 2021
- David Hunt – appointed 1 September 2021
- Ali'imuamua (Sandra) Alofivae – appointed 11 April 2022

Members of the Board who served in 2021/22

- Dame Paula Rebstock DNZM (Chair) – appointed September 2012, retired 31 July 2021
- James Miller (Deputy Chair) – appointed March 2013, retired 31 December 2021
- John Brabazon – appointed February 2019, retired 31 July 2021
- Anita Mazzoleni (External RAAC Chair) – appointed March 2021, retired 2 December 2021

ACC Board (from left to right)

Bella Takiari-Brame, Hon Steve Maharey CNZM (Chair), Mark Cross, Ali'imuamua (Sandra) Alofivae, Pat Bowler, Dr Tracey Batten (Deputy Chair), David Hunt, Dr Helen Nott.

Chair – Hon Steve Maharey

APPOINTED MAY 2021, CHAIR FROM AUGUST 2021

Steve is an independent director. He was previously the Vice-Chancellor of Massey University. He is a former Member of Parliament and Senior Minister in the New Zealand Government (1999-2008). In 2009 as part of the Queen's New Year Honours List, Steve was made a Companion of the New Zealand Order of Merit for services as a Member of Parliament. He holds a Master of Arts Sociology (with Honours) from Massey University.

Deputy Chair – Dr Tracey Batten

APPOINTED FEBRUARY 2019

Tracey is an experienced non-executive director. She is a qualified medical practitioner and holds a Master of Business Administration from Harvard University. She brings over 30 years international experience in the health care sector including fifteen plus years in CEO roles of large, complex hospital groups.

Bella Takiari-Brame

APPOINTED FEBRUARY 2021

Bella is a chartered accountant with over 19 years' experience in oil and gas and utility industries. She is affiliated with Waikato-Tainui and Ngāti Maniapoto and has a Master in Management Studies from the University of Waikato.

Patrick (Pat) Bowler

APPOINTED FEBRUARY 2021

Pat is a very experienced lawyer and consultant for Corporate Advisory at Russell McVeagh. He has advised Crown agencies, and state-owned enterprises on some of the most complex public- and private-sector transactions and litigation, including the integration of commercial and government objectives.

Dr Helen Nott

APPOINTED FEBRUARY 2021

Helen is an experienced company director. She holds a Bachelor of Science, Mathematics and Computer Science from the University of Queensland, and a Doctor of Philosophy (Engineering) from Murdoch University.

Helen brings 20 years' international advisory experience and experience in the insurance, health and disability sport sectors.

Mark Cross

APPOINTED AUGUST 2021

Mark is an independent director with over 20 years' of international experience in corporate finance. He holds a Bachelor of Business Studies (Accounting and Finance) degree, is a member of Chartered Accountants Australia and New Zealand, a chartered member of the New Zealand Institute of Directors, and a member of the Australian Institute of Company Directors.

David Hunt

APPOINTED SEPTEMBER 2021

David is an economist with extensive public and private sector experience for both government and business organisations. Since 2006 David has been a consulting director at Concept Consulting Group, a firm that specialises providing advice on carbon, energy and utility-sector issues.

Ali'imuamua (Sandra) Alofivae

APPOINTED MAY 2022

Sandra has been a barrister sole since 2005. She has over 20 years' experience in civil and criminal litigation. In 2016 she completed a Master of Business Administration at Massey University. In the 2016 Queen's Birthday Honours, Sandra was appointed a Member of the New Zealand Order of Merit for services to the Pacific community and youth.

TABLE 9: BOARD AND SUB-COMMITTEE ATTENDANCE AND FEES[15]

Board members	ACC Board	Risk Assurance and Audit Committee	Investment Committee	People and Remuneration Committee	Health Sector Strategy Advisory Committee	Social Unemployment Insurance Committee	2021/2022 Remuneration
Dame Paula Rebstock (DNZM)[16]	1/1			1/1			$8,371
Hon Steve Maharey (CNZM)[17]	11/11					7/7	$96,265
Dr Tracey Batten	11/11			5/5	3/3		$61,526
John Brabazon[16]	1/1						$4,185
James Miller[18]	6/6		3/3	2/2			$31,391
Pat Bowler	11/11			5/5		7/7	$53,992
Helen Nott	11/11	4/4			3/3	7/7	$50,225
Bella Takiari-Brame	10/11	4/4					$53,155
Mark Cross[19]	10/10		6/6				$48,970
David Hunt[20]	8/9		6/6	2/2			$49,354
Sandra Alofivae[21]	2/2						$11,038
Anita Mazzoleni[22]		2/2					$12,500
Fred Hutchings[23]		4/4					$30,000
Stephen Montgomery[24]			5/6				$30,000
Paul Richardson[24]			6/6				$27,500
Amanda Smith[24]			6/6				$27,500
Dr Matire Harwood[25]					3/3		$30,000
Dr Lloyd McCann[25]					3/3		$30,000
Prof Kath McPherson[25]					3/3		$30,000
Dr Api Talemaitoga[25]					3/3		$30,000
Sharon Shea (MNZM)[26]						5/5	$17,500

15 *Attendance at committee meetings is recorded for committee members only. If a Board member is not a member of a committee but attended a meeting as an observer, their attendance has not been noted here.*
16 *Retired 31 July 2021.*
17 *Appointed 1 May 2021, Chair from 1 August 2021.*
18 *Retired 31 December 2021.*
19 *Appointed 1 August 2021.*
20 *Independent member of Investment Committee to 31 August 2021. Appointed Board member on 1 September 2021. Payment covers September 2016 and 2021/22.*
21 *Appointed 11 April 2022.*
22 *Independent RAAC Chair, retired 2 December 2021.*
23 *Independent member of Risk Assurance and Audit Committee.*
24 *Independent member of Investment Committee.*
25 *Independent member of HSS Advisory Committee.*
26 *Independent member of SUI Committee appointed 3 December 2021.*

Board members' and employees' indemnity and insurance

ACC has indemnified Board members and certain employees (and former employees) who have been appointed as directors, nominated by ACC, or as other officers of entities in which ACC has invested. These indemnities are given, to the maximum extent permitted by the Crown Entities Act 2004, in respect of any liability connected with acts or omissions carried out as a consequence of the role. Each indemnified person is also indemnified in respect of costs incurred by that person in defending any claim or proceeding.

ACC has effected Directors and Officers Liability insurance cover in respect of the liability or costs of Board members, certain employees and external director appointees.

Whole-of-government directions

Whole-of-government area	Date applies from
ICT	19 June 2014
Property	1 July 2014
Procurement	1 February 2015
New Zealand Business Number	1 January 2018

Subsidiary company

Shamrock, a wholly owned Crown entity subsidiary of ACC, was established in 1991 to act as the corporate trustee for the ACC Superannuation Scheme. Shamrock's role is to act in the interests of members by being an independent supervisor and custodian of the Scheme's assets. Shamrock is bound by the ACC Superannuation Scheme's Trust Deed.

Shamrock has four Directors (Bruce Kerr, Philip Newport, Louise Marsden and Jennifer O'Sullivan-Brown). No remuneration was paid or is payable from ACC to the Directors in their capacity as directors in 2021/22.

Shamrock has no employees to whom remuneration was paid or payable during 2021/22.

Te Tiriti o Waitangi

E mōhio ana mātou ko te Tiriti o Waitangi te pepa whai tikanga o te kāwanatanga, i noho pūmau ai tātou i te motu nei o Aotearoa. Ko ta mātou whāinga ki te tautoko i te Karauna ki ngā kaupapa whanaungatanga o te Tiriti. Na tēnei ka taea te tuku a mātou ratonga hei whakamana ki a tōkeke ai ngā tukunga iho mo te iwi Māori.

Treaty of Waitangi

We recognise that the Treaty of Waitangi is a founding document of government in New Zealand, and established the country as a nation. We aim to support the Crown in its Treaty of Waitangi relationships and deliver our services in ways that enable equitable outcomes for Māori.

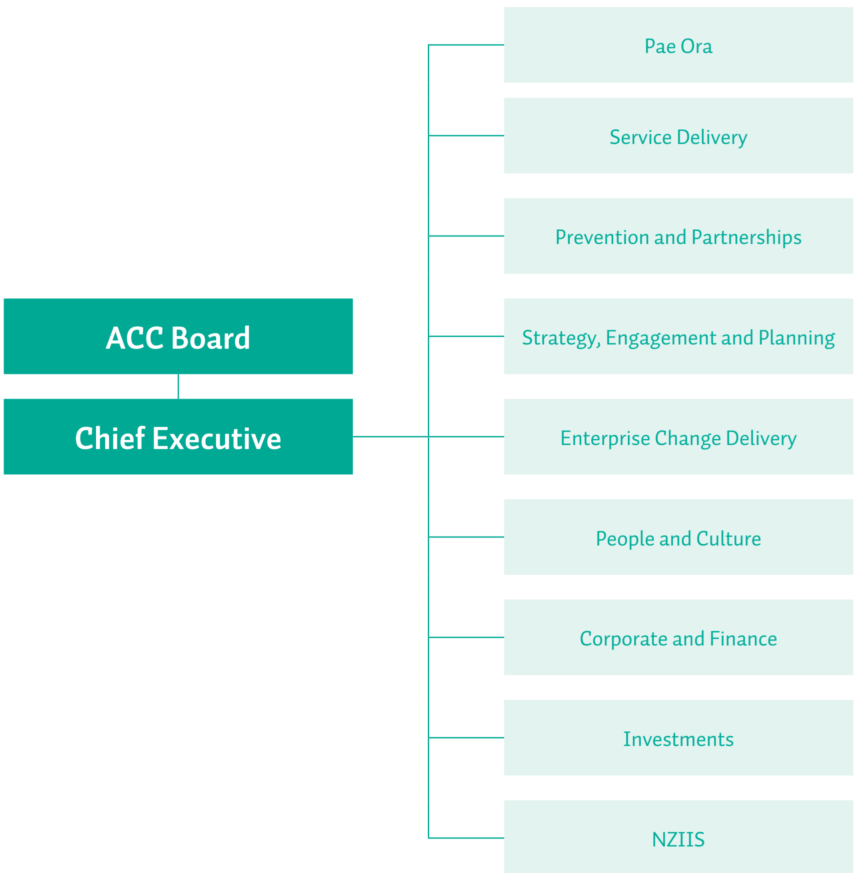
The ACC Executive

As we reflect on recent years (with our focus on Shaping our Future and the Integrated Change Investment Portfolio) and look to our next strategic planning horizon, there is much to celebrate. We now have modern systems and technology, and we have a case management model that means we can target the right level of support to each client. We have proven we can keep delivering for New Zealand during a global pandemic. We have adopted an agile approach to change and built significant capability in continuous delivery.

At the heart of all of this, we are an organisation of 4,000 people who are committed to improving lives everyday and to making a difference. As we look to the future, we know we can, and must, do better for New Zealanders. With our new Chief Executive (Megan Main) joining the organisation in November 2021, we made changes to our Executive leadership structure, to set ourselves up for success.

These changes build on our strong foundations, with some changes in focus, emphasis and alignment to make it easier for the organisation to feel connected, informed and empowered to do our job well. From 4 July 2022, our organisation is structured as follows to set ourselves up in an enduring way, to help deliver on our priorities now and into the future.

FIGURE 1: ACC EXECUTIVE STRUCTURE AS AT 30 SEPTEMBER 2022



Members of the ACC Executive as at 30 September 2022

The following represents our Executive Leadership Team as at 30 September. All new Deputy Chief Executive roles were filled in 2021/22, with staggered start dates in the first quarter 2022/23.

Profiles for all ACC Executive members can be found at ***www.acc.co.nz/about-us/who-we-are/minister-ceo-executive/***

Megan Main

CHIEF EXECUTIVE

The Chief Executive leads the ACC Executive. This is made up of senior leaders from each of our business groups. The Executive Team has collective responsibility for the leadership and performance of ACC.

Michelle Murray

TUMU PAE ORA (CHIEF MĀORI AND EQUITY OFFICER)

Rōpū Pae Ora is responsible for developing and leading ACC's Māori strategy (Whāia te Tika) including policy development, priority setting and monitoring progress. The group leads ACC's relationships and partnerships with Māori organisations, leaders, iwi and providers, forming valuable connections with Māori leaders within the health sector, government agencies and DHBs.

Amanda Malu

DEPUTY CHIEF EXECUTIVE SERVICE DELIVERY

The Service Delivery group provides critical customer-facing support services for people injured in an accident, working in close partnership with other parts of ACC to achieve positive outcomes for New Zealanders. The group includes the customer connection, client recovery, service operations, service support, and integrity services functions.

Tane Cassidy

DEPUTY CHIEF EXECUTIVE PREVENTION AND PARTNERSHIPS

The Prevention and Partnerships group drives our injury prevention strategy and leads ACC's partnerships with levy payers and across the health sector and business community. It leads the delivery of ACC's Injury Prevention and Health Sector Strategies and ensures a strong and cohesive focus on health outcomes.

Andy Milne

DEPUTY CHIEF EXECUTIVE STRATEGY ENGAGEMENT AND PLANNING

The Strategy, Engagement and Planning group leads development and implementation of ACC's Strategy, through activities that support continuous improvement of ACC and enterprise planning. The Group comprises our strategy and customer insights, enterprise planning, Government engagement, customer engagement, and performance and intelligence functions.

Peter Fletcher

DEPUTY CHIEF EXECUTIVE ENTERPRISE CHANGE DELIVERY

The Enterprise Change Delivery group translates the ACC Strategy and enterprise plans into action, ensuring our customers are at the centre of all solutions. It also enables the organisation through the provision of information systems, technology, and analytics services. The Group comprises our business performance, technology and platforms, information and technology integration, architecture, commercial strategy and services, customer solutions and business capabilities functions.

Michael Frampton

DEPUTY CHIEF EXECUTIVE PEOPLE AND CULTURE

The People and Culture group is responsible for our enterprise people strategy which enables the business to deliver on our mission of improving the lives of New Zealanders every day. The Group oversees ACC's organisational design and development, talent attraction and retention, culture and values, wellbeing health and safety, employee relations, and employee communications and engagement.

Stewart McRobie

DEPUTY CHIEF EXECUTIVE CORPORATE AND FINANCE

The Corporate and Finance group enables the organisation through the provision of strategic and operational advice and support across ACC. It comprises our technical corporate functions across finance, legal, risk and assurance, actuarial, procurement and property, privacy, and governance.

Paul Dyer

CHIEF INVESTMENTS OFFICER

The Investments group manages our investments to achieve the best possible balance of return and risk, by continually reviewing strategic asset allocations to ensure they provide the best possible balance of risk and expected return, and by actively managing our investment portfolio to gain better risk-adjusted returns than we would achieve from passive investments. This group develops ACC's overall investment strategy and manages a significant proportion of ACC's investment portfolio which includes managing strategic asset allocation, equities, fixed interest and direct markets.

Stephen Crombie

EXECUTIVE LEAD - NZIIS

The New Zealand Income Insurance Scheme (NZIIS) group is responsible for the implementation design, implementation planning, execution and early operation of the Government's proposed scheme in a way that delivers the intended scheme outcomes. This group has significant cross-sector engagement and is accountable for working closely with MBIE and other agencies to support Ministerial advice, effective legislation, information sharing provisions, business case management, funding and management of interdependencies.

John Healy

TRANSITIONAL EXECUTIVE, CORPORATE AND FINANCE

This role supports the 2021/22 year-end processes and reporting while enabling the transition to the Deputy Chief Executive Corporate and Finance.

Executive member movements in 2021/22

The following were members of the ACC Executive team in 2021/22, but are not part of the Executive as at 30 September 2022.

- Mike Tully – Acting Chief Executive Officer and Chief Customer Officer
- Emma Powell – Chief Customer Officer
- Herwig Raubal – Chief Risk and Actuarial Office
- Vanessa Oakley - Chief General Counsel
- Gabrielle O'Connor - Acting Chief Operating Officer
- Cain McLeod – Acting Chief Talent Officer
- Sharon Champness – Chief Talent Officer and Executive Lead: Employment Insurance
- Andrea Conlan – Acting Chief Customer Officer

Managing risk

Our risk environment

The risk environment this year has been challenging. Many of its components have arisen from unique or infrequent events. ACC is exposed to a range of external risk factors. These include the macroeconomic and geopolitical landscape, changing societal trends, customer expectations and the once-in-a-generation changes to the health system. The resilience of all organisations from across the spectrum to market disruptions, whether caused by supply chain issues, geopolitical impacts or otherwise, continues to be tested by the challenging risk environment.

Risks in relation to our people have been affected by developments in hybrid working arrangements, a tight labour market and a restructure at the Executive level. Our risk and compliance culture has continued to improve because of the related initiatives over the last 18 months. However, the material privacy incident in 2021 indicates there is still opportunity for further improvement, in particular the culture-related continuous improvement initiatives noted in the independent review's report.

Although this has been a challenging landscape to manage, the Executive has continued to invest effort in managing the risk environment and focusing on the matters that require attention. Effective risk management facilitates the achievement of our objectives and underpins our performance culture. We are committed to embedding risk management in everything we do at ACC.

Entity risks are dynamic

Due to the nature of the risk environment, the suite of our entity risks has remained dynamic and has changed across the year. The extent of change will increase to accommodate the development of our new strategy in 2022/23. The combination of a refreshed composition of the Board, the new Chief Executive and new Executive members presents an opportunity to ensure that our strategy, risk appetite and suite of entity risks dovetail. The alignment of those foundations for risk management mean that our people can take appropriate risks, with greater confidence, as a normal and necessary part of doing business.

New tone in relation to risk and compliance culture

The material privacy incident that came to light in 2021 provided an opportunity to reflect on our compliance culture and make improvements. The "tone from the top" is very clear: in an email to people leaders our Chief Executive noted her desire that:

ACC have a culture in which privacy compliance "is at the heart of everything we do, rather than being about fear of making a mistake"

"everyone at ACC … feel[s] able to speak up if they see or hear something that doesn't feel right, so we can keep learning and improving".

These messages apply equally to all of our compliance obligations. Although we have continued to make improvements in our enterprise compliance maturity over the last year, the reinforcement from the top of these key compliance messages should enhance the success and scope of future improvements.

Results of 2021 independent review of ACC's risk and compliance culture

In 2021 we assessed our risk and compliance practices and engaged a firm to complete an independent assessment of ACC's risk framework and compliance system against leading practice. The reviewers noted the significant progress that had been made in the prior three years to improve the maturity of ACC's risk and compliance practices. Nevertheless, opportunities to enhance practices or the effectiveness of them were noted including some related to ensuring that embedded risk and compliance staff all have the requisite skill set and tools. The Enterprise Risk team is leading several initiatives to address the recommendations.

Enhancements to our risk maturity this year

Key enhancements to our risk maturity over the financial year include:

- the creation new second line of assurance specialist lead roles, for controls, compliance, and technology. The new roles enhance the effectiveness of the Enterprise Risk team's oversight of, and provision of assistance to, relevant business units
- the establishment of a new controls centre of excellence, resulting in some material process controls enhancements
- involvement of the Enterprise Risk team in the refresh of our strategy. As a result, the team is adapting its approach to service delivery so that our people can take appropriate risks, with greater confidence, as a normal and necessary part of doing business
- the on-going enhancement of the entity-wide tool for recording risks, controls, action plans and other data related to risk-management practices.

Priority risks

We understand and manage risks through regular engagement between the Executive and the Board on risk matters. The Executive determines and prioritises entity level risks. The Board focuses on the key risks and considers the management actions taken to mitigate the risks so that they remain within our risk appetite.

The Board is regularly presented with ACC's entity level risks for challenge and discussion. This provides opportunities for the Board and the Executive to identify the value creation (upside) and value protection (hygiene and compliance) aspects of risks, and to assess the current (residual) risk for each strategic intention. This strengthens the links between organisational risk appetite, strategy, performance, risk management and independent assurance.

Our regular review of our entity risks is informed by (among other things) engagement with and feedback from business group representatives, the Executive and the Board on the composition and features of the current suite of entity risks.

There are currently eight entity risks residually rated 'high'. These are the priority risks for ACC.

TABLE 10: TOP EIGHT PRIORITY RISKS

Strategic intention	Risk	Management Activity
We carefully consider the costs of the services we offer to achieve the most appropriate client outcomes and best value for our customers	Benefits We fail to effectively identify and/or realise the short- and long-term outcomes and benefits of our Transformation investment.	Educate customers in key industries through Recovery at Work campaign about the benefits of their employees recovering at work. Review ACC's organisational position on non-contracted care and wider policy settings. Scale Escalated Care Pathways programme to help improve rehabilitation performance measures. Capability stream and uplift capability of dedicated weekly compensation teams. Review the potential known impacts of the NZ Income Insurance Scheme (NZIIS) on the Enterprise Change Authority and/or Enterprise Change Portfolio. Review resource rationalisation opportunities as NZIIS gains momentum.

Continued …

Strategic intention	Risk	Management Activity
We manage cost and liability growth	Claims Cost Management We do not adequately anticipate, monitor and respond to claims cost performance trends.	Initiatives to optimise expenditure on capital items to ensure that the expenditure is as efficient as practicable. Initiatives to optimise the number of serious injury care hours provided. Improve client rehabilitation performance through a programme which focuses on ACC's capability and capacity to support clients to achieve better rehabilitation outcomes. Educate customers in key industries through Recovery at Work campaign about the benefits of their employees recovering at work.
We partner with providers, businesses, government agencies, iwi, hapū, whānau and communities to enable improved value for our customers.	Customer Outcomes If we do not define and measure outcomes effectively, we may not fulfil our obligations under Te Tiriti o Waitangi and may fail to meet the current and future needs of our customers (injured people, levy payers, safer communities) in the context of ACC's strategic outcomes.	Develop and implement a health outcomes framework as a tool for identifying and structuring the health outcomes that matter for our customers. Develop a suite of measures that reflect customer outcomes and experience, that are adopted as core ACC metrics. Develop a strategy and frameworks to support Māori data collection and reporting to drive performance for Māori.
We increase the success of our injury prevention activities	Injury Prevention Impact If we do not make informed strategic decisions and effectively deliver, we will not be able to sustainably scale to reduce the incidence and severity of injuries for people across Aotearoa. This will continue to result in preventable deaths, loss of wellbeing, and wider economic, social and funding impacts.	Develop and agree, in conjunction with Worksafe, priority focus areas and an associated programme to inform Workplace injury prevention measure commitment as part of the Harm Reduction Programme review. Investigate ways to demonstrate and measure Māori injury prevention. Develop a communications plan for internal and external stakeholders. Set long-term strategic direction as part of ACC's overall strategic goals. Develop, prioritise, and implement investments designed to deliver injury prevention outcomes and maximise ACC's return on investment.
We achieve improved experiences and outcomes for Māori	Māori Customer Access and Outcomes We fail to make progress in implementing initiatives that are meaningful, scalable or timely enough to materially improve Scheme engagement, access, experience and outcomes with Māori.	Increase the number and range of kaupapa Māori services available to communities and injured clients. Increase cultural intelligence and capability across ACC. Create a Māori-specific injury prevention investment portfolio. Kōkiri Whakamua: The monitoring and championing of organisation-wide activity that contributes to Māori outcomes to support ACC to deliver on its Whāia Te Tika priorities. Develop a strategy and frameworks to support Māori data collection and reporting to drive performance for Māori.
Not applicable	NZIIS Implementation and Impact to AC Scheme	A comprehensive review of this entity risk is underway. The risk and its associated management actions will be defined during the 2022/23 financial year.
We maintain a diverse, high-performing workforce empowered to deliver great customer experiences and outcomes	People and Culture We do not have the organisational leadership, capability or capacity in our workforce to effectively deliver business performance and transformative change.	Inclusive leadership programme. Review of job sizing of roles that require Māori cultural capability. Implement parental leave changes. Implement progression framework. Confirm and formalise current hybrid working practices. Develop collateral that clearly sets out employee benefits and ensure visibility of our benefits package. Develop a remuneration and benefits approach that is fit for purpose to attract the right talent/capabilities in the right markets to achieve our organisational performance outcomes.

Continued ...

Strategic intention	Risk	Management Activity
We improve the way we use, protect and share information	Privacy We fail to protect personal information.	Improve systems and processes for secure access and use of personal information. Update policies to reflect best practices and expectations for staff to strengthen protection of personal information. Uplift privacy culture by improving privacy awareness/training and resources, privacy assessment activities and practices for detection and management of breaches.

There are several other entity risks which are also closely monitored. These include: customer experience and trust, cyber security, response and business interruption management, health safety and wellbeing, management of financial markets shock, public awareness of the Scheme, leveraging our information assets, model, change delivery, conduct, climate change response and changes in legislation that affect the Scheme and customers.

Statement of performance and financial statements

Statement of responsibility

(Pursuant to section 155 of the Crown Entities Act 2004)

We are responsible for the preparation of these financial statements and statement of performance and for the judgements made in them.

We are responsible for any end-of-year performance information provided by ACC under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of ACC for the year ended 30 June 2022.

Signed on behalf of the Board:

Hon Steve Maharey CNZM
Board Chair

Dr Tracey Batten
Deputy Chair

Statement of performance

The statement of performance reports against the measures contained in ACC's Service Agreement 2021/22[27]. It is divided into two sections: the public value scorecard and performance against output delivery. Definition of all measures included in this Statement of Performance are included in the Glossary on *page 197*.

Section 1: Public value scorecard

This section summarises our performance against ACC's public value scorecard. Public value is an organising principle of public sector organisations that is equivalent to shareholder value for private companies. It has been adopted by public sector organisations worldwide.

Our public value scorecard framework recognises that our activities should:

- create economic or social value for clients as individuals or society at large
- enjoy sufficient support from politicians and the wider public to attract the necessary resources
- be achievable given the capabilities available from ACC and external suppliers.

We use three categories of measure to assess our overall performance in delivering public value:

- Customer – the quality and effectiveness of services provided.
- Impact – how effective we are at delivering the desired outcomes.
- Sustainability – value for money and financial sustainability.

We have provided explanations for performance where we did not achieve the targeted performance levels.

Section 2: Performance against output delivery

Section 2 of the statement of performance includes a brief explanation of what is intended to be achieved within each output, and ACC's performance against all other output measures included in the Service Agreement 2021/22, excluding those already reported in the public value scorecard. Again, we have provided explanations for performance measures where we did not achieve the targeted performance levels.

COVID-19 impacts on performance

The Service Agreement 2021/22 was developed based on the best available information within the context of the COVID 19 pandemic. Generally across our performance measures, no further impact from COVID-19 disruptions were factored into the targets set for 2021/22. However, throughout the year the impact of COVID-19 was pervasive on the Scheme. We continue to experience impacts from the pandemic and this is expected to continue into 2022/23.

The COVID-19 pandemic and response by the New Zealand Government and healthcare providers had a direct impact on the growth and variability of new claims, access to health services, return to work outcomes, injury prevention programmes, and the effects of economic factors influencing investment fund performance and the Outstanding Claims Liability.

27 *Please note; ACC claim statistics are based on client information provided by healthcare providers at the time of submitting a claim and retained as an historical record. This may result in collected information not being directly comparable to other population statistics.*

Specific experience impacting customer experience includes:

- Decline in new claims: Lockdown restrictions resulted in immediate declines in new claims. This was primarily due to a sudden decline in exposure to injury risk in the workplace, recreation and in motor vehicles.
- Claim complexity: While new claims growth declined due to lockdown restrictions and social distancing, the severity of new claims increased during these periods. There were proportional increases in fractures or dislocations and burn injuries occurring in the home as opposed to soft tissues injuries which often occur during recreation activities. Fractures and dislocations tend to have longer rehabilitation timeframes than soft tissue injuries.
- Delays accessing secondary care: Social distancing, measures to protect medical professionals and absenteeism due to the spread of the omicron variant contributed to delays accessing services in secondary care. This includes measurable increases in timeliness to first specialist appointments, to first High Tech Images and to surgery.
- Demand for in home attendant care services: Lockdown restrictions and vaccination requirements impacted service delivery of attendant care services. This increased delivery of service provided by family members, hours of care and the length of time care services are delivered.
- Supply chain pressures caused by restrictions resulted in delays and cost pressures across multiple industries. This inflated the cost of capital items, particularly motor vehicle and housing.
- Capacity constraints within the health sector: The combined impacts of COVID-19 and Influenza are causing ongoing disruptions to service provision. In addition providers are reporting issues with recruiting suitably skilled workers and have not seen the expected arrival of overseas workers since border restrictions were eased.
- Access to injury prevention programmes: Lockdown restrictions meant some injury prevention programmes that require face to face interactions (such as Ride Forever and school-based programmes) were unable to go ahead.

Section 1: Public value scorecard

The measures included in our public value scorecard represent our key performance measures. These are the most important performance measures and best reflect the aspects of performance we can control. Definitions of all measures is included in the Glossary found on *page* 197.

All other output measures included in the Service Agreement 2021/22 are included in Section 2: Performance against output delivery on.

The customer measures included in table 11 reflect the quality and effectiveness of services provided.

TABLE 11: PUBLIC VALUE SCORECARD – CUSTOMER

Category	Measuring our contribution to New Zealand	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
CUSTOMER	Public trust and confidence	67%	66%	65%	Not achieved Refer note 1
Did we meet expectations?	Client net trust score	+25	+31	+19	Not achieved Refer note 2
	Client net trust score for Māori	+20	+28	+23	Not achieved Refer note 3
	Provider net trust score	-25	-13	-35	Not achieved Refer note 4
	Business net trust score	-17	-5	-24	Not achieved Refer note 5

When the 2021/22 targets for these customer measures were set, the latest results available were for March 2021. At this time, performance across these measures was high and no ongoing material impact of COVID-19 was factored into these targets.

NOTE 1: PUBLIC TRUST AND CONFIDENCE

The Public Trust and Confidence rolling average for the last four quarters remained stable at 65% (target of 66%). Trust and Confidence is largely influenced by the cumulative impact of five key levers: the stories of family and friends, media, and the experiences of injured clients, healthcare providers and levy payers. In the fourth quarter, for those respondents who reported they did not have full trust in ACC, the main reason was related to a negative personal experience with ACC.

To increase public awareness of supports available for the injured person and their whānau following an injury we have continued our Whānau and Tamariki public awareness campaigns. These campaigns included targeted messages for Māori and Pāsifika addressing knowledge gaps identified in research. In addition we continue with Preventable, our long-term injury prevention behaviour change programme.

NOTE 2: CLIENT NET TRUST SCORE

The client net trust score result of +19 continues a downward trend from the first quarter this year, when it peaked at +30. Capacity pressures (higher call volumes and unplanned absences) across our customer-facing teams put pressure on timeliness of providing treatment and support. Despite this, our client survey demonstrated there was strong agreement from clients that ACC genuinely wants to help and they feel listened to and understood.

To improve the provision of timely treatment and support, and effective communication with our clients our focus has primarily been on the continuous improvement of the claims management model, how our customer-facing teams work in the model and how our customers' experience that model.

NOTE 3: CLIENT NET TRUST SCORE FOR MĀORI

The NTS result of +23 has remained stable throughout the year. This client survey showed Māori clients have strong agreement that ACC genuinely wants to help and is focused on the best possible outcome. Improving equity of access, experience and outcomes for Māori who are injured, and enabling direct relationships with Māori providers are key focus areas of ACC's Māori Strategy Whāia Te Tika.

NOTE 4: PROVIDER NET TRUST SCORE

There has been a steady decline in trust across all provider types over the last two years. This was particularly evident for GPs, Physios, and Allied Health Providers in the fourth quarter. Similarly, we continue to see a downward trend in results for Provider's satisfaction with their relationship with ACC, particularly for these same provider groups. To improve the drivers of trust that are in our control (consistent decision making, ease of dealing with ACC, the engagement regarding patients, and the administration of the scheme), this year we focused on several initiatives including Escalated Care Pathway, a modern self-service hub for Providers and Kaupapa Māori Health Services.

There continues to be a range of external factors (including capacity constraints across the health workforce) that negatively impact Provider trust in ACC.

NOTE 5: BUSINESS NET TRUST SCORE

Business NTS has fluctuated over the last two years, with the most positive result experienced during the initial COVID-19 lockdown period in 2020. This result has deteriorated since then. The declining trend is evident across all key indicators of trust, including ACC provides real benefits and value, and ACC is easy to deal with. External factors are likely to have had an impact, including declining business confidence.

To improve the experience of business customers we continue to focus on improving the ease of doing business and ensuring engagement with business customers is effective. We are also focusing efforts on developing greater involvement with business customers in the rehabilitation of their injured employees

The impact measures included in table 12 reflect how effective we are at delivering the desired impacts.

TABLE 12: PUBLIC VALUE SCORECARD – IMPACT

Category	Measuring our contribution to New Zealand	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
IMPACT	Rate of serious injury (including fatal): 0- to 20-year injury prevention programmes	9.4	9.1	9.3	Not achieved Refer note 6
Did we meet expectations?	Rate of serious injury (including fatal): workplace injury prevention programmes	0.20	0.20	0.25	Not achieved Refer note 6
	Return to work within 10 weeks	63.3%	65.0%	63.9%	Not achieved Refer note 7
	Return to independence for those not in the workforce	87.1%	87.5%	85.4%	Not achieved Refer note 9
	Growth rate of the Long-Term Claim Pool	+8.7%	+9.5%	+8.8%	Achieved

NOTE 6: RATE OF SERIOUS INJURY (INCLUDING FATAL): 0- TO 20-YEAR INJURY PREVENTION PROGRAMMES AND WORKPLACE INJURY PREVENTION PROGRAMMES

The 0-20-year rate of serious injury (inc. fatal) result remained stable in the second-half of the year. This is in part due to a change in claiming behaviour recently where more claims are being made for older adult falls, rather than more accidents occurring. This result equates to 11 more claims than expected for 0-20-year programmes and three more claims for workplace programmes.

NOTE 7: RETURN TO WORK WITHIN 10 WEEKS

When the targets for 2021/22 were set, it was assumed there would be no material impact on rehabilitation performance due to COVID-19. Performance in the first quarter was improving steadily. However, performance was disrupted by the August 2021 lockdown and subsequently the sustained Omicron outbreak. Changes to short-term rehabilitation performance in have been largely due to the following factors:

- A lower volume of new weekly compensation (WC) claims particularly during September and October 2021. This resulted in fewer less clinically complicated claims being managed. These claims would usually have shorter return-to-work outcomes.
- Changes to the mix of active WC claims under management. Since the end of August 2021 there has been a lower proportion of active WC claims with less than 70 WC days paid. This is affecting the mix of claims that exit the scheme and in turn the results for these measures.

The Omicron outbreak and its flow-on effects continue to impact the country, leading to disruption in the health sector and service availability. This is contributing to a decline in short term rehabilitation performance which is expected to remain noticeable in the coming months.

NOTE 8: RETURN TO INDEPENDENCE FOR THOSE NOT IN THE WORKFORCE

While there has been some impact on performance of this measure from the ongoing pressures in the health system, the key reasons for the decline in performance of this measure are measurement methodology related. Delays in agreeing the contract for Non-Acute Rehabilitation and Integrated Home and Community Support services with providers has resulted in irregular billing for these services. This has adversely affected the calculation of clients returning to independence as the calculation relies on billing information.

The sustainability measures included in table 13 reflect whether we are delivering value for money and a sustainable Scheme.

TABLE 13: PUBLIC VALUE SCORECARD – SUSTAINABILITY

Category	Measuring our contribution to New Zealand	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
SUSTAINABILITY	Return on investment: 0- to 20-year injury prevention programmes	$2.19:$1	$2.08:$1	$2.18:$1	Achieved
Did we meet expectations?	Return on investment: workplace injury prevention programmes[28]	New measure	$1.60:$1	$1.74:$1	Achieved
	Investment performance after costs relative to benchmark	1.90%	0.15%	0.94%	Achieved
	Change in average treatment cost per injury	+6.1%	≤+5.0%	+2.3%	Achieved
	Actuarial movement[29]	+1.08%	Within -3% to 1%	+3.2%	Not achieved Refer note 10
	Average care hours per serious injury claim	1,396	1,387	1,408	Not achieved Refer note 11

NOTE 10: ACTUARIAL MOVEMENT

The actuarial movement of 3.2% was greater than target and includes two components of actuarial movement. Most of the movement (55%) is due to areas ACC is unable to influence including various rate changes (including minimum wage) associated with claim payments. The largest contributor is from increases in care rates following negotiations with providers relating to several policy and legislation changes including Matariki public holiday, sick leave, in-between travel, and skill mix.

The movement where we do have influence ($793m) is greater than the overall target. The main drivers include rehabilitation performance levels (Weekly compensation), greater levels of services for sensitive claims than anticipated and increased care levels provided to clients with moderate traumatic brain injuries.

NOTE 11: AVERAGE CARE HOURS PER SERIOUS INJURY CLAIM

Average care hours per serious injury claim has increased this year, most notably in the third and fourth quarters. Ongoing COVID-19 and influenza transmission means some clients or their dependents were unable to access their standard care services such as those provided in schools and the community. Temporary increases in care hours were put in place to ensure vulnerable clients have their needs met.

28 Excluding WorkSafe New Zealand investment.
29 The actuarial movement tells us that claim volumes, types and costs differed from what we expected

Section 2: Performance against output delivery

The breakdown of revenue earned and costs incurred compared with expected revenue and costs reported in the Service Agreement 2021/22 is as follows:

TABLE 14: Actual versus expected revenue and costs by output class

	Administration		Claims paid		Revenue	
$m	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**
Output class 1 – Injury prevention	78	110				
Output class 2 – Levy setting and collection	50	52			5,392	5,176
Output class 3 – Investment management	80	74			(4,534)	1,476
Output class 4 – Claims management	540	520	5,372	5,759		
Total	**748**	**755**	**5,372**	**5,759**	**857**	**6,652**
Other operating costs	64	68				
New Zealand Income Insurance Scheme	5	0			5	0
Total ACC	**818**	**823**	**5,372**	**5,759**	**863**	**6,652**

Information on significant variances against budget is included in Note 23 of the notes to the financial statements on *page 167*.

Output 1: Injury prevention

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

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

We work with non-government organisations, community groups and other government agencies on ensuring that the activities we fund are effective. This coordination role is as important as directly funding injury prevention interventions.

The public value measures relating to this output class are:

- return on investment for 0- to 20-year injury prevention programmes
- return on investment for workplace injury prevention programmes
- rate of serious injury (including fatal) for 0- to 20-year injury prevention programmes
- rate of serious injury (including fatal) for workplace injury prevention programmes

Refer to *Section 1: Public value scorecard* for our performance against public value measures.

TABLE 15: Other output measures – Injury prevention

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Number of claims avoided through our injury prevention investments[30]	14,240	14,641	12,353	Not achieved
Investment in Kaupapa Māori programmes	$6m	$7m	$7m	Achieved

NOTE 1: NUMBER OF CLAIMS AVOIDED THROUGH OUR INJURY PREVENTION INVESTMENTS

The number of claims avoided through our injury prevention investments did not meet target. Our sport programmes and FarmStrong performed well, however 40% of the claims avoided were expected to come from two programmes (Older Adult Falls and Child), but these achieved only 8%.

COVID-19 related lockdowns had a significant impact on the delivery of the Child programme during the first two quarters of the year. Performance improved in the second half of 2021/22, but not enough to offset results from earlier in the year.

In our Older Adult Falls programme, Live Stronger for Longer, we have seen strong evidence for reducing injuries by 30-50%. However the programme is dependent on the Health System to deliver the interventions. Targets for this programme were set before COVID and the Health System Reform. This resulted in slower delivery of interventions than anticipated.

30 *Estimates the number of claims avoided in the areas where we have targeted injury prevention programmes*

Output 2: Levy setting and collection

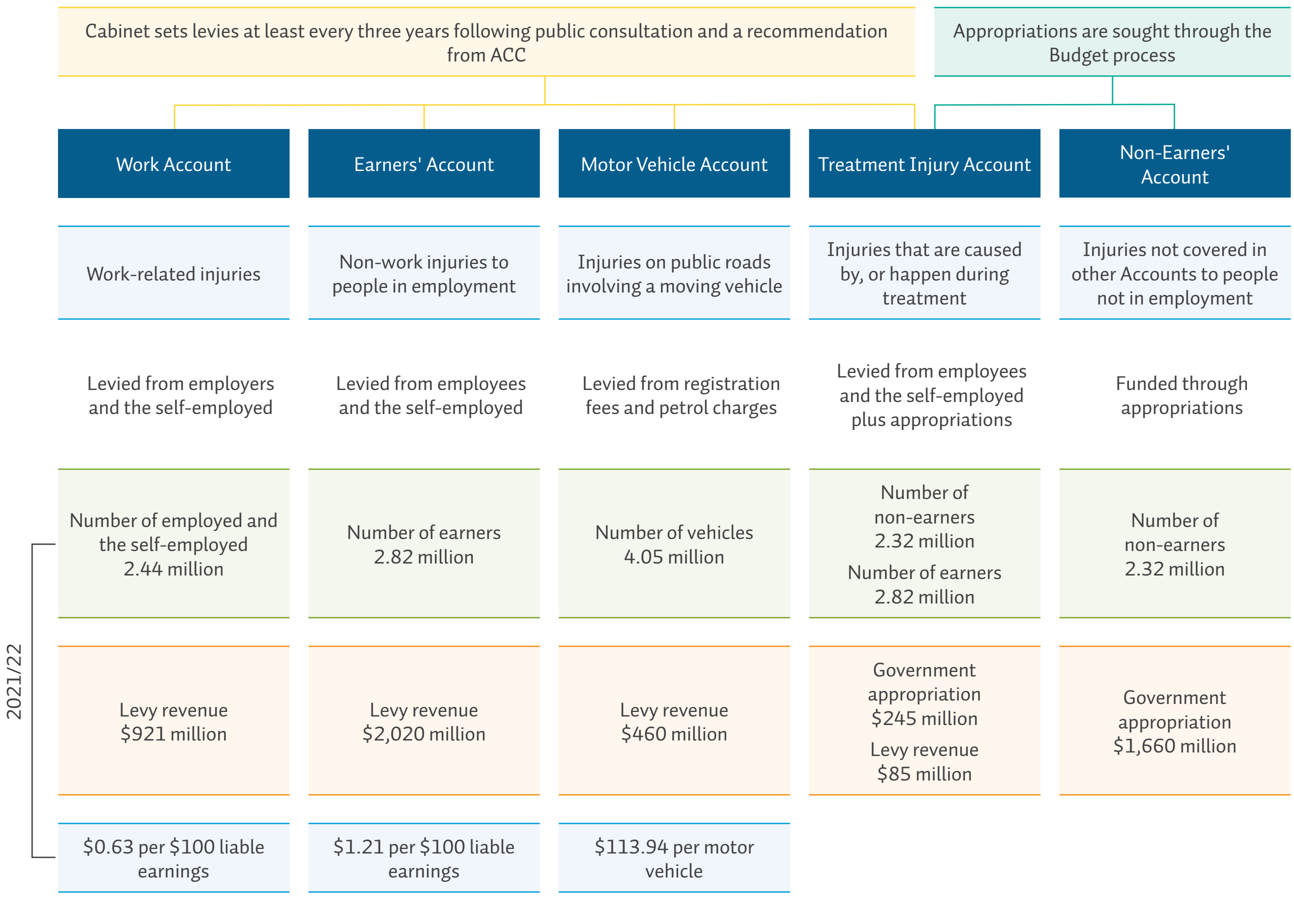
The Scheme is managed through five Accounts, with each providing cover for a specific group of injuries.

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

Activity information

Figure 2 shows the number of funders, the levy and appropriation revenue and the currently approved levy rates for each Account for 2021/22.

FIGURE 2: SOURCES OF ACCOUNT FUNDING



The public value measures relating to this output class are:

- Actuarial movement.

Refer to *Section 1: Public value scorecard* for our performance against public value measures.

Account funding ratios

The financial sustainability of each Account is measured using funding ratios. Funding ratios represent the extent to which applicable net assets cover the value of what is intended to be the fully funded portion of Outstanding Claims Liability (excluding risk margin) for each Account.

Each ratio is presented as a percentage:

$$\frac{\textit{Total assets} - (\textit{payables} + \textit{accrued liabilities} + \textit{provisions} + \textit{unearned levy liability})}{\textit{Outstanding Claims Liability} + \textit{additional liability for work related gradual process claims not yet made} - \textit{risk margin}}$$

The funding ratio for the Work Account excludes those claims and assets from the Accredited Employer Programmes that the Work Account does not aim to fund.

This definition aligns to the current funding policy, published in the New Zealand Gazette[31] on 6 April 2021 (Gazette No. 2021-go1226). The results represent the true economic cost to the Scheme, ensuring levy recommendations are adequate, without unnecessary contingency.

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

TABLE 16: FUNDING RATIOS AS AT 30 JUNE 2022

Account (fully funded)	Actual 2020/21	Actual 2021/22	Funding policy target
Work (including gradual process claims incurred but not yet made)	131.1%	135.8%	100%
Motor Vehicle	121.8%	125.2%	100%
Earners'	112.1%	104.6%	100%
Non-Earners'	78.1%	76.1%	100%
Treatment Injury (Earners' portion)	159.1%	137.4%	100%
Treatment Injury (Non-Earners' portion)	82.6%	81.2%	100%

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.

The Board continues to monitor and consider the future outlook of the Scheme and the likelihood that this creates uncertainty over the going concern assumption. We are particularly mindful that external economic factors can significantly impact 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 funding of some Accounts will be inadequate and catch-up funding will occur at a later stage.

In circumstances where the Crown has elected for a period to not fund the deficit in the Crown 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 Crown 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.

31 ***www.gazette.govt.nz***

Output 3: Investment management

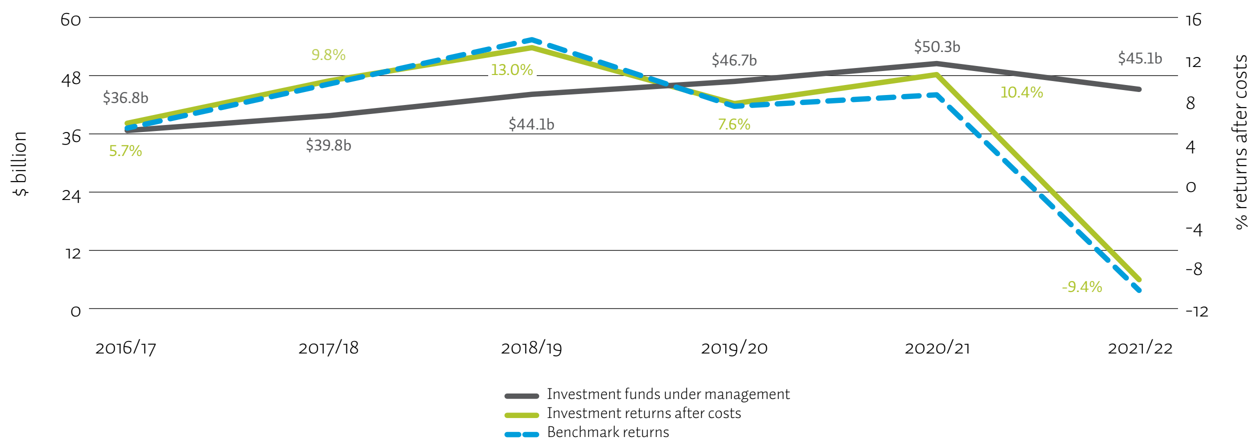
Because serious injuries will require ongoing expenditure for decades into the future, a portion of levies collected each year is set aside to provide for future costs. We invest these funds to meet the future costs of claims. To meet this purpose, we tend to favour long-term investments that we expect to deliver relatively certain income streams for long periods of time. Such investments match our long-term cash flow requirements and provide a partial offset against the risk of declines in interest rates.

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

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

Activity information

FIGURE 3: TOTAL INVESTMENT FUNDS AND INVESTMENT RETURNS



The public value measures relating to this output class are:

- Investment performance after costs relative to benchmark.
- Refer to *Section 1: Public value scorecard* for our performance against public value measures.

TABLE 17: OTHER OUTPUT MEASURES – INVESTMENT MANAGEMENT

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Investment management costs as a proportion of total funds under management	0.14%	0.15%	0.15%	Achieved

Output 4: Claims management

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.

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

Activity information

Table 18 shows recent trends in the types of claims that we have received and accepted. The Scheme is based on legislation and each claim is evaluated to determine whether it meets the requirements of the Accident Compensation Act before being covered. We do not ration our services. Demand is determined by the number of covered injuries that occur and the types and amounts of services that those with covered injuries are eligible to receive.

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

TABLE 18: CLAIM ACTIVITY

Measure	Definition	2018/19	2019/20	2020/21	2021/22
Registered claims	Total number of registered claims in the period.	2,026,155	1,861,316	2,098,437	1,805,401
Medical fees only claims	Total number of medical fees only claims in the period.	1,728,530	1,583,264	1,787,479	1,511,768
Other entitlement claims	Total number of entitlement claims (all entitlement claims excluding weekly compensation) that receive payments in the period.	138,588	134,182	143,873	131,135
Weekly compensation claims	Total number of weekly compensation claims that receive payments in the period.	126,937	125,375	144,252	142,664
Long-term weekly compensation claims	Total number of clients receiving weekly compensation for more than one year as at 30 June.	14,201	15,996	17,401	18,930
New serious injury claims	Total number of new serious injury claims in the period.	337	251	234	293
Fatal claims	Total number of fatal claims in the period.	1,580	1,472	1,434	1,304

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

EXPENDITURE FOR KEY CLAIM COSTS

TABLE 19: EXPENDITURE FOR KEY CLAIM COSTS

$m	Actual 2020/21	Budget 2021/22	Actual 2021/22
Weekly compensation	1,722	1,870	1,848
Medical treatment	982	1,081	904
Social rehabilitation	950	1,076	1,039
Public Health Acute Services	578	630	651
Elective surgery	443	481	411

Information on significant variances against budget is included in Note 23 of the notes to the financial statements on *page 167*.

The public value measures relating to this output class are:

- return to work within 10 weeks
- return to independence for those not in the workforce
- public trust and confidence
- client net trust score
- client net trust score for Māori
- provider net trust score
- business net trust score
- growth rate of the Long-Term Claim Pool
- change in average treatment cost
- average care hours per serious injury claim.

Refer to *Section 1: Public value scorecard* for our performance against public value measures.

The costs and associated liability from this output class have the largest bearing on overall Scheme financial sustainability. We must provide quality services to clients in an efficient manner. This requires the responsible management of controllable costs, ensuring that expenditure is appropriate and cost effective.

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

These measures align with the measures reported against the customer strategic intention but provide greater detail with which to assess our performance during the year.

FIGURE 4: OTHER OUTPUT MEASURES – CLAIMS MANAGEMENT

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Return to work within nine months	90.4%	91.0%	89.9%	Not achieved Refer note 1
Durable return to work	72%	1% higher than Australia (last year)	73%	Not assessed Refer note 2
Average weekly compensation days paid[32]	105.9 days	102.3 days	107.7 days	Not achieved Refer note 1
Speed of cover decisions: non-complicated claims	0.9 days	<0.9 days	0.8 days	Achieved
Speed of cover decisions: complicated claims	66.9 days	<70.0 days	69.7 days	Achieved
Reviews as a percentage of decline decisions	8.5%	≤8.7%	7.7%	Achieved
Average time to resolution for claims with reviews	New measure	≤130.0 days	129.7 days	Achieved
Proportion of ACC reviews upheld (in favour of ACC)	90.6%	≥86%	90.3%	Achieved
ACC is focused on the best possible outcomes for clients given their situations	77%	78%	74%	Not achieved Refer note 3
Māori lodgement ratio	0.82	1% increase on previous year	0.82	Not achieved Refer note 4
Long-Term Claim Pool returns to independence	4,978	5,200	5,470	Achieved
Rate of long-term claims in part-time work	12.6%	11.5%	13.3%	Achieved
Administration cost per claim	$2,403	$2,762	$2,715	Achieved
Percentage of total expenditure paid directly to clients, of for services to clients	88.3%	88.5%	87.9%	Not achieved Refer note 5
Claims processed per full-time equivalent	580	583	472	Not achieved Refer note 6

NOTE 1: RETURN TO WORK WITHIN NINE MONTHS AND AVERAGE WEEKLY COMPENSATION DAYS PAID

As previously mentioned, targets set for 2021/22 assumed no material impacts on rehabilitation performance due to COVID-19. Performance was improving steadily prior to the affects from the disruption of the August 2021 lockdown and subsequently the sustained Omicron outbreak.

The changes in volumes and mix of claims under management has adversely affected performance. The proportion of claim exits with 29 -70 Weekly compensation days has been fairly stable since December 2021 but is lower than the months immediately before this. This is an expected impact of lockdown restrictions and slowing growth in new WC claims.

32 *An increase for this measure reflects an increase in weekly compensation days paid compared with the benchmark of March 2015. The increases presented the fact that weekly compensation days paid have increased not reduced. Longer-term targets are for a reduction.*

NOTE 2: DURABLE RETURN TO WORK

The durable return to work rate for 2020/21 was 73%, an increase on our 2020/21 performance. The target for this measure was to exceed the combined Australian workers' compensation scheme result for 2020/21. The Australian comparator survey result was previous measured every two years but has not been measured since before COVID-19 disruptions. The Australians are now no longer measuring this metric, we will investigate options for a future benchmarkable metric.

NOTE 3: ACC IS FOCUSED ON THE BEST POSSIBLE OUTCOMES FOR CLIENTS GIVEN THEIR SITUATIONS

Despite not meeting target, clients continue to have strong agreement (74%) that we are focused on the best possible outcomes for them given their situations. To improve the provision of timely treatment and support, and effective communication for our clients our focus has primarily been on the continuous improvement of the claims management model, how our customer-facing teams work in the model and how our customers' experience that model.

NOTE 4: MĀORI LODGEMENT RATIO

The Māori lodgement ratio has remained stable this year. Improving equity of access, experience and outcomes for Māori who are injured, and enabling direct relationships with Māori providers are key focus areas of our Māori Strategy, Whāia Te Tika

NOTE 5: PERCENTAGE OF TOTAL EXPENDITURE PAID DIRECTLY TO CLIENTS, OF FOR SERVICES TO CLIENTS

Claims costs are 7% lower than implied in the target as a result of lower claims volumes. In particular, the number of clients accessing treatment was lower than expected. This reflects capacity constraints within the sector, lower new claim volumes and client behaviours. This measure compares claims costs to operating costs, so while operating and injury prevention costs were 1.6% lower than budget, this measure did not meet target.

NOTE 6: CLAIMS PROCESSED PER FULL-TIME EQUIVALENT

Our claims processed per FTE result reflects 346,000 (14%) fewer claims and ~140 (4%) more FTE than Budget. Most of the increase in FTE is additional resources to support our customer's recovery from injury through the customer contact centre (One Front Door initiative). In addition, new claims volumes were lower because of impacts of COVID-19 restrictions.

Other performance measures

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

Organisational health and capability performance measures

TABLE 20: PERFORMANCE MEASURES – MAINTAIN A DIVERSE, HIGH-PERFORMING WORKFORCE EMPOWERED TO DELIVER GREAT CUSTOMER EXPERIENCES AND OUTCOMES

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Key measure Employee Net Promoter Score	0	+12	+10	Not achieved Refer note 1
Supporting measure Proportion of staff who identify as Māori	11.4%	12.5%	12.6%	Achieved
Supporting measure Proportion of staff who identify as having a disability	12.2%	14.5%	14.2%	Not achieved Refer note 2
Key measure Total recordable injury frequency rate	1.7	<3.5	2.0	Achieved
Supporting measure Lost-time injury frequency rate	1.1	<1.1	1.8	Not achieved Refer note 3

NOTE 1: EMPLOYEE NET PROMOTER SCORE (ENPS)

Employee Net Promoter Score (eNPS) measures how likely our people are to recommend ACC as a place to work. This missed target at +10, but represents an increase from +0 in June 2021.

85% of the organisation (3,295 of our ACC whānau) participated in the survey, giving us high confidence that the themes emerging from the survey do represent how our people think we are doing and what matters most to them.

NOTE 2: DIVERSITY AND INCLUSION – PROPORTION OF STAFF WHO IDENTIFY AS HAVING A DISABILITY

Our employee survey results show an increase in the proportion of employees who identify as having a disability, however this was just less than target. In 2022/23, we are launching a site for all resources and forms related to managing disability in the ACC workplace. This will make accessing the necessary assistance and equipment simple and easy for employees and their managers.

NOTE 3: LOST-TIME INJURY FREQUENCY RATE

Lost-time injuries were at elevated levels in the early parts of this year. By the fourth quarter injuries had declined significantly. We are continuing to promote the virtual workstation assessments and risk identification to prevent injuries from home.

TABLE 21: PERFORMANCE MEASURE – IMPROVE THE WAY WE USE, PROTECT AND SHARE INFORMATION

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Key measure The number of category 3, 4 and 5 privacy breaches and near misses[33]	0	<3 per year No category 5 privacy breaches	6	Not achieved Refer note 1

NOTE 1: THE NUMBER OF CATEGORY 3, 4 AND 5 PRIVACY BREACHES AND NEAR MISSES

The Independent Review of Access to and Use of Client Information at ACC (the Independent Review) was released on 14 June 2022.

Following the release of the Independent Review, the enterprise established the Care of Personal Information Continuous Improvement Programme to consolidate and give transparency to the key continuous improvement initiatives being developed in response. We accepted all 30 recommendations and have assigned 55 actions to address them split across Policies, Systems and Culture.

Embedding of positive privacy practices leading to greater awareness has meant a jump in breach numbers this year. It is likely that we will continue to see an increase in breach numbers as we shift our culture and the way we embed care of personal information within our systems and agile delivery frameworks. This is in fact a positive outcome as we will gain visibility of any further gaps to focus our efforts for improvement effectively.

TABLE 22: PERFORMANCE MEASURE – SUPPORT ACC BUSINESS OUTCOMES WITH MODERN, RELIABLE AND SECURE INFORMATION TECHNOLOGY

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Key measure Overall operational system availability	99.9%	99.5%	99.9%	Achieved

Asset-performance measures

Cabinet Office Circular (19)6: Investment Management and Asset Performance in the State Services sets out expectations for agencies to report on investment performance.

To address this requirement, we selected the following asset-performance measures aligned with our two largest asset portfolios: property; and information and communications technology (ICT).

33 *As defined by the Government Chief Privacy Officer's privacy matrix*

TABLE 23: PERFORMANCE MEASURES – SUPPORT ACC BUSINESS OUTCOMES WITH MODERN, RELIABLE AND SECURE INFORMATION TECHNOLOGY

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
ICT Utilisation: Percentage of ACC staff utilising mobile computer hardware technology	New measure	85%	100%	Achieved
ICT Utilisation: Percentage of active ACC computer devices that are within the accepted lifecycle target	New measure	75%	85%	Achieved
ICT Condition: Percentage of key systems with a condition rating of Good or Excellent	100%	>80%	84%	Achieved
ICT Condition: Number of critical faults for key ACC systems	3	<5	1	Achieved
ICT Functionality: Total operational ICT spend per FTE	$22,659	<$28,200	$24,917	Achieved
ICT Availability: Percentage of time key applications and networks are available to perform required functions	99.9%	99.5%	99.9%	Achieved
Property Utilisation: Square metres (m^2) of leased area per FTE	14.1m^2/ FTE	12-16 m^2/ FTE	12.7m^2/ FTE	Achieved
Property Condition: Percentage of total leased area with a current code compliance certificate/building warrant of fitness	100%	100%	100%	Achieved
Property Functionality: Percentage of total leased area that meets or exceeds the ACC security standards	100%	100%	100%	Achieved

Non-Earners' Account appropriation measures

TABLE 24: PERFORMANCE MEASURES – NON-EARNERS' APPROPRIATION MEASURE

Category	Actual 2020/21	Target 2021/22	Actual 2021/22	Target met?
Increase in the total number of first presentations to Sexual Assault Assessment and Treatment Services (SAATS)	2,185	2,604	1,860	Not achieved Refer note 1
Agreement with Ministry of Health for public health acute services signed off no later than end of year to which it applies	Agreement reached	Agreement reached	Agreement reached	Achieved

NOTE 1: INCREASE IN THE TOTAL NUMBER OF FIRST PRESENTATIONS TO SEXUAL ASSAULT ASSESSMENT AND TREATMENT SERVICES (SAATS)

The number of first presentations to Sexual Assault Assessment and Treatment Services (SAATS) further declined in 2021/22 despite crime statistics increasing. It is expected that the COVID-19 lockdown and restrictions have impacted this result, specifically in Auckland. Additional funding has been sought to allow the SAATS to build its services back up to providing consistent 24/7 clinical cover for the service for all existing sites, increase lead clinician hours at sites and provide support to maintain clinical best practice.

Financial statements

Consolidated statement of comprehensive revenue and expense

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Net levy revenue	5	5,391	5,038	5,175
Other revenue		6	1	1
Interest, dividend and rental income	6	1,217	1,116	1,044
Total revenue		**6,614**	**6,155**	**6,220**
Claims paid		5,372	5,219	5,759
Expected increase in outstanding claims liability	4	1,616	2,146	1,523
Net losses from other factors on outstanding claims liability	4	1,791	539	–
Changes in unexpired risk liability	8(F)	16	221	8
Total claim costs		**8,795**	**8,125**	**7,290**
Injury prevention costs	7	78	79	110
Enterprise change costs	7	105	91	92
Investment management costs	7	80	77	74
Operating costs	7	555	519	547
(Deficit) from operations excluding the impact of market movements		**(2,999)**	**(2,736)**	**(1,893)**
Net (losses) gains on investments	6	(5,751)	3,750	432
Net gains from changes in discount and inflation rates on outstanding claims liability	4 & 8(C)	8,522	8,761	–
Net gains from changes in discount and inflation rates on unexpired risk liability	8(F)	179	194	–
Net (deficit) surplus		**(49)**	**9,969**	**(1,461)**
Total comprehensive revenue and expense for the year		**(49)**	**9,969**	**(1,461)**

Consolidated statement of changes in reserves (equity)

For the year ended 30 June 2022

$M	Actual 2022	Actual 2021	Unaudited Budget 2022
Total Account reserves			
Balance at the beginning of the year (deficit)	(5,990)	(15,959)	(6,777)
Total comprehensive revenue and expense for the year	(49)	9,969	(1,461)
Balance at the end of the year (deficit)	(6,039)	(5,990)	(8,238)

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Account reserves				
Motor Vehicle Account		1,100	847	(145)
Non-Earners' Account		(5,976)	(6,599)	(6,617)
Earners' Account		(1,550)	(852)	(1,271)
Work Account		2,574	2,699	2,150
Treatment Injury Account		(2,187)	(2,085)	(2,355)
Total Account reserves (deficit)		**(6,039)**	**(5,990)**	**(8,238)**
Represented by:				
Assets				
Cash and cash equivalents	11	150	131	200
Cash pledged as collateral	9(D)	612	59	–
Receivables	12	695	1,138	573
Accrued levy revenue	13	2,895	2,601	2,820
Investments	9	45,824	50,463	48,165
Derivative financial instruments	10	520	460	–
Property, plant and equipment, and intangible assets	15	123	152	134
Total assets		**50,819**	**55,004**	**51,892**
Less liabilities				
Cash collateral received	9(D)	1	38	–
Payables and accrued liabilities	16	1,150	1,195	731
Derivative financial instruments	10	1,521	562	–
Provisions	17	70	67	70
Unearned levy liability	8(E)	2,510	2,248	2,413
Unexpired risk liability	8(F)	1,334	1,497	1,253
Outstanding claims liability	8(C)	50,272	55,387	55,663
Total liabilities		**56,858**	**60,994**	**60,130**
Net assets (liabilities)		**(6,039)**	**(5,990)**	**(8,238)**

For and on behalf of the Board, which authorised the issue of these financial statements on 6 October 2022:

Hon Steve Maharey CNZM
Board Chair
Date: 6 October 2022

Dr Tracey Batten
Deputy Chair
Date: 6 October 2022

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Cash flows from operating activities				
Cash was provided from:				
Levy revenue		5,319	4,910	5,144
Investment income		1,210	1,107	1,044
Other revenue		6	1	1
Goods and services tax (net)		24	6	–
		6,559	6,024	6,189
Cash was applied to:				
Payments towards claims, injury prevention and other operating costs		6,066	6,081	6,545
Goods and services tax (net)		–	–	3
		6,066	6,081	6,548
Net cash inflow (outflow) from operating activities		**493**	**(57)**	**(359)**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of investments		64,549	76,164	82,164
Proceeds from sale of collateral		4,793	4,646	–
Proceeds from sale of property, plant and equipment, and intangible assets		1	1	–
		69,343	80,811	82,164
Cash was applied to:				
Payment for investments		64,411	75,576	81,777
Payment for collateral		5,384	5,274	–
Payment for property, plant and equipment, and intangible assets		22	29	28
		69,817	80,879	81,805
Net cash (outflow) inflow from investing activities		**(474)**	**(68)**	**359**
Net increase (decrease) in cash and cash equivalents		**19**	**(125)**	**–**
Cash and cash equivalents – opening balance		**131**	**256**	**200**
Cash and cash equivalents – closing balance	**11**	**150**	**131**	**200**

The accompanying notes form part of these financial statements.

Reconciliation of the net cash inflow (outflow) from operating activities with the reported net (deficit) surplus

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Net (deficit) surplus		**(49)**	**9,969**	**(1,461)**
Add (less) items classified as investing activities:				
Realised (gains) on sale of investments		(670)	(2,910)	(438)
Losses (gains) on sale of property, plant and equipment, and intangible assets		2	(1)	–
Add (less) non-cash items:				
Depreciation and amortisation		48	50	49
Unrealised losses (gains) on investments		6,421	(840)	–
Movement in provisions		3	(5)	(2)
Change in amortised cost of levy receivables		4	31	–
Movement in unexpired risk liability		(163)	27	8
Movement in outstanding claims liability	4	(5,115)	(6,076)	1,523
Add (less) movements in working capital items:				
Receivables and accrued levy revenue		(304)	(431)	(218)
Payables and accrued liabilities		54	(107)	(10)
Unearned levy liability		262	236	190
Net cash inflow (outflow) from operating activities		**493**	**(57)**	**(359)**

The accompanying notes form part of these financial statements.

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, Non-Earners', Earners', Work and Treatment Injury 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 on how to fully fund 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 Outstanding Claims Liability (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, Earners' and Work 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.

The accompanying notes form part of these financial statements.

MOTOR VEHICLE ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Levy revenue(i)		460	470	460
Interest, dividend and rental income		373	347	332
Total revenue		**833**	**817**	**792**
Claims paid(ii)		667	654	871
Expected increase in outstanding claims liability	4	321	452	292
Net losses (gains) from other factors on outstanding claims liability	4	26	(242)	–
Changes in unexpired risk liability	8(F)	6	28	11
Total claim costs		**1,020**	**892**	**1,174**
Injury prevention costs		8	5	11
Operating, investment management and enterprise change costs		80	78	83
(Deficit) from operations excluding the impact of market movements		**(275)**	**(158)**	**(476)**
Net (losses) gains on investments		(1,806)	794	56
Net gains from changes in discount and inflation rates on outstanding claims liability	4 & 8(C)	2,290	2,395	–
Net gains from changes in discount and inflation rates on unexpired risk liability	8(F)	44	57	–
Net surplus (deficit)		**253**	**3,088**	**(420)**
Total comprehensive revenue and expense for the year		**253**	**3,088**	**(420)**

Statement of changes in reserves (equity)

For the year ended 30 June 2022

$M	Actual 2022	Actual 2021	Unaudited Budget 2022
Account reserves – opening balance (deficit)	847	(2,241)	275
Total comprehensive revenue and expense for the year	253	3,088	(420)
Account reserves – closing balance (deficit)	**1,100**	**847**	**(145)**

Notes:

(i) The Motor Vehicle Account derives its funds from:

- levies on motor vehicle ownership
- the levies portion of the excise duty on petrol
- the motorcycle safety levy on moped and motorcycle owners.

(ii) These funds are applied in accordance with the AC Act in respect of motor vehicle injury suffered on or after 1 April 1974.

The accompanying notes form part of these financial statements.

NON-EARNERS' ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Funds appropriated by Parliament[(i)]		1,905	1,765	1,897
Less funding of Treatment Injury Account		(245)	(228)	(245)
Interest, dividend and rental income		132	115	99
Total revenue		**1,792**	**1,652**	**1,751**
Claims paid[(ii)]		1,454	1,394	1,447
Expected increase in outstanding claims liability	4	301	498	305
Net losses from other factors on outstanding claims liability	4	675	41	–
Total claim costs		**2,430**	**1,933**	**1,752**
Injury prevention costs		22	24	36
Operating, investment management and enterprise change costs		127	120	119
(Deficit) from operations excluding the impact of market movements		**(787)**	**(425)**	**(156)**
Net (losses) gains on investments		(681)	642	116
Net gains from changes in discount and inflation rates on outstanding claims liability	4 & 8(C)	2,091	2,409	–
Net surplus (deficit)		**623**	**2,626**	**(40)**
Total comprehensive revenue and expense for the year		**623**	**2,626**	**(40)**

Statement of changes in reserves (equity)

For the year ended 30 June 2022

$M	Actual 2022	Actual 2021	Unaudited Budget 2022
Account reserves – opening balance (deficit)	(6,599)	(9,225)	(6,577)
Total comprehensive revenue and expense for the year	623	2,626	(40)
Account reserves – closing balance (deficit)	**(5,976)**	**(6,599)**	**(6,617)**

Notes:

(i) The Non-Earners' Account derives its funds from appropriations by Parliament.

(ii) These funds are applied in accordance with the AC Act in respect of personal injury (other than motor vehicle injury) to non-earners, suffered on or after 1 April 1974.

The accompanying notes form part of these financial statements.

EARNERS' ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Levy revenue[i]		2,105	1,914	1,968
Less funding of Treatment Injury Account		(85)	(79)	(81)
Other revenue		1	1	1
Interest, dividend and rental income		297	267	250
Total revenue		**2,318**	**2,103**	**2,138**
Claims paid[ii]		2,003	1,930	2,062
Expected increase in outstanding claims liability	4	595	689	586
Net losses from other factors on outstanding claims liability	4	443	604	–
Changes in unexpired risk liability	8(F)	(7)	152	(13)
Total claim costs		**3,034**	**3,375**	**2,635**
Injury prevention costs		18	16	20
Operating, investment management and enterprise change costs		281	263	265
(Deficit) from operations excluding the impact of market movements		**(1,015)**	**(1,551)**	**(782)**
Net (losses) gains on investments		(1,396)	1,158	144
Net gains from changes in discount and inflation rates on outstanding claims liability	4 & 8(C)	1,616	1,397	–
Net gains from changes in discount and inflation rates on unexpired risk liability	8(F)	97	96	–
Net (deficit) surplus		**(698)**	**1,100**	**(638)**
Total comprehensive revenue and expense for the year		**(698)**	**1,100**	**(638)**

Statement of changes in reserves (equity)

For the year ended 30 June 2022

$M	Actual 2022	Actual 2021	Unaudited Budget 2022
Account reserves – opening balance (deficit)	(852)	(1,952)	(633)
Total comprehensive revenue and expense for the year	(698)	1,100	(638)
Account reserves – closing balance (deficit)	**(1,550)**	**(852)**	**(1,271)**

Notes:

(i) The Earners' Account derives its funds from:

- levies payable by earners on their earnings
- levies from the purchase of weekly compensation by non-earners.

(ii) These funds are applied in accordance with the AC Act in respect of personal injury to earners (other than work injury or motor vehicle injury) suffered on or after 1 July 1992.

The accompanying notes form part of these financial statements.

WORK ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Levy revenue[i]		921	889	850
Interest, dividend and rental income		273	258	248
Total revenue		**1,194**	**1,147**	**1,098**
Claims paid[ii]		956	965	1,024
Expected increase in outstanding claims liability	4	129	126	76
Net (gains) losses from other factors on outstanding claims liability	4	(130)	22	–
Changes in unexpired risk liability	8(F)	17	41	10
Total claim costs		**972**	**1,154**	**1,110**
Injury prevention costs		25	27	31
Operating, investment management and enterprise change costs		190	191	210
Surplus (deficit) from operations excluding the impact of market movements		**7**	**(225)**	**(253)**
Net (losses) gains on investments		(1,179)	716	50
Net gains from changes in discount and inflation rates on outstanding claims liability	4 & 8(C)	1,009	831	–
Net gains from changes in discount and inflation rates on unexpired risk liability	8(F)	38	41	–
Net (deficit) surplus		**(125)**	**1,363**	**(203)**
Total comprehensive revenue and expense for the year		**(125)**	**1,363**	**(203)**

Statement of changes in reserves (equity)

For the year ended 30 June 2022

$M	Actual 2022	Actual 2021	Unaudited Budget 2022
Account reserves – opening balance	2,699	1,336	2,353
Total comprehensive revenue and expense for the year	(125)	1,363	(203)
Account reserves – closing balance	**2,574**	**2,699**	**2,150**

Notes:

(i) The Work Account derives its funds from levies payable by employers and earners who are self-employed.

(ii) These funds are applied in accordance with the AC Act in respect of:

- work injury suffered on or after 1 April 2000 by employees of employers who are insured by ACC, and for all employees' work injuries incurred on or after 1 July 2000
- work injury suffered on or after 1 July 1999 and before 1 July 2000 by self-employed persons who were insured by ACC, and for self-employed work injuries incurred on or after 1 July 2000
- accidents prior to 1 July 1999 that are non-work injury, other than motor vehicle injury, suffered by earners on or after 1 April 1974 and before 1 July 1992
- accidents prior to 1 July 1999 that are work injury, other than motor vehicle injury, suffered on or after 1 April 1974.

The accompanying notes form part of these financial statements.

Non-Compliers Fund

Included in the Work Account is the Non-Compliers Fund (the Fund). The Fund was set up to cover employees who were injured while working for an employer who had not taken out accident insurance during the time when the workplace accident insurance market was opened up for competition. The Fund was transferred to ACC following the restoration of ACC as sole provider of workplace accident insurance. The net deficit for the year ended 30 June 2022 for the Fund was $0.06 million (2021: $0.05 million surplus). The Fund's reserves as at 30 June 2022 were $0.5 million (2021: $0.6 million).

CoverPlus Extra

There were 39,299 (2021: 40,210) CoverPlus Extra policies purchased as at 30 June 2022. CoverPlus Extra is an optional product that lets self-employed people and non-PAYE shareholder employees negotiate a pre-agreed level of lost earnings compensation. Payments of $12.9 million (2021: $13.7 million) in weekly compensation relating to work-related injuries were paid to clients who had purchased weekly compensation under CoverPlus Extra policies from the Work Account during the year. Non-work injury payments of $26.6 million (2021: $24.0 million) were paid from the other Accounts.

The accompanying notes form part of these financial statements.

TREATMENT INJURY ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2022

$M	Note	Actual 2022	Actual 2021	Unaudited Budget 2022
Levy revenue[i]		330	307	326
Interest, dividend and rental income		142	129	115
Total revenue		**472**	**436**	**441**
Claims paid[ii]		292	276	355
Expected increase in outstanding claims liability	4	270	381	264
Net losses from other factors on outstanding claims liability	4	777	114	–
Total claim costs		**1,339**	**771**	**619**
Injury prevention costs		5	7	12
Operating, investment management and enterprise change costs		57	35	36
(Deficit) from operations excluding the impact of market movements		**(929)**	**(377)**	**(226)**
Net (losses) gains on investments		(689)	440	66
Net gains from changes in discount and inflation rates on outstanding claims liability	4 & 8(C)	1,516	1,729	–
Net (deficit) surplus		**(102)**	**1,792**	**(160)**
Total comprehensive revenue and expense for the year		**(102)**	**1,792**	**(160)**

Statement of changes in reserves (equity)

For the year ended 30 June 2022

$M	Actual 2022	Actual 2021	Unaudited Budget 2022
Account reserves – opening balance (deficit)	(2,085)	(3,877)	(2,195)
Total comprehensive revenue and expense for the year	(102)	1,792	(160)
Account reserves – closing balance (deficit)	**(2,187)**	**(2,085)**	**(2,355)**

Notes:

(i) The Treatment Injury Account derives its funds from allocations from the Earners' Account (in the case of earners) and the Non-Earners' Account (in the case of non-earners).

(ii) These funds are applied in accordance with the AC Act in respect of personal injury arising from medical misadventure suffered on or after 1 July 1992, and personal injury arising from treatment on or after 1 July 2005.

The accompanying notes form part of these financial statements.

Notes to the financial statements

For the year ended 30 June 2022

1. Statement of accounting policies

(A) REPORTING ENTITY

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.

(B) BASIS OF PREPARATION

The financial statements of ACC have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements comply with Public Benefit Entity Standards (PBE Standards) and have been prepared in accordance with the Accident Compensation Act 2001 (AC Act) and the Crown Entities Act 2004.

The financial statements consolidate the financial statements of ACC and its sole subsidiary, Shamrock Superannuation Limited, a non-trading New Zealand entity.

The 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.

The budget figures have been prepared in accordance with NZ GAAP and are consistent with the accounting policies adopted in preparing the financial statements. The budget figures are unaudited.

Standards issued and not yet effective and not early adopted

Standards and amendments issued but not yet effective that have not been early adopted, and that are relevant to ACC are:

PBE IPSAS 41 *FINANCIAL INSTRUMENTS*

The XRB issued PBE IPSAS 41 *Financial Instruments* in March 2019. This standard supersedes PBE IFRS 9 *Financial Instruments*, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022, with early adoption permitted. Although ACC has not assessed the effects of the new standard, it does not expect any significant changes as requirements are similar to PBE IFRS 9. ACC will adopt PBE IPSAS 41 for the reporting period beginning 1 July 2022.

PBE FRS 48 *SERVICE PERFORMANCE REPORTING*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2022. Although ACC has not yet determined how the application of PBE FRS 48 will affect its statement of performance, it does not expect any significant changes. ACC will adopt PBE FRS 48 for the reporting period beginning 1 July 2022.

(C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes that they relate to.

2. Critical accounting judgements, estimates and assumptions

ACC makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates are applied, are described below.

(A) OUTSTANDING CLAIMS LIABILITY (OCL)

In estimating the OCL, a central estimate plus a risk margin is adopted. Due to the uncertainty in the OCL estimate, and the number of assumptions required in its determination, it is highly likely that the actual experience will differ from the stated estimate. Standard actuarial techniques are used to formulate the central estimate, taking into account trends in historical claims data, reviewing current conditions that may impact future trends, and scanning the horizon for possible changes that may affect trends in the future.

Where possible, both the number of clients receiving payments and the average amount of these payments are analysed separately. When claim numbers are too unstable for this method to be reliable, an analysis of aggregate payments is undertaken.

The following actuarial valuation techniques are used to project the various benefit types:

- payment per active claim method
- individual claim projection method.

Some elements of the claims liability are subject to more uncertainty than others. For past injury years, a higher proportion of the ultimate number of claims for each year will have been reported. These reported claims will have a longer history of payments and a smaller outstanding amount, all other things being equal, than claims reported in more recent injury years. Incurred but not reported (IBNR) claims have no payment history and must be estimated in their entirety. Hence the OCL estimate for more recent injury years will be subject to more uncertainty.

The general sources of uncertainty include:

- actual future claim costs that differ from those expected due to unanticipated changes to Scheme utilisation, inflationary trends and claim durations
- the actual timing of claim payments differs from those expected
- unanticipated changes in operational processes that affect claim payments
- future advances in medicine and treatment that may impact recovery periods, cost structures and Scheme utilisation
- periodic review of ACC legislation, policy changes and court decisions, which can result in entitlements that are not anticipated.

In general, the largest area of uncertainty affecting the OCL is the future costs associated with personal and social rehabilitation support services provided to individuals experiencing significant disability as a result of an injury. In particular the cost of personal care services whether they be home- or residential-based care. These may involve anything from helping with daily duties to providing nursing care services. The number of hours per day, types of service required, provider type and average costs per hour are key assumptions that need to be projected decades into the future. The estimate carries with it a wide range of uncertainty, due to the length of the projection period and the variation of disabilities and/or demonstrated independent participation by the clients.

The estimated future cash payments are discounted using a risk-free rate based on the yield curves of New Zealand government bond rates.

(B) GRADUAL PROCESS CLAIMS

These claims are a result of injuries that have occurred due to prolonged exposure in the workplace to conditions that result in some form of harm. The most common examples of such claims are those for asbestosis (due to prolonged exposure to asbestos dust in the atmosphere) and hearing loss (due to prolonged exposure to excessive noise).

Due to the nature of these injuries, many years can pass between exposure to the conditions that result in harm and the individual receiving treatment or suffering incapacity.

A gradual process claim can be made when a person is regarded as suffering personal injury caused by work-related gradual process, disease or infection which is in accordance with section 37 of the AC Act. The claim can be made at the earlier of either the date that the person first receives treatment or the date that the injury first results in incapacity.

ACC's accounting policy is to recognise a financial liability for gradual process injury only when a claim is made. The effect of this policy is that until the injury presents itself such that the person receives treatment or suffers incapacity and makes a claim, ACC does not record a liability in the OCL.

(C) SENSITIVE CLAIMS

These claims are a result of mental injuries that have been caused by certain criminal acts as set out in Schedule 3 of the AC Act (predominantly serious sexual offences) under the provision in section 21. For the purposes of considering when a person is regarded as having suffered mental injury in the circumstances under section 21, section 36(1) of the AC Act provides that the date for such mental injury being suffered is the date on which the person first receives treatment for that mental injury. ACC's accounting policy is to recognise a financial liability only for those sensitive claims already known to ACC and injuries where treatment has started but a claim has not yet been reported to ACC.

(D) 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.

Earner 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 by Inland Revenue.

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

(E) INVESTMENT ASSETS

Where the fair values of investment assets recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques that include inputs derived from observable market data where possible. Where observable market data is not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk and model inputs such as economic growth, cash forecasts and discount rates.

(F) GOING CONCERN ASSUMPTION

The financial statements have been prepared on a going concern basis.

The Board continues to monitor and consider the future outlook of the Scheme and the likelihood that this creates uncertainty over the going concern assumption. We are particularly mindful that external economic factors can significantly impact 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 funding of some Accounts will be inadequate and catch-up funding will occur at a later stage. In circumstances where the Crown has elected for a period to not fund the deficit in the Crown 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 Crown 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.

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

3. Long term financial sustainability

The sufficiency of Scheme assets to meet its liabilities is primarily measured using Account funding ratios. Any deficiency in assets is referred to as a 'funding deficit'. Any excess in assets is referred to as a 'funding surplus'.

Where levy revenue is insufficient to cover new year claim costs and/or the funding ratio is below 100%, at some point levies will need to increase. This will pass on the burden of funding already incurred injuries to future levy payers. The timing and extent of those increases will depend on the degree to which an Account is underfunded or whether there is a new year claims cost shortfall.

The OCL decreased by $5.1 billion during the year (2021: $6.1 billion decrease). This is primarily due to a $9.7 billion decrease from changes in interest rate (2021: $13.1 billion decrease), partially offset by a $1.2 billion increase from changes in inflation rates (2021: $4.4 billion increase). Both of these factors are outside ACC's control. The OCL change has a significant impact on the funding ratios of ACC's Accounts.

4. Underwriting result

Underwriting in terms of ACC relates to the core business of collecting levies and paying for accident compensation and rehabilitation, excluding any investment activities. Costs associated with the planning work related to the proposed New Zealand Income Insurance Scheme do not constitute underwriting activity and have been excluded from the table below. The below underwriting result is extracted from the statement of comprehensive revenue and expense:

$M	2022 Total	Motor Vehicle Account	Non-Earners' Account	Earners' Account	Work Account	Treatment Injury Account	2021 Total
Net levy revenue	**5,391**	**460**	**1,660**	**2,020**	**921**	**330**	**5,038**
Rehabilitation (including treatment) costs							
Vocational rehabilitation	54	5	1	31	16	1	79
Social rehabilitation	1,039	261	373	166	105	134	950
Medical treatment	904	28	369	377	113	17	982
Hospital treatment	411	24	91	206	61	29	443
Public health acute services	651	64	408	132	43	4	578
Dental treatment	31	1	15	11	3	1	34
Conveyance for treatment	198	31	110	41	13	3	192
	3,288	**414**	**1,367**	**964**	**354**	**189**	**3,258**
Compensation costs							
Income maintenance	1,848	208	41	969	552	78	1,722
Independence allowances	51	6	26	10	7	2	55
Lump sums	42	5	7	7	14	9	51
Death benefits	90	29	7	31	16	7	93
	2,031	**248**	**81**	**1,017**	**589**	**96**	**1,921**
Miscellaneous costs	53	5	6	22	13	7	40
Claims paid	**5,372**	**667**	**1,454**	**2,003**	**956**	**292**	**5,219**
Claims handling costs	540	53	112	223	108	44	508
Increase in outstanding claims liability							
Expected change	1,616	321	301	595	129	270	2,146
	1,616	321	301	595	129	270	2,146
Net losses (gains) from changes in discount and inflation rates and other factors on outstanding claims liability							
Effect of claims experience and modelling	794	(226)	441	302	(178)	455	695
Effect of legislative and policy changes	1,206	327	309	190	92	288	8
Effect of changes in risk margin	–	–	–	–	–	–	(122)
Effect of other changes	–	–	–	–	–	–	(42)
Effect of COVID-19 restrictions	(209)	(75)	(75)	(49)	(44)	34	–
	1,791	**26**	**675**	**443**	**(130)**	**777**	**539**
Effect of changes in economic assumptions	(8,522)	(2,290)	(2,091)	(1,616)	(1,009)	(1,516)	(8,761)
	(6,731)	(2,264)	(1,416)	(1,173)	(1,139)	(739)	(8,222)
(Decrease) in outstanding claims liability	(5,115)	(1,943)	(1,115)	(578)	(1,010)	(469)	(6,076)
Total claims incurred	**797**	**(1,223)**	**451**	**1,648**	**54**	**(133)**	**(349)**
Movement in unexpired risk liability	(163)	(38)	–	(104)	(21)	–	27
Other underwriting costs	193	10	28	57	89	9	181
Surplus from underwriting activities	**4,564**	**1,711**	**1,181**	**419**	**799**	**454**	**5,179**
Net investment income	(4,614)	(1,458)	(558)	(1,118)	(924)	(556)	4,789
Other revenue	1	–	–	1	–	–	1
Net (deficit) surplus	**(49)**	**253**	**623**	**(698)**	**(125)**	**(102)**	**9,969**

5. Net levy revenue

All levy revenue is recognised in the levy period to which it relates. Levy revenue relating to levy periods that commenced prior to balance date is accrued if not yet invoiced. This 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 proportion of levies not earned at the reporting date is recognised in the statement of financial position as unearned levy liability.

$M	2022	2021
Government appropriations	1,905	1,765
Levy revenue	3,486	3,273
Total net levy revenue	**5,391**	**5,038**

6. 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 (date security starts trading without the value of its next dividend payment)
- interest revenue is recognised as it accrues
- investment gains (losses) represent the realised and unrealised movements in the investment values. Realised gains (losses) occur at the time of disposal of an investment asset and are calculated as the difference between the proceeds received and their carrying value. Unrealised gains (losses) represent the difference between the carrying value of the investment assets and their fair value at year end.

Each of ACC's Accounts 'holds' a portion of different investment portfolios. These holding proportions are adjusted whenever an Account places additional funds into, or withdraws funds from, an investment portfolio. Investment income from each investment portfolio is allocated between the Accounts daily based on the Accounts' daily proportionate 'ownership'. Some derivative positions are allocated directly between Accounts rather than to investment portfolios, with all associated income from these positions directly allocated to the relevant Accounts.

$M	2022	2021
Interest, dividend and rental income		
Interest revenue		
Financial assets classified as fair value through surplus or deficit	615	583
Financial assets classified as held for trading	79	88
	694	**671**
Rental revenue from investment properties	17	16
Revenue from service concession arrangement	5	6
Dividend income	541	461
Other fee income	3	3
Gross interest, dividend and rental income	**1,260**	**1,157**
Direct investment costs		
Foreign withholding tax	18	14
Other direct investment costs	25	27
Total direct investment costs	**43**	**41**
Interest, dividend and rental income	**1,217**	**1,116**
Losses/(gains) on investments		
Change in fair value of financial assets classified as fair value through surplus or deficit	(4,697)	4,084
Change in fair value of financial assets classified as held for trading	(1,054)	(334)
Net (losses) gains on investments	**(5,751)**	**3,750**
Investment income	**(4,534)**	**4,866**
Investment management costs	80	77
Net investment income	**(4,614)**	**4,789**

Investment income is net of direct investment costs, such as trading costs, to be consistent with the calculation of investment performance. The other costs, excluding direct investment costs, are classified as investment management costs.

7. Analysis of operating expenses

Total expenses comprising investment management, injury prevention, enterprise change and operating costs are allocated to Accounts using an activity-based costing methodology.

(A) EXPENSES BY FUNCTION:

$M	2022	2021
Investment management costs	80	77
Injury prevention costs	78	79
Enterprise change costs	105	91
Operating costs	555	519
Total expenses	**818**	**766**

Enterprise change costs

Enterprise change work was focused on implementing major Integrated Change Investment Portfolio (ICIP) initiatives and expanding the continuous delivery model, which uses Agile delivery methodologies to drive continuous improvements to ACC's systems. Enterprise change costs included work on cloud solutions, maintenance of non-cloud systems, working with providers to test and enable pathways to improve rehabilitation performance and exiting old data centres.

(B) INCLUDED IN THE ABOVE ARE:

$M	2022	2021
Computer expenses	66	63
Professional expenses	9	10
Rental of office premises and equipment	23	23
Travel and accommodation	1	2
Depreciation and amortisation	48	50
Personnel expenditure	375	351
Restructuring costs	1	–
Other expenditure	295	267
	818	**766**

Personnel expenditure

Personnel expenditure includes salaries, superannuation, contractors' costs, ACC levies paid and movement in the provision for employee benefits, but excludes termination benefits, which are included in restructuring costs. The defined contribution superannuation expense was $31.1 million (2021: $29.5 million).

Auditor remuneration

Included in operating costs are fees paid to ACC's auditor (EY) of:

$000	2022	2021
Total audit fee	844	700
Other services comprising:		
Actuarial survey	3	–
Independent IT quality assurance services	344	348
Earners' Account levy review	47	–
Environmental social governance framework quality assurance	–	18
Total other services	394	366
Total fees to EY	**1,238**	**1,066**

8. Insurance disclosures

(A) CLAIMS INCURRED

The table below relates to the claims incurred this financial year that includes the valuation of the OCL and claims payments during the year. Current year claims relate to injuries suffered in the current financial year. Prior year claims relate to a reassessment of the claims assumptions (e.g. changes in economic assumptions, risk margin and claims experience) made in all previous financial years, and include the effects of discounting caused by changes in the discount rate and the natural unwinding of the discount as the claims move one year closer to settlement.

	2022			2021		
$M	Current year	Prior years	Total	Current year	Prior years	Total
Undiscounted	12,713	5,019	17,732	11,966	9,360	21,326
Discount movement	(5,684)	(11,251)	(16,935)	(4,525)	(17,150)	(21,675)
Total claims incurred	**7,029**	**(6,232)**	**797**	**7,441**	**(7,790)**	**(349)**

(B) ACTUARIAL RESULT

The actuarial view of the underwriting result is summarised as follows:

$M	2022	2021
Net levy revenue	**5,391**	**5,038**
Claims incurred		
Lifetime cost of new claims anticipated over the year	7,687	7,613
Effect of discount unwind	202	131
Effect of risk margin unwind	(427)	(385)
Effect of claims experience and modelling	794	695
Effect of COVID-19 restrictions	(209)	–
Effect of changes in economic assumptions	(8,522)	(8,761)
Effect of legislative and policy changes	1,206	8
Effect of payments experience	66	514
Effect of changes in risk margin	–	(122)
Effect of other changes	–	(42)
Total claims incurred	**797**	**(349)**
Movement in unexpired risk liability	(163)	27
Other underwriting costs	193	181
Surplus from underwriting activities	**4,564**	**5,179**
Net investment revenue	(4,614)	4,789
Other revenue	1	1
Net (deficit) surplus	**(49)**	**9,969**

(C) OUTSTANDING CLAIMS

PBE IFRS 4 *Insurance Contracts* requires an outstanding claims liability 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 outstanding claims liability 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 outstanding claims liability consists of expected future payments associated with:

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

The outstanding claims liability is the central estimate of the present value of expected future payments on claims occurring on or before the balance date, 30 June 2022, 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 outstanding claims liability. 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 a specified contract period, regardless of when the event occurred giving rise to the claim. 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 on ACC, an assessment of the potential payments under such future claims has been made. The present value of the obligation for all future gradual process claims not yet made is estimated at $1,064 million (2021: $1,350 million). This is only for claims arising due to noise-induced hearing loss and exposure to asbestos, being the types of gradual process claims where sufficient data is available to permit a reasonable estimate of the obligation.

Future payments associated with sensitive claims that have not yet sought treatment are not included in the outstanding claims liability. Section 36(1) of the AC Act states that the date on which a person suffers mental injury in the circumstances described in section 21 is the date on which the person first received treatment for that mental injury.

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

(a) Outstanding claims liability (discounted)

The future claim payments are brought to present value as at the valuation date using a risk-free discount rate.

$M	30 June 2022 Total	Motor Vehicle Account	Non-Earners' Account	Earners' Account	Work Account	Treatment Injury Account	30 June 2021 Total
Central estimate of present value of future claims payments	42,372	10,325	8,940	10,111	6,710	6,286	46,636
Present value of the operating costs of meeting these claims	2,226	503	557	507	401	258	2,498
	44,598	**10,828**	**9,497**	**10,618**	**7,111**	**6,544**	**49,134**
Risk margin	5,674	1,429	1,273	1,253	790	929	6,253
Outstanding claims liability	**50,272**	**12,257**	**10,770**	**11,871**	**7,901**	**7,473**	**55,387**
As at the beginning of the year	55,387	14,200	11,885	12,449	8,911	7,942	61,463
Movement during the year	**(5,115)**	**(1,943)**	**(1,115)**	**(578)**	**(1,010)**	**(469)**	**(6,076)**
Current	4,795	758	793	1,873	825	546	5,135
Non-current	45,477	11,499	9,977	9,998	7,076	6,927	50,252
Total outstanding claims liability with risk margin	**50,272**	**12,257**	**10,770**	**11,871**	**7,901**	**7,473**	**55,387**

(b) Reconciliation of movement in discounted outstanding claims liability

The following analysis reconciles the year-on-year movement of the actuarially assessed outstanding claims liability by the key drivers of the movement.

The broad definition of each movement category is:

(i) Inflation assumptions – external assumptions made concerning inflationary factors that include labour cost inflation, average wage inflation and consumer price index (CPI). Future CPI assumptions are prescribed by the Treasury.

(ii) Discount rates – estimated future cash payments, which are adjusted in line with expectations of future inflation, are discounted using a risk-free rate that is based on the yield curves of New Zealand government bond rates and prescribed by the Treasury.

(iii) Risk margin – the risk margin ACC adds to the central estimate of the discounted future claims payments and is reviewed periodically.

(iv) Claims experience and modelling – changes to actuarial assumptions and/or methods to reflect actual experience and/or future events that may have an impact on the number and size of claims.

(v) COVID-19 restrictions – the restrictions led to a significant reduction in claims activity for which the impact is separately quantified.

(vi) Payments experience – the difference between actual and projected payments.

(vii) Legislative and policy changes – these include court rulings, legislation changes and ACC policy changes.

(viii) Other changes – these include changes to population estimates, accident frequency and data changes.

(ix) Discount unwind – as prior claims move one year closer to the date of expected payment, the reduction in the number of years over which discounting takes place is termed as the discount unwind.

(x) Risk margin unwind – the removal of the risk margin on the current year's expected claims payments for non-current claims is termed as the risk margin unwind.

(xi) Claims anticipated over the year – the expected claim and claims handling costs arising from new accidents in the year to 30 June 2022. The cost is the present value of projected payments post 30 June 2021 plus the expected payments to be made in the year ended 30 June 2022.

(xii) Claims payments and handling costs – the actual claims paid and the actual claims handling costs incurred during the year ended 30 June 2022.

$M	30 June 2022 Total	Motor Vehicle Account	Non-Earners' Account	Earners' Account	Work Account	Treatment Injury Account	30 June 2021 Total
Outstanding claims brought forward	**55,387**	**14,200**	**11,885**	**12,449**	**8,911**	**7,942**	**61,463**
Effect of changes in inflation assumptions	1,176	253	202	336	265	120	4,365
Effect of changes in discount rates	(9,698)	(2,543)	(2,293)	(1,952)	(1,274)	(1,636)	(13,126)
Effect of changes in risk margin	–	–	–	–	–	–	(122)
Effect of claims experience and modelling	794	(226)	441	302	(178)	455	695
Effect of COVID-19 restrictions	(209)	(75)	(75)	(49)	(44)	34	–
Effect of payments experience	66	(26)	57	35	(17)	17	514
Effect of legislative and policy changes	1,206	327	309	190	92	288	8
Effect of other changes	–	–	–	–	–	–	(42)
Effect of discount unwind	202	52	44	44	33	29	131
Effect of risk margin unwind	(427)	(75)	(78)	(148)	(85)	(41)	(385)
Claims anticipated over the year	7,687	1,090	1,844	2,890	1,262	601	7,613
Incurred claims recognised in the underwriting result	**797**	**(1,223)**	**451**	**1,648**	**54**	**(133)**	**(349)**
Claims payments and handling costs	(5,912)	(720)	(1,566)	(2,226)	(1,064)	(336)	(5,727)
Outstanding claims carried forward	**50,272**	**12,257**	**10,770**	**11,871**	**7,901**	**7,473**	**55,387**

(c) Claims development table

The following table shows the development of undiscounted claim cost estimates for the seven most recent accident years.

	Accident year							
$M	2016	2017	2018	2019	2020	2021	2022	Total
Estimate of ultimate claim costs:								
At end of accident year	6,884	7,914	8,038	8,828	8,367	10,684	11,316	
One year later	7,272	7,160	7,738	9,137	8,963	11,045	–	
Two years later	7,230	7,430	7,655	10,183	9,464	–	–	
Three years later	7,518	7,500	8,365	10,396	–	–	–	
Four years later	7,246	8,021	8,882	–	–	–	–	
Five years later	7,605	8,221	–	–	–	–	–	
Six years later	7,927	–	–	–	–	–	–	
Current estimate of cumulative claim costs	**7,927**	**8,221**	**8,882**	**10,396**	**9,464**	**11,045**	**11,316**	**67,251**
Cumulative payments	(2,379)	(2,455)	(2,615)	(2,748)	(2,525)	(2,574)	(1,317)	(16,613)
Outstanding claims – undiscounted	**5,548**	**5,766**	**6,267**	**7,648**	**6,939**	**8,471**	**9,999**	**50,638**
			Discount					(31,085)
			Claims handling costs					2,509
			Prior to 2016 and other claims					28,192
			Short tail outstanding claims					18
			Outstanding claims – per statement of financial position					**50,272**

(d) Key assumptions

An independent actuarial estimate by Taylor Fry, consulting actuary, has been made of the future expenditure relating to accidents that occurred prior to balance date, whether or not the claims have been reported to or accepted by ACC. The Taylor Fry actuarial report is signed by Mr Alan Greenfield and Mr Ross Simmonds, Fellows of the New Zealand Society of Actuaries.

The actuarial estimate has been made based on actual experience to 30 June 2022. The calculation of the outstanding claims liability has been made in accordance with the standards of the New Zealand Society of Actuaries' Professional Standard No.4: *General Insurance Business* and PBE IFRS4 *Insurance Contracts*.

In determining the actuarial estimate, the independent actuaries have relied on information supplied by ACC. The independent actuaries have indicated they are satisfied as to the nature, sufficiency and accuracy of the information provided.

The table in Note 8(C)(a), Outstanding claims liability (discounted), shows the actuarial estimate of the present value of the outstanding claims liability that will be payable in future years. The actual outcome is likely to range about this estimate and, like any such forecast, is subject to uncertainty.

The main long-term assumptions used in the above estimates are:

	2022		2021	
% pa	Year 1	Beyond Year 1	Year 1	Beyond Year 1
Discount rate	3.34	3.70 to 4.47	0.38	0.81 to 4.30
Inflation rates:				
weekly compensation(i)	3.0	2.0 to 3.8	1.6	2.0 to 2.2
impairment benefits	6.9	1.8 to 4.2	1.5	1.8 to 2.0
social rehabilitation benefits	4.1	2.0 to 2.8	2.0	2.1 to 2.2
hospital rehabilitation benefits	4.1	2.0 to 2.8	2.0	2.1 to 2.2
short-term medical costs	4.1	2.0 to 2.8	2.0	2.1 to 2.2
other medical costs	4.1	2.0 to 2.8	2.0	2.1 to 2.2
Superimposed inflation:				
social rehabilitation benefits (contracted care)(ii)	1.0	1.0	4.6	1.0
social rehabilitation benefits (non-contracted care)(ii)	1.0	1.0	3.0	1.0
social rehabilitation benefits (residential care)(ii)	0.5	0.5	3.8	0.5
social rehabilitation benefits (serious injury capital expenditure)(iii)	0.7	0.8 to 3.3	0.7	0.8 to 3.3
hospital rehabilitation benefits(iv)	3.0	3.0	3.0	3.0
short-term medical costs (general practitioners)	2.0	2.0	2.0	2.0
short-term medical costs (radiology)	2.0	2.0	2.0	2.0
short-term medical costs (physiotherapists)	2.0	2.0	2.0	2.0
other medical costs	2.0	2.0	2.0	2.0
Weighted average risk margin	12.7		12.7	
Weighted average claims handling costs ratio	5.3		5.3	

Notes:

(i) Growth in weekly compensation benefits for existing accidents is inflated based on the Labour Cost Index (LCI). Growth in underlying wages to set starting levels of weekly compensation for future accidents is inflated using average weekly earnings.

(ii) Growth in liability due to increases in carer wages and residential care above LCI. Note this does not include increases in the hours of care provided or the effects of clients moving between care providers.

(iii) Capital expenditure: motor vehicle and housing modifications, along with other capital expenditure provided to those seriously disabled due to an accident.

(iv) Predominantly elective surgery costs.

(i) Process used to determine assumptions

Discount rate

The risk-free rates are prescribed by the Treasury and based predominantly on the yield curve of the New Zealand government bond rates. The longest term of a current non-inflation-indexed New Zealand government bond is approximately 30 years from now. Discount rates beyond 30 years are smoothed over a minimum of 10 years to eventually attain the long-term risk-free discount rate of 4.30%. This long-term rate is based on an examination of average New Zealand government bonds over an extended period of time. This discounting methodology is consistent with that applied by the Treasury in valuing the liabilities on all Crown accounts.

The projected claim cash flows were discounted using a series of forward discount rates at balance date derived from the Treasury's risk-free rates. The equivalent single effective discount rate, taking into account ACC's projected future cash flow patterns, is 4.18% (2021: 3.00%).

Inflation rates

CPI inflation rates are prescribed by the Treasury. Assumptions for the LCI and average weekly earnings are based on their historical relationships with the CPI. Long term inflation is determined by using an assumption about the gap between inflation and interest rates.

Superimposed inflation

Superimposed inflation is an allowance for increases to the cost of claims, over and above any adopted inflation index.

Risk margin

ACC has added a risk margin to the central estimate of the discounted future claims payments to provide for a higher degree of certainty that the liability for outstanding claims, at balance date, will be adequate to cover possible adverse developments.

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate. Uncertainty was analysed for each benefit type, taking into account potential uncertainties relating to the claims experience, the insurance environment and the impact of legislative reform.

The assumptions regarding uncertainty were applied to the central estimates in order to arrive at an overall provision that allows for a 75% probability of sufficiency in meeting the actual amount of liability to which it relates.

Claims handling costs

The allowance for claims handling costs is determined by analysing claims-related costs incurred in the accounting year and expressing these expenses as percentages of claims paid in the same year. These are used as the basis for deriving the percentages that are applied to future projected payments to estimate future projected claims handling expense payments.

(ii) Sensitivity to changes in key assumptions

The below sensitivity analysis shows the impact as at 30 June 2022 and 30 June 2021 (with comparatives) of a movement higher and lower at the beginning of the financial year and held constant throughout the year. Each sensitivity has been calculated in isolation to other changes, so an effect could be compounding.

The effects of the sensitivity for the OCL, the net surplus (deficit) and the net assets (liabilities) position to key assumption changes are detailed below.

One of the more volatile assumptions for the OCL is the interest rate. There is a partial hedge to interest rate movements through the interest rate exposure of the investment portfolios. The two asset sensitivities are separately calculated for impacts of interest rate changes on fixed interest assets and impacts of inflation rate changes on index linked bonds. There may also be some impact on equities, property, etc; however, these impacts are indeterminant.

The impact on the net surplus (deficit) and net assets (liabilities), had changes in the key assumptions occurred at the end of the reporting period, is summarised as follows:

	2022		
$M	OCL	Net assets (liabilities)	Net surplus (deficit)
Actual	50,272	(6,039)	(49)

		2022		
		Increase (decrease) in OCL	Impact on net assets (liabilities)	Impact on net surplus (deficit)
Assumption	Movement	$M	$M	$M
Interest rates	+1.0%	(6,657)	4,634	4,634
	-1.0%	8,954	(6,650)	(6,650)
Inflation rate	+1.0%	9,043	(7,784)	(7,784)
	-1.0%	(6,846)	5,748	5,748
Long-term gap between discount rate and inflation rates	+0.75%	(365)	365	365
	-0.75%	406	(406)	(406)
Superimposed inflation (medical and elective surgery)	+1.0%	1,080	(1,080)	(1,080)
	-1.0%	(837)	837	837
Discounted mean term	+1year	(843)	843	843
	-1year	862	(862)	(862)
Superimposed inflation for social rehabilitation for serious injury claims after one-year and non-serious non-capital claims	+1.0%	3,376	(3,376)	(3,376)
	-1.0%	(2,539)	2,539	2,539
Long-term continuance rates for non-fatal weekly compensation	+1.0%	940	(940)	(940)
	-1.0%	(823)	823	823
Sensitive claims continuance rates	+1.0%	635	(635)	(635)
	-1.0%	(512)	512	512

$M		2021 OCL	Net assets (liabilities)	Net surplus (deficit)
Actual		55,387	(5,990)	9,969

Assumption	Movement	2021 Increase (decrease) in OCL $M	Impact on net assets (liabilities) $M	Impact on net surplus (deficit) $M
Interest rates	+1.0%	(8,057)	5,491	5,491
	-1.0%	10,963	(8,250)	(8,250)
Inflation rate	+1.0%	10,930	(9,301)	(9,301)
	-1.0%	(8,198)	6,805	6,805
Long-term gap between discount rate and inflation rates	+0.75%	(925)	925	925
	-0.75%	1,077	(1,077)	(1,077)
Superimposed inflation (medical and elective surgery)	+1.0%	1,323	(1,323)	(1,323)
	-1.0%	(1,010)	1,010	1,010
Discounted mean term	+1 year	(503)	503	503
	-1 year	512	(512)	(512)
Superimposed inflation for social rehabilitation for serious injury claims after one year and non-serious non-capital claims	+1.0%	4,033	(4,033)	(4,033)
	-1.0%	(3,023)	3,023	3,023
Long-term continuance rates for non-fatal weekly compensation	+1.0%	1,097	(1,097)	(1,097)
	-1.0%	(949)	949	949
Sensitive claims continuance rates	+1.0%	732	(732)	(732)
	-1.0%	(583)	583	583

(D) INSURANCE CONTRACTS – RISK MANAGEMENT POLICIES AND PROCEDURES

Insurance risk is the risk that the cost of insurance claims is higher than the planned cost, with the consequence, in extreme cases, that the insurer cannot meet its claims liabilities. Although ACC's exposure to insurance risk differs markedly from insurance risks faced by private sector commercial insurers, ACC is still exposed to several facets of insurance risk. As a result, ACC has objectives, policies and processes for managing them. ACC's general approach to managing risk is set out in the Enterprise Risk Management and Compliance Policy and includes the application of ACC's Enterprise Risk and Compliance Framework. The general approach applies to the management of all risks, including insurance risk. Note 8(D)(i) contains a summary of the specific objectives, policies, processes and related methods relevant to ACC's management of insurance risk.

(i) Objectives, policies and processes for managing insurance risk and the methods used to manage that risk

The key activities that usually expose insurers to insurance risk comprise: product design, pricing, underwriting and claims management. Some of these activities are less relevant to ACC because, for example, the design of its products is (predominantly) prescribed by the AC Act and it does not have total control over its pricing. Nevertheless, those four categories of activity provide a useful framework to describe ACC's approach to managing insurance risk.

Product design: The personal injury events covered by the Scheme are prescribed by the AC Act, the contents of which are determined by Parliament, not ACC, and reflect Government policy. As such, the scope and nature of ACC's products are determined by statute. There is a risk that the product design can deviate over time from the original intentions of the legislature. This can occur by way of judicial (mis)interpretation or misapplication of the statutory provisions. ACC's objective is to ensure that the relevant provisions in the AC Act are interpreted and applied in a manner consistent with the original intentions of the legislature. ACC has implemented several controls to manage this risk, including:

- the review of material decisions by specialists to assess the accuracy and consistency of the interpretation of relevant statutory provisions concerning cover
- governance and other forums to review recommendations from specialists on whether to challenge potentially 'incorrect' interpretations and applications
- mature processes for conducting formal appeals of relevant decisions.

Pricing: A description of how the Scheme is funded is described in the 'Reporting and funding by Account' section. Part of that funding comes from levies. Although ACC plays an important role by making levy rate recommendations in accordance with the Government's funding policy, the final decisions on levy rates are made by the Government. As a result, compared to private sector commercial insurers, ACC does not have as much direct influence on the pricing of its services. ACC's objective in relation to its levy rate recommendations is to comply with section 331 of the AC Act, which requires (among other things) that ACC must consult levy payers before making any recommendation and that the recommendations must give effect to the Government's funding policy. There is a risk, however, that ACC's levy rate recommendations may not give effect to the Government's funding policy, which could lead to underfunding of the Scheme. ACC has implemented several controls to manage this risk, including:

- processes to ensure that the actuarial valuations on which the levy recommendations are based are robust and prepared in accordance with relevant standards
- governance forums to oversee the levy consultation and recommendation process and to make decisions on levy recommendations in accordance with the Government's funding policy.

Underwriting: Note 4 contains ACC's underwriting result (in the sense of ACC's core business of collecting levies and paying for accident compensation and rehabilitation, excluding any investment activities). However, the concept of underwriting activity, in the context of insurance risk, concerns the activities of an insurer related to its decisions on (essentially) what insurance contracts to enter into. ACC does not engage in that type of underwriting activity, because the AC Act prescribes both who is entitled to cover under the Scheme and the personal injury events that are covered. As a result, ACC's insurance risks are not affected by this aspect of insurance risk, which applies to most insurers.

Claims management: There are two aspects of claims management at ACC that give rise to material risks:

(i) the routine handling and settling of claims in the ordinary course of business

(ii) the management of the costs of claims, especially future costs of rehabilitation support services provided to individuals experiencing significant disability as a result of injury.

In relation to the routine handling and settling of claims in the ordinary course of business, there is a risk that ACC could approve and settle claims incorrectly, potentially incurring inappropriate costs related to the claims. ACC's objective in relation to the routine handling and settling of claims is to ensure that claims are settled in a timely manner in accordance with the relevant requirements of the AC Act. ACC has implemented several controls to manage this risk, including:

- documented claims management processes with associated claims handling authority levels
- claims settlement procedures
- dispute resolution processes.

The management of the costs of claims, especially long-term future costs, is complex. Some of the drivers of future claims costs are not able to be controlled by ACC. For example, falling interest rates (and the consequential impact on discount rates) have a negative (inflationary) impact on future claims costs. See Note 2(A) concerning the Outstanding claims liability. There is a risk that growth in claims costs could (among other things) place unwarranted pressure on levy rates. ACC's objective in relation to the management of the costs of claims is to identify and respond to controllable causes of claims cost growth. ACC has implemented several controls to manage this risk, including:

- procedures to ensure that contracts with service providers are appropriate
- review of provider contracts to identify potential opportunities for efficiencies
- setting annual budgets for claims costs, performance against which is tracked and reported
- processes requiring an assessment of the impact on OCL before service changes are adopted
- governance and other forums to oversee the management of claims costs and to identify initiatives that could improve claims management.

(ii) Terms and conditions of accident cover

The terms and conditions of personal injury cover are determined by the AC Act. ACC operates in compliance with its governing legislation.

(iii) Concentration of risk

The ACC Scheme covers the risks related to the provision of rehabilitation and compensation to people in New Zealand who have injuries as a result of accidents.

(iv) Credit rating

ACC is not required to have a credit rating.

(E) UNEARNED LEVY LIABILITY

ACC recognises levy revenue that is earned for the financial year for the three levy funded Accounts. The levy year runs from 1 April to 31 March for the Earners' and Work Accounts and from 1 July to 30 June for the Motor Vehicle Account. This means that as of 30 June 2022 ACC has received unearned levies for the period 1 July 2022 to 31 March 2023 for both the Earners' and Work Accounts.

For the Motor Vehicle Account, ACC recognises a proportion of vehicle registration levies for vehicle registrations that expire after 30 June 2022, and a proportion of petrol levies that can be expected to be received after 30 June 2022 based on the number and expiry date of vehicle registrations purchased up to 30 June 2022 but that expire after 30 June 2022.

$M	2022 Total	Motor Vehicle Account	Earners' Account	Work Account	2021 Total
Opening balance at 1 July	2,248	171	1,443	634	2,012
Unearned levies received in the year	2,510	169	1,676	665	2,248
Levies received in previous years now recognised	(2,248)	(171)	(1,443)	(634)	(2,012)
Closing balance at 30 June	**2,510**	**169**	**1,676**	**665**	**2,248**
Current	2,510	169	1,676	665	2,248
Non-current	–	–	–	–	–
Total unearned levy liability	**2,510**	**169**	**1,676**	**665**	**2,248**

(F) 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, then it is 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 (refer to Note 8(C)(d)(i)).

$M	2022 Total	Motor Vehicle Account	Earners' Account	Work Account	2021 Total
Opening balance at 1 July	1,497	235	888	374	1,470
Expected change	9	17	(23)	15	229
Other changes	7	(11)	16	2	(8)
Effect of changes in economic assumptions	(179)	(44)	(97)	(38)	(194)
Movement in unexpired risk liability	(163)	(38)	(104)	(21)	27
Closing balance at 30 June	**1,334**	**197**	**784**	**353**	**1,497**
Calculation of deficiency					
Unearned levy liability as reported in the statement of financial position	2,510	169	1,676	665	2,248
Adjustment[(i)]	(66)	–	(66)	–	(59)
Adjusted unearned levy liability	**2,444**	**169**	**1,610**	**665**	**2,189**
Central estimate of present value of expected future cash flows arising from future claims	3,392	323	2,145	924	3,310
Risk margin[(ii)]	386	43	249	94	376
Present value of expected future cash flows for future claims	**3,778**	**366**	**2,394**	**1,018**	**3,686**
Total unexpired risk liability	**1,334**	**197**	**784**	**353**	**1,497**
Current	1,334	197	784	353	1,497
Non-current	–	–	–	–	–
Total unexpired risk liability	**1,334**	**197**	**784**	**353**	**1,497**

Notes:

(i) This excludes the earners' portion of treatment injury in the Earners' Account as the liabilities that are assessed exclude those arising from medical misadventure.

(ii) The risk margins determined for the unexpired risk liability relate to future claims payments for injuries that have yet to happen. The risk margins are consistent with those used for the OCL valuation.

A liability adequacy test was not performed for the Non-Earners' Account as there was no unearned levy liability as at 30 June 2022 for this Account.

9. Investment assets

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

All investment assets, other than service concession arrangements, are classified as financial assets recognised at fair value through surplus or deficit. The service concession arrangement is carried at cost less accumulated amortisation.

Fair value for investment assets is determined as follows:

- listed shares and unit trusts are valued at the quoted prices on established markets
- non-listed equity investments (private equity and venture capital) are valued at fair value, as determined using the most appropriate valuation technique. The valuation techniques include discounted cash flow analysis, capitalisation of earnings and prices observed from recent market transactions associated with the particular investments
- unlisted unit trust investments are valued based on the exit price (the value ACC would receive if the units were sold)
- bonds and other fixed interest investments are valued using quoted yield curves
- ACC uses independent valuations for various investments without active markets or quotable inputs. Fair value is determined using the most appropriate valuation technique. These techniques include reference to substantially similar investments with quotable prices, discounted cash flow analysis and option pricing models that incorporate as much supportable market data as possible and keeping judgemental inputs to a minimum
- investment properties are revalued by independent registered property valuers.

$M	2022	2021
New Zealand deposits at call	596	932
Overseas deposits at call	441	469
New Zealand government securities	13,363	14,954
Other New Zealand debt securities	6,031	5,397
Overseas debt securities	6,216	6,609
New Zealand equities	5,399	5,932
Australian equities	3,601	4,178
Overseas equities	9,512	11,392
Other investments	25	34
	45,184	**49,897**
Investment properties	606	530
Service concession arrangements	34	36
Total investments	**45,824**	**50,463**
Current	2,149	2,511
Non-current	43,675	47,952
Total investments	**45,824**	**50,463**

(A) INVESTMENT PROPERTIES

Investment properties are properties that ACC holds for rental revenue and capital gains. ACC is not the tenant of any properties it owns for investment purposes.

$M	2022	2021
Opening balance as at 1 July	530	403
Net gains from revaluations	76	127
Closing balance as at 30 June	**606**	**530**
Current	–	–
Non-current	606	530
Total investment properties	**606**	**530**

The investment properties are revalued annually. The market valuations have been determined by members of the New Zealand Institute of Valuers, who are independent valuers of Colliers International NZ Limited. The properties are valued under a combination of the capitalisation approach, the discounted cash flow method and direct comparison with prices for properties of a similar nature.

(B) SERVICE CONCESSION ARRANGEMENTS

ACC recognises an asset arising from a service concession arrangement where ACC has the right to charge for the use of a car park facility. The asset is carried at cost less accumulated amortisation and accumulated impairment.

The service concession arrangement was acquired in 2013 and will expire in 2037. Amortisation is calculated on a straight-line basis over the period in which ACC is able to charge the public for the use of the facilities.

$M	2022	2021
Year ended 30 June		
Opening net carrying amount	36	39
Amortisation charge	(2)	(3)
Closing net carrying amount	**34**	**36**
At 30 June		
At cost	56	56
Accumulated amortisation	(22)	(20)
Net carrying amount	**34**	**36**

(C) REPURCHASE AGREEMENTS

Securities held under repurchase agreements are included within investments classified as financial assets at fair value through surplus or deficit. These securities are subject to fully collateralised security lending transactions. Cash collateral received of $816 million (2021: $194 million) from these transactions is invested, and the liability to repurchase the investments is accrued in unsettled investment transactions.

	2022		2021	
$M	Value of transferred assets	Value of associated liabilities	Value of transferred assets	Value of associated liabilities
Nature of transaction				
New Zealand government securities – repurchase agreements	816	816	194	194
	816	**816**	**194**	**194**

(D) COLLATERAL

In line with standard industry practice, ACC uses Credit Support Agreements (CSAs) to provide credit protection for derivative positions. ACC's practice is to annex each CSA to the International Swaps and Derivatives Association (ISDA) Master Agreement it has with counterparties. Under these agreements, open derivative positions with the counterparty are aggregated and cash collateral is exchanged daily. The collateral is provided by the counterparty when their position is out of the money or provided to the counterparty by ACC when ACC's position is out of the money.

Cash balances relating to initial and variation margin on futures are lodged with the custodian and passed on to the relevant futures exchange. Fixed income securities pledged as collateral are lodged with a clearing house via an external collateral manager.

Cash pledged as collateral

ACC is required to pledge part of its deposits at call in order to meet its obligations under the CSAs for derivative positions. The pledged assets will be returned to ACC when the underlying transactions have been settled, but in the event of default the counterparty is entitled to apply the collateral in order to settle the liability. The fair value of the amount pledged was $612 million as at 30 June 2022 (2021: $59 million).

Cash collateral received

ACC has received cash deposits as collateral to meet obligations under the CSAs for derivative positions. ACC has an obligation to repay the deposits to the counterparties upon settlement of the underlying transactions, but in the event of default ACC is entitled to apply the collateral received in order to settle the liability. The fair value of the deposits at call received by ACC was $1 million as at 30 June 2022 (2021: $38 million).

10. Derivative financial instruments

Derivative financial instruments form part of the actively managed investment portfolio. ACC uses various derivative financial instruments, such as forward foreign exchange contracts, interest rate swaps and futures, to manage its exposure to movements in exchange rates, interest rates and equity market prices. Refer to Note 14 for further explanation of ACC's investment risks and how these are addressed.

The use of derivative financial instruments is covered by investment policies which control the risks associated with such instruments.

All derivative financial instruments are classified as 'held for trading' and are recognised at fair value through surplus or deficit. Fair value for derivative financial instruments is determined as follows:

- interest rate swaps are measured at the present value of future cash flows discounted based on the applicable yield curves derived from quoted interest rates
- credit default swaps are valued using discounted cash flow models that incorporate the default rate and credit spread of the underlying entity or index
- cross-currency interest rate swaps are valued using quoted market yields and exchange rates at balance date
- forward foreign exchange contracts are valued with reference to quoted forward exchange rates and yield curves derived from quoted interest rates with similar maturity profiles
- futures contracts are valued using quoted prices.

Derivatives are reported in the statement of financial position as assets when their fair value is positive and as liabilities when their fair value is negative.

	2022		2021	
$M	Fair value assets	Fair value liabilities	Fair value assets	Fair value liabilities
Interest rate swaps	227	986	298	232
Credit default swaps	4	2	5	5
Cross-currency interest rate swaps	27	146	33	61
Forward foreign exchange contracts	243	370	90	237
Futures contracts	19	17	34	27
Total derivative instruments	**520**	**1,521**	**460**	**562**
Current	262	388	124	256
Non-current	258	1,133	336	306
Total derivative instruments	**520**	**1,521**	**460**	**562**

At balance date, the notional amounts outstanding were:

$M	2022	2021
Interest rate swaps	11,840	12,009
Credit default swaps	145	171
Cross-currency interest rate swaps	5,603	2,955
Forward foreign exchange contracts	21,920	24,535
Futures contracts – long	1,375	2,285
Futures contracts – short	(2,153)	(4,712)
Options	65	81

11. Cash and cash equivalents

Cash and cash equivalents are considered to be cash on hand, current accounts with banks, deposits held on call with banks, and other short-term highly liquid investments net of outstanding bank overdrafts. These make up the operational cash balances used to meet operational needs such as paying claims and expenses. Cash and cash equivalents exclude items held for investment purposes within the reserves portfolio and not used for short-term cash needs.

$M	2022	2021
Cash (overdraft) at bank	3	(1)
Investment operational cash		
Overnight call deposits	4	6
Deposits at call	143	126
Total cash and cash equivalents	**150**	**131**

The effective interest rate at 30 June 2022 on overnight call deposits was 2.00% (2021: 0.25%) and on deposits at call was 2.42% (2021: 0.74%).

12. Receivables

Receivables are recognised at amortised cost, which is approximated by taking the initially recognised amount and including an allowance for expected credit losses as appropriate.

$M	2022	2021
Levy debtors	246	238
Motor vehicle levy receivable[i]	19	17
Earners' levy receivable	9	15
Total levy receivables	**274**	**270**
Unsettled investment transactions	353	799
Other receivables	68	69
Total non-levy receivables	**421**	**868**
Total receivables	**695**	**1,138**
Current	695	1,138
Non-current	–	–
Total receivables	**695**	**1,138**
Levy receivables	274	270
Non-levy receivables	401	848
Prepayments and other sundry debtors	20	20
Total receivables	**695**	**1,138**

Note:

(i) Motor vehicle levy receivable consists of:

- the amount collected by Waka Kotahi NZ Transport Agency from motor vehicle licensing that is due to ACC
- the amount collected by the New Zealand Customs Service for the levy portion of the excise duty on petrol that is due to ACC in the first week of the following month.

Levy receivables

At 30 June 2022, the maximum exposure to credit risk of levy receivables is their carrying value of $274 million (2021: $270 million).

The change in carrying value of receivables due to changes in credit risk and other changes is a decrease of $4 million (2021: decrease of $31 million). The cumulative change in carrying value of receivables due to changes in credit risk is a decrease of $129 million (2021: decrease of $125 million).

ACC recognises an allowance for expected credit losses for financial assets measured at amortised cost. Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and the cash flows that ACC expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. In measuring credit losses, receivables have been assessed on a collective basis as they possess shared credit risk characteristics. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Non-levy receivables

At 30 June 2022, the maximum exposure to credit risk of non-levy receivables is their carrying value of $401 million (2021: $848 million).

Given the short-term nature of these receivables, no material credit risk is expected.

Non-levy receivables are from exchange transactions.

13. 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.

Earner 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 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.

$M	2022	2021
Motor Vehicle Account	65	66
Earners' Account	1,937	1,664
Work Account	893	871
Total accrued levy revenue	**2,895**	**2,601**
Current	2,895	2,601
Non-current	–	–
Total accrued levy revenue	**2,895**	**2,601**

ACC recognises and accrues levy revenue up to the end of the levy year for the three levy-funded Accounts. The levy year runs from 1 April to 31 March for the Earners' and Work Accounts and from 1 July to 30 June for the Motor Vehicle Account.

The accrued levy revenue at 30 June 2022 therefore includes revenue for the period 1 July 2022 to 31 March 2023 for the Earners' and Work Accounts as well as uninvoiced revenue for levy periods up to 30 June 2022.

SENSITIVITY ANALYSIS

The accrued levy revenue for the levy year 1 April 2022 to 31 March 2023 is assessed using Inland Revenue's earnings data, and providing for an uplift on the liable earnings from the previous levy year 1 April 2021 to 31 March 2022, multiplied by the applicable levy rate. The following sensitivity analysis shows the impact on the net surplus (deficit) if the uplift applied were to change by 6.00%, with all other variables held constant.

Account	Uplift applied range %	Movement %	Impact on net surplus (deficit) $M
Work	5.88 to 11.29	+6.00	53
		-6.00	(53)
Earners	4.80 to 13.79	+6.00	134
		-6.00	(134)

14. Financial risk management

(A) FINANCIAL INSTRUMENT CLASSIFICATION

Financial instruments held by ACC are categorised as follows:

$M	2022	2021
Financial assets designated as at fair value through surplus or deficit		
Investments (Note 9)	45,184	49,897
Financial assets at fair value through surplus or deficit held for trading		
Derivative financial assets (Note 10)	520	460
Financial assets at amortised cost		
Cash and cash equivalents (Note 11)	150	131
Cash pledged as collateral (Note 9(D))	612	59
Receivables (Note 12)	675	1,118
Financial liabilities at fair value through surplus or deficit held for trading		
Derivative financial liabilities (Note 10)	1,521	562
Financial liabilities at amortised cost		
Cash collateral received (Note 9(D))	1	38
Payables (Note 14(E))	1,068	1,120

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES

Each of ACC's five Accounts allocates its investment funds to ACC's short-term operational cash portfolio and its own longer-term reserves portfolio depending on that Account's future cash flow needs. The operational cash portfolio is used to meet operational needs such as paying claims and expenses. When the Accounts allocate money to the various investment markets (asset classes), the money in each asset class is pooled from all Accounts and managed collectively to ensure operational efficiency and fairness between Accounts. The Accounts' ownership of each asset class is updated when each Account contributes money to or withdraws money from the investment portfolios. The ownership amounts are monitored on a daily basis.

The main financial risks that ACC is primarily exposed to are market, credit and liquidity risk.

ACC consciously chooses to be exposed to many of these risk exposures through the investment portfolios. These risks either provide a natural offset to risks inherent in the OCL or because ACC expects to enhance returns through prudent exposure to market risks. When ACC does not wish to incur the above risks in the reserves portfolio it will seek to reduce exposure to these risks using a variety of methods. These methods include disposing of investments currently exposed to these risks, purchasing investments with offsetting risk exposures, and using derivative financial instruments. Market risk (which comprises interest rate, foreign exchange and other price risk) is managed for all portfolios through the investment guidelines. This ensures that portfolio managers maintain their portfolios within defined market exposure limits. These limits include: limits on the percentage weight of any particular company in the portfolio relative to its benchmark weight; limits on aggregate investment in companies not represented in the benchmark; limits on the maximum percentage shareholding in any individual company; ratings-related credit limits on both a per-issuer and an aggregate basis; duration limits relative to the duration of the benchmark; and maximum exposure limits to single entities. Compliance with the investment guidelines is reviewed by ACC's Investment Risk and Performance group on a daily basis, and by the internal auditors on a half-yearly basis.

Market risk exposures are measured in a number of ways, specific to the types of risk being measured. In some cases more than one measure of risk is used, recognising the fact that all forms of investment risk measurement are imperfect.

(C) MARKET RISK

(i) Interest rate risk

The interest rate exposures of the investment portfolios and the operational cash portfolio are managed: through asset allocation between asset classes; through the selection of physical securities within the asset class sub-portfolios; through the use of interest rate swaps within portfolios; and through the use of interest rate swaps as an 'asset allocation overlay'. Other derivative financial instruments may also be used to manage the interest rate exposures of the investment portfolios and the operational cash portfolio.

Interest rate risk affects ACC's investments and the OCL of each Account. For each Account, ACC would expect investment gains and an increase in the OCL to result from declines in interest rates and investment losses, and a decrease in the OCL to result from rises. However, the corresponding movements in ACC's OCL (due only to interest rate movements) would be far more significant than the movement in the value of investments. Hence, investment gains or losses arising from changes in interest rates will tend to only partially offset a corresponding revaluation of ACC's claims liabilities.

Under interest rate swap contracts, ACC agrees to exchange the difference between fixed and floating rate interest payments calculated on agreed notional principal amounts. Such contracts enable ACC to manage its interest rate risk and create synthetic fixed-rate bonds from its investment in variable rate debt.

Sensitivity analysis

As at 30 June 2022, if the interest rate at the end of the financial year had been 1% higher/lower and held constant throughout the year with all other variables remaining constant, the net surplus (deficit) would have moved as per the table below. Any change in the net surplus (deficit) for the period would result in a corresponding movement in net assets (liabilities).

Fair value interest rate risk	Change in interest rate %	2022 Impact on net surplus (deficit) $M	2021 Impact on net surplus (deficit) $M
New Zealand dollar interest rates	+1.0	(2,023)	(2,566)
New Zealand dollar interest rates	-1.0	2,304	2,713

The above only shows the impact of changes in interest rates on ACC's investment portfolios. Changes in interest rates also have an impact on the OCL. Refer to Note 8(C)(d)(ii) for this sensitivity analysis.

(ii) Foreign exchange risk

Foreign exchange risk is the risk that the value of ACC's investment portfolios could be affected by a change in foreign exchange rates. ACC is exposed to foreign exchange risk principally due to its holdings of foreign currency denominated investments. ACC partially offsets these exposures by entering into foreign currency contracts for forward sales of foreign currencies against the New Zealand dollar and longer-term, cross-currency interest rate swaps.

Benchmark ranges of foreign exchange exposure are established by the Investment Committee for each Account. Accounts can move within these benchmark ranges but action must be taken if exposure exceeds these ranges. These benchmark exposures are designed to align with ACC's high-level objective of finding an appropriate balance between minimising risk whilst maximising expected return.

All foreign exchange contracts held by ACC have remaining terms of 12 months or less. While the cross-currency interest rate swaps have maturities out to seven years, the floating interest rates on these swaps are reset every three months.

Sensitivity analysis

The following sensitivity analysis shows the impact on the net surplus (deficit) of a reasonably possible change of 10% in the New Zealand dollar against the respective major currencies and held constant throughout the year, with all other variables remaining constant. Any change in the net surplus (deficit) for the period would result in a corresponding movement in net assets (liabilities).

	2022							
$M	AUD	USD	EUR	GBP	KRW	JPY	HKD	Other
Impact on net surplus (deficit)								
10% increase	(705)	(376)	(108)	(48)	(19)	(35)	(43)	(78)
10% decrease	862	460	132	59	23	43	53	93

	2021							
$M	AUD	USD	EUR	GBP	KRW	JPY	HKD	Other
Impact on net surplus (deficit)								
10% increase	(122)	(158)	(27)	(12)	(31)	(25)	6	(45)
10% decrease	149	194	33	15	38	30	(7)	54

(iii) Other price risk

ACC invests in equities and unit trusts, and considers the risk on these from a long-term perspective. Changes in the market price of equity and unit trust investments:

- affect the value that ACC could realise for these investments if it chose to sell them in the short-term
- will be reflected in the valuation carried in ACC's statement of financial position and the investment income reported in ACC's statement of comprehensive revenue and expense.

Sensitivity analysis

The table below details the sensitivity to a change of 10% in the market values of listed and unlisted equity investments to the net surplus (deficit) at reporting date, with other variables held constant. Any change in the net surplus (deficit) for the period would result in a corresponding movement in net assets (liabilities).

$M	Movement %	2022 Impact on net surplus (deficit)	2021 Impact on net surplus (deficit)
Overseas equities	+10	951	1,139
	-10	(951)	(1,139)
New Zealand equities	+10	540	593
	-10	(540)	(593)
Australian equities	+10	360	418
	-10	(360)	(418)

(D) CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to ACC. Credit risk only applies to debt instruments, derivatives in gain, receivables and a selection of other assets.

For internally managed portfolios, the Investment Committee has approved an authorised set of credit criteria which includes credit limits and portfolio limits. There is a list of authorised New Zealand banks that ACC can invest with. These credit limits are designed to limit ACC's exposure to counterparties with a high risk of defaulting while at the same time allowing ACC to take on appropriate levels of risk whilst maximising investment returns. Investment in unrated debt is allowed if approved by ACC's Credit Committee. ACC's exposure and the credit ratings of its counterparties are continuously monitored.

Transactions involving derivative financial instruments are undertaken with authorised banks and executed in accordance with ISDA documentation.

The maximum exposure to credit risk at 30 June 2022 is the carrying value of each class of financial assets disclosed below and the cash flows for derivative instruments noted in the liquidity table in Note 14(E).

As all financial assets, except the service concession arrangement and levy receivables, are recognised at fair value through surplus or deficit, there is no expected credit loss recognised in respect of those financial assets. This is due to credit risk being factored into the fair value of those financial assets. Any movement in this value, is recognised in the statement of comprehensive revenue and expense, as part of gains (losses) on investments.

Given the short-term nature of cash and cash equivalents, and collateral pledged, no expected credit loss has been recognised. The expected credit loss in respect to the service concession arrangement is deemed to be immaterial and therefore no expected credit loss has been recognised. Refer to Note 12 for the expected credit loss on receivables.

The credit ratings used in the table below relate to each individual security's credit rating. Where a security does not have an individual credit rating, the issuer's credit rating is used. In determining the credit ratings, the primary source used is Standard & Poor's.

	2022						
$M	AAA	AA	A	BBB	Below BBB	Not rated	Total
Cash and cash equivalents	–	146	–	–	–	4	150
Deposits at call	–	502	517	–	–	18	1,037
Cash pledged as collateral	–	523	33	–	–	56	612
Other New Zealand debt securities	3,453	368	610	961	101	538	6,031
Overseas debt securities	3,815	156	576	1,315	169	185	6,216
New Zealand government securities	13,363	–	–	–	–	–	13,363
Interest rate swaps	–	111	140	–	–	3	254
Forward foreign exchange contracts	–	45	158	–	40	–	243
Other derivatives	–	–	–	–	–	23	23
Receivables	–	–	392	–	–	283	675
	20,631	**1,851**	**2,426**	**2,276**	**310**	**1,110**	**28,604**

ACC has an additional exposure of $145 million (2021: $33 million) with regard to credit default swaps. This is the potential liability faced if the underlying entity defaults on its contractual obligations, which ACC will then be obligated to pay. Under PBE IFRS 9 *Financial Instruments*, ACC continues to recognise credit default swaps at fair value through surplus or deficit, rather than at amortised cost as a financial guarantee. This is due to the current measurement basis, which significantly reduces the accounting mismatch that would arise from measuring credit default swap assets or liabilities or recognising the gains and losses on them on a different basis.

$M	AAA	AA	A	BBB	Below BBB	Not rated	Total
				2021			
Cash and cash equivalents	10	32	39	50	–	–	131
Deposits at call	–	748	656	–	–	(3)	1,401
Cash pledged as collateral	–	22	4	–	–	33	59
Other New Zealand debt securities	2,720	497	346	824	306	704	5,397
Overseas debt securities	4,108	173	546	1,391	240	151	6,609
New Zealand government securities	14,954	–	–	–	–	–	14,954
Interest rate swaps	–	187	136	–	–	8	331
Forward foreign exchange contracts	–	19	14	3	–	54	90
Other derivatives	–	–	–	–	–	39	39
Receivables	–	–	828	–	–	290	1,118
	21,792	**1,678**	**2,569**	**2,268**	**546**	**1,276**	**30,129**

(E) LIQUIDITY RISK

Liquidity risk is the risk that ACC may not be able to raise cash when required and on acceptable terms. ACC maintains sufficient liquid assets to cover obligations and unforeseen expenses.

The table below summarises the maturity profile of the financial liabilities held by ACC. The amounts disclosed in the table are the contractual undiscounted cash flows for payables and estimated cash flows for the uncalled investment-related commitments.

At 30 June 2022 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Payables	1,068	–	–	–
Uncalled investment related commitments	127	91	115	38
Collateral – received	1	–	–	–

At 30 June 2021 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Payables	1,120	–	–	–
Uncalled investment related commitments	129	100	121	40
Collateral – received	38	–	–	–

The table below summarises the cash flows for all derivative instruments held by ACC. The amounts disclosed in the table are the contractual undiscounted cash inflows (outflows). The derivatives have been classified based on their settlement terms. The gross settled derivatives are the forward foreign exchange contracts and cross-currency interest rate swaps. All other derivatives are classified as net settled derivatives.

At 30 June 2022 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Net settled derivatives – inflows (outflows)	(34)	(38)	(164)	(50)
Gross-settled derivatives – cash inflows				
Forward foreign exchange contracts	21,872	–	–	–
Cross-currency interest rate swaps	93	93	254	224
Gross-settled derivatives – cash outflows				
Forward foreign exchange contracts	(21,999)	–	–	–
Cross-currency interest rate swaps	(22)	(22)	(65)	(109)

At 30 June 2021 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Net settled derivatives – inflows (outflows)	83	75	241	82
Gross-settled derivatives – cash inflows				
Forward foreign exchange contracts	24,464	–	–	–
Cross-currency interest rate swaps	8	8	25	33
Gross-settled derivatives – cash outflows				
Forward foreign exchange contracts	(24,611)	–	–	–
Cross-currency interest rate swaps	(3)	(3)	(10)	(14)

(F) FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

The three levels of fair value measurement are defined as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices)
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

$M	2022 Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments				
Interest rate swaps	–	227	–	227
Credit default swaps	–	4	–	4
Cross-currency interest rate swaps	–	27	–	27
Forward foreign exchange contracts	–	243	–	243
Futures	19	–	–	19
	19	**501**	**–**	**520**
Financial assets designated as at fair value through surplus or deficit				
New Zealand equities	4,284	18	1,097	5,399
New Zealand government securities	–	13,363	–	13,363
New Zealand debt securities	–	5,492	539	6,031
Australian equities	1,986	1,428	187	3,601
Overseas equities	9,505	–	7	9,512
Overseas debt securities	–	6,212	4	6,216
Other investments	–	–	25	25
	15,775	26,513	1,859	44,147
	15,794	**27,014**	**1,859**	**44,667**

Financial liabilities				
Derivative financial instruments				
Interest rate swaps	–	(986)	–	(986)
Credit default swaps	–	(2)	–	(2)
Cross-currency interest rate swaps	–	(146)	–	(146)
Forward foreign exchange contracts	–	(370)	–	(370)
Futures	(17)	–	–	(17)
	(17)	**(1,504)**	**–**	**(1,521)**

$M	Level 1	Level 2	Level 3	Total
	2021			
Financial assets				
Derivative financial instruments				
Interest rate swaps	–	298	–	298
Credit default swaps	–	5	–	5
Cross-currency interest rate swaps	–	33	–	33
Forward foreign exchange contracts	–	90	–	90
Futures	34	–	–	34
	34	**426**	**–**	**460**
Financial assets designated as at fair value through surplus or deficit				
New Zealand equities	4,988	–	944	5,932
New Zealand government securities	–	14,954	–	14,954
New Zealand debt securities	–	4,760	637	5,397
Australian equities	2,391	1,629	158	4,178
Overseas equities	11,320	–	72	11,392
Overseas debt securities	–	6,606	3	6,609
Other investments	–	–	34	34
	18,699	27,949	1,848	48,496
	18,733	**28,375**	**1,848**	**48,956**
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	–	(232)	–	(232)
Credit default swaps	–	(5)	–	(5)
Cross-currency interest rate swaps	–	(61)	–	(61)
Forward foreign exchange contracts	–	(237)	–	(237)
Futures	(27)	–	–	(27)
	(27)	**(535)**	**–**	**(562)**

Reconciliation of Level 3 fair value movements

$M	2022	2021
Opening balance	1,848	1,312
Total (losses) gains recognised in net surplus (deficit)	(49)	369
Purchases	142	156
Sales	(45)	(10)
Settlements	–	–
Transfers into Level 3	–	31
Transfers out of Level 3	(37)	(10)
Closing balance	**1,859**	**1,848**
Total (losses) gains stated on Level 3 instruments still held at balance date	**(24)**	**370**

Transfers between levels

During the year, there were net transfers of $37 million out of Level 3 and into Level 1 (2021: $21 million into Level 3 and out of Level 1). There were no significant transfers into Level 3 and out of Level 2 (2021: $nil).

Level 3 sensitivity analysis

The following sensitivity analysis shows the impact on the net surplus (deficit) of reasonably possible changes in one or more of the significant unobservable inputs into the fair values of investments in Level 3. The fair values of the Level 3 investment assets have been estimated using a range of valuation methodologies, including discounted cash flows, market transactions and market ratio approaches.

						2022		2021	
						Impact on fair value movement		Impact on fair value movement	
	Valuation technique	Significant unobservable inputs	Movement	Input (Range) 2022	Input (Range) 2021	Increase $M	Decrease $M	Increase $M	Decrease $M
Financial services	DCF Method	Discount rate	+/-50bps	5.85 – 12.00	9.80 – 12.00	(49)	58	(27)	30
Infrastructure equity	DCF Method	Discount rate	+/-50bps	6.41 – 8.75	4.00 – 8.50	(11)	12	(12)	13
		Refinancing margin	+/-20bps	2.10 – 2.30	2.10 – 2.30	(2)	2	(7)	7
		Inflation	+/-50bps	2.00 – 2.50	2.00 – 2.50	(5)	5	(5)	5
Infrastructure debt	DCF Method	Discount rate	+/-50bps	5.54 – 7.57	0.65 – 4.05	(12)	13	(26)	19
Other investments	DCF Method	Discount rate	+/-50bps	6.49 – 8.25	4.31 – 7.50	(3)	4	(5)	5
Investment property	DCF Method	Discount rate	+/-50bps	5.85 – 12.00	5.75 – 10.00	(15)	16	(17)	14
		Price	+/-10%	Not available	Not available	(61)	61	(53)	53

The fair value of private equity investments is provided by independent valuers at balance date. ACC does not have access to the underlying valuation models to disclose sensitivities to assumptions. All other securities in Level 3 are considered not to have a material effect on fair value if alternative reasonable assumptions were used to obtain their fair values.

15. Property, plant and equipment, and intangible assets

MEASUREMENT

Property, plant and equipment are initially recorded at cost including transaction costs. Subsequent to initial recognition, all items classed as property, plant and equipment are stated at cost less accumulated depreciation/amortisation and any impairment in value.

Internally generated assets are carried at cost less accumulated amortisation and any impairment value. Research costs incurred in the investigation phase of internally generated software are expensed when incurred. Development costs are accumulated as work in progress until the project is completed, at which stage direct project costs are capitalised as an intangible asset.

Impairment occurs whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairments are recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the asset's fair value less costs to sell and value in use. Value in use is determined using either a depreciated replacement cost approach, a restoration cost approach, or a service units approach depending on the nature of the impairment.

SOFTWARE-AS-A-SERVICE (SAAS) ARRANGEMENTS

SaaS arrangements are service contracts providing ACC with the right to access a cloud provider's application software over a contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses. Costs incurred for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems are recognised as intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The amortisation period ranges from 5 to 7 years. The useful lives of these assets are reviewed at least at the end of each financial year.

DEPRECIATION AND AMORTISATION

Depreciation is calculated on a straight-line basis so as to allocate the cost or valuation of assets, less any estimated residual value, over their estimated useful lives.

The estimated useful lives are as follows:

Leasehold improvements	Lower of remaining life of lease, or 10 years
Furniture, fittings and equipment	4 years
Mainframe computer and network equipment	5 years
Personal computer equipment	3 years
Computer software	5-7 years
Other assets	5-10 years

$M	Leasehold improvements	Computer equipment	Internally generated software	Other fixed assets	Total
At 30 June 2020					
At cost and valuation	44	86	631	43	804
Accumulated depreciation/amortisation	(36)	(78)	(478)	(39)	(631)
Net carrying amount at 30 June 2020	**8**	**8**	**153**	**4**	**173**
Year ended 30 June 2021					
Opening net carrying amount	8	8	153	4	173
Additions	4	11	15	3	33
Depreciation/amortisation charge	(2)	(5)	(41)	(2)	(50)
Impairment losses and other (including disposals)	–	(4)	–	–	(4)
Closing net carrying amount	**10**	**10**	**127**	**5**	**152**
At 30 June 2021					
At cost and valuation	48	92	631	44	815
Accumulated depreciation/amortisation	(38)	(82)	(504)	(39)	(663)
Net carrying amount at 30 June 2021	**10**	**10**	**127**	**5**	**152**
Year ended 30 June 2022					
Opening net carrying amount	10	10	127	5	152
Additions	3	6	8	5	22
Depreciation/amortisation charge	(2)	(5)	(39)	(2)	(48)
Impairment losses and other (including disposals and reclassifications)	–	1	(1)	(3)	(3)
Closing net carrying amount	**11**	**12**	**95**	**5**	**123**
At 30 June 2022					
At cost and valuation	43	97	640	41	821
Accumulated depreciation/amortisation	(32)	(85)	(542)	(36)	(695)
Accumulated impairment	–	–	(3)	–	(3)
Net carrying amount at 30 June 2022	**11**	**12**	**95**	**5**	**123**

Impairment and write-offs

The carrying amounts of all intangible assets are reviewed on an ongoing basis. Any impairment in value is recognised immediately.

16. Payables and accrued liabilities

Payables and accrued liabilities are carried at amortised cost and due to their short-term nature are not discounted.

$M	2022	2021
Payables under exchange transactions		
Unsettled investment transactions	903	1,003
Claims expenditure	43	40
WorkSafe New Zealand	31	14
Sundry creditors	45	72
Other accrued expenditure	92	54
Total payables under exchange transactions	**1,114**	**1,183**
Payables under non-exchange transactions		
Goods and services tax	18	(6)
PAYE and earnings-related deductions	18	18
Total payables under non-exchange transactions	**36**	**12**
Total payables and accrued liabilities	**1,150**	**1,195**
Current	1,150	1,195
Non-current	–	–
Total payables and accrued liabilities	**1,150**	**1,195**

17. Provisions

Provisions are recognised when: there is a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of expected future cash flows and discounted to present value where the effect is material.

$M	2022	2021
Employee benefits	61	58
Leasehold restoration	2	2
Restructuring	1	–
Levy refunds to business customers	6	7
Total provisions	**70**	**67**
Current	47	44
Non-current	23	23
Total provisions	**70**	**67**

18. Commitments

CAPITAL COMMITMENTS

$M	2022	2021
Investment – private equity	307	315
Investment – infrastructure and building projects	61	75
Other	6	3
Total undrawn capital commitments	**374**	**393**

The private equities include investments in several venture capital and private equity funds. In these investments, funds seek commitments from investors and call for the committed funds as they are required. ACC has committed to invest up to a total of $684.0 million (2021: $585.6 million) in these funds. Undrawn commitments to these investments are included in the table above.

ACC has committed to provide up to $243.7 million (2021: $227.7 million) to various infrastructure and building projects. Undrawn commitments to these investments are included in the table above.

There is a commitment of $6.4 million (2021: $2.5 million) for property developments in Hamilton with iwi-based company Tainui Group Holdings and in Dunedin with iwi-based company Ngāi Tahu Property.

OPERATING LEASES

ACC leases premises for its branch network and its corporate offices under non-cancellable operating lease agreements. These lease agreements have varying terms and renewal options. Operating lease incentives are recognised as a liability when received and subsequently reduced by an offset to rental expenses and a corresponding reduction to the liability.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

$M	2022	2021
Non-cancellable operating leases		
Within one year	23	26
After one year but not more than five years	83	93
More than five years	130	146
Total non-cancellable operating leases	**236**	**265**

19. Contingent liabilities

A contingent liability is disclosed when a possible obligation arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ACC. A contingent liability is also disclosed when a present obligation arising from past events is not recognised because it is not probable that settlement of the obligation will result in a cost to ACC, or the amount of the obligation cannot be measured with enough reliability.

Current litigation

Litigation involving ACC arises mainly from challenges to operational decisions made by ACC through the statutory review and appeal process, but also occasionally includes general civil proceedings such as judicial review applications. The majority of appeals are able to be managed on a case-by-case basis, depending on the merits of the issue in dispute, and without wider Scheme management impact. There is currently one proceeding of note that ACC is a party to. Only when this matter has been fully resolved will it be possible to make a meaningful assessment of the financial impact of the outcome. The range of potential outcomes is wide, and could have a material effect on the financial statements of ACC.

20. Related parties

(A) INVESTMENT IN SUBSIDIARIES

ACC owns 100% (2021: 100%) of Shamrock Superannuation Limited, which acts as the corporate trustee for the ACC Superannuation Scheme. Shamrock Superannuation Limited is a non-trading New Zealand entity that does not have a material impact on the financial position of ACC. The investment ACC holds in Shamrock Superannuation Limited is valued at $100 (2021: $100).

(B) RELATED PARTY TRANSACTIONS

Transactions with other government agencies (for example, Government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies undertaken on the normal terms and conditions for such transactions. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those that it is reasonable to expect ACC would have adopted in dealing with the party at arm's length in the same circumstances.

(C) KEY MANAGEMENT PERSONNEL

The compensation for key management personnel is set out below:

	2022	2021
ACC Board members		
Remuneration ($000)	461	415
Number of members	*7.7*	*7.3*
Executive team		
Remuneration ($000)	5,828	5,021
Defined contribution plans ($000)	499	389
Termination benefits ($000)	237	83
Full-time equivalent members	*10.6*	*8.9*
Total key management personnel remuneration ($000)	**7,025**	**5,908**

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2021: $nil).

ACC did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2021: $nil). ACC did not provide any loans to key management personnel or their close family members.

The Executive team is led by the Chief Executive and has collective responsibility for the leadership and performance of ACC.

21. New Zealand Income Insurance Scheme

During the year ACC commenced preliminary planning work related to the Government's proposed New Zealand Income Insurance Scheme (NZIIS). This work was funded through Government appropriations to enable ACC to carry out all work reasonably required for it to be in a position to bring an income insurance scheme into operation. At reporting date, the Government was reviewing feedback from the public consultation period and was yet to make a decision on whether to proceed. Appropriations of $10 million has been received, of which $5 million has been recognised as other revenue to cover the operating costs incurred for this work for the year ended 30 June 2022.

22. Events after balance sheet date

There were no other significant events after balance date that require separate disclosure.

23. Explanation of significant variances against budget

The budget figures are those in ACC's Service Agreement 2021/22. The budget was prepared based on the 31 December 2020 OCL valuation and economic assumptions as at 28 February 2021.

The budget figures are consistent with the accounting policies adopted in preparing the financial statements. The budget figures are unaudited.

Explanations for significant variations from the budgeted figures approved by the Board are as follows:

(A) STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Net levy revenue

Increased levy revenue was over budget by 4.1% mainly due to increased revenue in the Work and Earners' Accounts. The increase in revenue was due to higher liable earnings and lower bad debt provisions than budgeted. A higher levy rate, due to industry mix, was also achieved in the Work Account.

Investment income

Investment income can be highly variable as it is dependent on movements in equity, bond and foreign exchange markets. ACC budgets for investment income based on a projected twenty year median rate of return. This means that ACC expects to exceed budget for ten out of the next twenty years, and similarly to achieve lower returns than budget for ten out of the next twenty years.

Claims paid

Claims paid were 6.7% lower than budget. This is due to the impact from COVID-19 restrictions on treatment volumes as well as a reduction in some rehabilitation services. Treatment volumes remain under expected levels with capacity constraints in the sector and (likely) client behaviour due to the current outbreak. Elective Surgery is lower than budgeted likely due to capacity constraints. Weekly compensation is under budget due to lower volumes in new weekly compensation claims. This was partly offset by cost pressures from durations and higher claim volumes prior to lockdown (and in the final months of FY21).

Outstanding claims liability

The approved budgeted change in OCL was based on the preliminary claims valuation as at 31 December 2020, using economic assumptions at 28 February 2021. The actual change in OCL was based on the 30 June 2022 actuarial valuation of claims liability using economic factors as at 30 June 2022.

During the year the OCL decreased by $5.1 billion compared to an expected increase of $1.5 billion. The variance is mainly due to increased interest rates which decreased the OCL by $9.7 billion. The increase of inflation rates increased the OCL by $1.2 billion. Other significant factors that increased the OCL were changes in claims experience and modelling of ($0.8 billion) and the effect of legislative and policy changes ($1.2 billion). The OCL was also impacted by:

- increases in weekly compensation, due to longer short and medium term rehabilitation rates
- increases in sensitive claims, mainly due to higher payments for new claims where by treatment was initially sought more than five years ago
- increases in social rehabilitation for serious injury, due to an increase in the number of care hours for moderate brain injuries
- various rate changes, including an increase in the minimum wage, associated with claim payments with the largest contributor being in the care rates paid to providers
- a reduction in new claim volumes due to COVID-19 restrictions.

Movement in unexpired risk liability

The unexpired risk liability (URL) is the shortfall, if any, by Account between the levy income that ACC will earn for a future period where the rate of levy income has been fixed and the actuarially calculated costs of claims arising over the same future period. The forecast increase in URL was the difference between the forecast calculation of the URL at 30 June 2021 and the forecast calculation of the URL at 30 June 2022.

(B) STATEMENT OF FINANCIAL POSITION

Accrued levy revenue

The accrued levy income has remained relatively unchanged as there has been no change in levy rates between the previous levy year and the levy year effective from 1 April 2022.

Intangible assets

The value of intangible assets, mainly software, is lower than budgeted due to lower capital expenditure incurred during the year than anticipated. ACC is entering SaaS arrangements to replace and upgrade major information technology systems. Costs incurred under a SaaS arrangement are expensed, not capitalised.

Investments

The net investment asset balance is lower than budget reflecting the lower than budgeted investment income earned over the financial year which includes changes to investment market values.

Payables and accrued liabilities

The payables and accrued liabilities balance is higher than budgeted. The major movement in payables and accrued liabilities is money owed by ACC for unsettled investment transactions such as the purchase of equities and bonds.

Outstanding claims liability

The actual OCL, based on the 30 June 2022 actuarial valuation of claims liability using economic factors at 30 June 2022, is lower than the budgeted OCL based on the preliminary claims valuation as at 31 December 2020, using economic assumptions at 28 February 2021. The most significant factor impacting the OCL is the increase in interest rates during the last quarter to June 2022. Other factors affecting the OCL are explained in the 'Outstanding claims liability' commentary above.

Unearned levy liability

The ULL is the levy revenue that will be earned up to the end of the levy year. The ULL is 4% higher than budget. This is due to changes in levy rates and liable earnings (from 1 April 2022) and an increase in the number of licensed vehicles when compared to budget.

Unexpired risk liability

The URL is the shortfall between the expected future levy income and future costs. The actual URL is higher than budgeted.

(C) STATEMENT OF CASH FLOWS

Net cash inflow from operating activities was higher than budget mainly due to lower cash claim costs than anticipated and higher revenue.

Net purchases of investments exceed sales of investments resulting in net cash outflow from investing activities.

REMUNERATION OF EMPLOYEES

The number of employees whose remuneration exceeds $100,000 is detailed within the specified bands in the table below.

$000	2022	2021
$100 – $110	268	290
$110 – $120	241	236
$120 – $130	156	135
$130 – $140	84	85
$140 – $150	85	81
$150 – $160	75	58
$160 – $170	51	49
$170 – $180	38	40
$180 – $190	36	28
$190 – $200	19	23
$200 – $210	22	21
$210 – $220	21	21
$220 – $230	12	16
$230 – $240	10	13
$240 – $250	7	6
$250 – $260	11	7
$260 – $270	4	4
$270 – $280	2	3
$280 – $290	3	3
$290 – $300	–	1
$300 – $310	5	1
$310 – $320	2	4
$320 – $330	1	–
$330 – $340	1	1
$340 – $350	1	1
$350 – $360	1	1
$360 – $370	1	1
$370 – $380	1	3
$380 – $390	1	1
$390 – $400	1	1
$400 – $410	1	–
$410 – $420	1	2
$420 – $430	3	–
$430 – $440	2	–
$440 – $450	1	–
$450 – $460	1	1
$460 – $470	–	1
$470 – $480	1	2
$480 – $490	–	1
$490 – $500	–	1
$500 – $510	4	1
$510 – $520	1	1
$520 – $530	–	–
$530 – $540	4	1
$540 – $550	1	1
$550 – $560	–	–
$560 – $570	1	–
$570 – $580	–	1
$580 – $590	–	–
$590 – $600	2	–
$610 – $620	–	1
$620 – $630	1	–
$640 – $650	1	1
$680 – $690	2	–
$710 – $720	1	–
$740 – $750	–	1
$810 – $820	–	3
$820 – $830	1	–
$890 – $900	1	–
$930 – $940	1	–
$1,040 – $1,050	1	–
	1,192	**1,153**
Average remuneration of above employees	**$150,986**	**$146,132**

16 staff received redundancy payments or settlement payments in 2022, totalling $665,842 (2021: 82 staff, $2,542,139), which is not included in the above table.

The above table reflects all employee remuneration paid during the financial year. This includes performance incentive payments made to employees in ACC's specialist Investment area. Such payments only occur after certain specified performance metrics have been achieved. No other ACC employees receive incentive or bonus payments of any nature.

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INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ACCIDENT COMPENSATION CORPORATION'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

The Auditor-General is the auditor of Accident Compensation Corporation group (the Group). The Auditor-General has appointed me, Simon O'Connor, using the staff and resources of EY, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 116 to 169, that comprise the statement of financial position as at 30 June 2022, the statement of comprehensive revenue and expenses, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Group on pages 98 to 115.

In our opinion:

- the financial statements of the Group on pages 116 to 169:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2022; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 98 to 115:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2022, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - what has been achieved with the appropriations; and

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   - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.

- complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 6 October 2022. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the service agreement.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

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Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 97, 170 and 176 to 203, but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out independent quality assurance services related to information technology projects being undertaken by the Corporation, Earner's Account Levy Review and provided actuarial remuneration data, which are compatible with those independence requirements. Other than the audit fee and these engagements, we have no relationship with or interests in the Group.

Simon O'Connor
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Appendices

Appendix 1: Investment Statement

ACC as a Crown Financial Institution

ACC is a Crown agent and a Crown Financial Institution.

- ACC delivers services for New Zealanders (and visitors).
- ACC also manages a significant investment fund.

A Crown Financial Institution is an entity that, on behalf of the Crown, manages and invests financial assets to fund future expenditure. This is either for specific liabilities (as is the case with ACC) or expected future expenditure (for example, the National Provident Fund). The Minister of Finance is responsible for overseeing ACC's risk and return objectives, as well as monitoring fund and Board performance.

ACC's investment function operates as a commercial stand-alone activity. The Minister of Finance sets expectations for financial practice, but the Minister is not involved in ACC's investing decisions. ACC's Investment Group operates under the delegation from the Board Investment Committee to make investment decisions subject to our internal policy framework.

About the Investment Fund

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

Intergenerational equity is an underlying objective of the Scheme. In essence, this means that each year's levy income should be sufficient to meet the ongoing costs of accidents occurring in that year, including costs that are paid out over time. Future levy payers would end up having to pay these ongoing costs if investment returns were less than expected, or if there were unanticipated rising costs such as unexpected wage inflation.

ACC holds the investment funds in trust for levy payers. Each of the Accounts uses its investment funds to help meet its claim, injury prevention and administrational costs. 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 the long-term nature of its liabilities and the limited supply of equivalent assets.

How Investment fits into the ACC Scheme

Funding

ACC receives funding for each Account, in the form of levies and (for the Non-Earners' Account) appropriations. ACC must separate the levies received for each Account. We tailor the investment allocation for each of the Scheme's five Accounts. Our allocation considers the maturity profile of the claims costs that are expected to be incurred for each Account.

Asset Allocation

Asset allocation, the proportions of each Account's investments held in the various investment categories, shapes the overall risk and return characteristics. The Investment Group has an Asset Allocation team. The team's high-level objective is to strike an appropriate balance between risk and return. The principal focus is on managing the net asset-liability risk. Asset allocation considers both the OCL and the need to maximise the use of our investment assets.

Active Portfolio Management

Levies are allocated into portfolios. The portfolios invest into different categories of investments. These include:

- equity (shares in companies listed on exchanges)
- fixed income (interest paying investments)
- cash (short term interest paying investments)
- property and infrastructure (that are listed on exchanges)
- private markets (assets that held more directly than those listed on exchanges, including direct property, infrastructure, and individual companies) and
- overlay portfolios (using derivatives, where returns are linked to an underlying market) refer XX

The Investment Group actively manage around 70% of ACC's portfolios, with the remaining 30% actively managed by external asset managers. Active management is integral part of the ACC's investment approach. We believe actively managing these assets enhances investment returns.

Reserves portfolios			
New Zealand fixed income	New Zealand equities	Private markets	Property & infrastructure
Australian equities	Global fixed income	Global equities	Cash
Overlays			

Important considerations:

Many of our clients need help for over 20 years; this is a primary reason ACC is a long-term investor. It is why the Scheme considers:

- the stability of ACC's assets in relation to liabilities (the cost of injuries that go into the future).
- the effects this has on the levies
- the impacts this has on Government appropriations
- the need to be a good financial steward

Supporting a changing Aotearoa means responding to the continually evolving social considerations, such as ethical investing and climate change, when making investment decisions.

How ACC Invests

Delivering returns while managing risk

We think about the risk to ACC's overall financial position.

Our long-term concern is to ensure that ACC has sufficient funds to pay the future costs of claims that have already occurred. The primary risk is that our assets do not sufficiently match the claims liability over the long term.

Over time, we also want to avoid large swings in levy rates, which may be required to restore asset balances to align with funding ratio[34] targets.

Both concerns encourage us to reduce the risk of large adverse movements in the value of our claims liabilities versus the market value of ACC's investment portfolios. This means that we need to think not only about financial risks that could affect the value of ACC's investment portfolios, but also about risks that could affect the value of ACC's claims liabilities. There are many economic and financial influences that could affect our net assets.

Factors that influence investment risk

Declines in real long-term Interest rates	If interest rates declined without a corresponding decrease in inflation, this would lead to a decrease in our long-term expectations for investment returns, and thereby increase ACC's OCL. We aim to offset this risk by holding investment assets that tend to rise in value when real interest rates decline.
An increase in inflation	If inflation increases and bond yields increase, this will have a negative impact on the value of ACC's fixed-interest portfolios, as a large portion of our fixed-interest investments do not provide protection against inflation.
Poor returns in equity markets	Weak equity markets would likely result in a reduction in the value of ACC's investment portfolios without a corresponding reduction in the outstanding claims liability.
Poor investment returns	Other influences, such as credit defaults, a pandemic, a strengthening New Zealand dollar against foreign currencies and a worse investment performance than market benchmarks, can result in poor investment returns.

Allocating our funds

Each of ACC's Accounts splits its investment funds between an investment in ACC's short-term 'operational cash portfolio', used to meet near-term expenditure requirements, and its own longer-term 'reserves portfolio', set aside to meet the future costs of existing claims.

Asset allocations differ by Account. In determining these allocations, we consider the size and nature of claims liabilities, together with the assets available. Generally, Accounts with lower funding positions11 and facing claims that go out into the future tend to have asset allocations more highly weighted towards equities. For example, the highest equity weighting is for the Non-Earners' Account, which has long-dated liabilities and a lower funding ratio than the other Accounts. The lowest equity weighting is for the Work Account, which has a higher funding ratio and comparatively shorter liability profile.

We allocate funds between distinct investment portfolios, each focused on different investment markets (global and domestic). We aim to add value both in how we allocate funds between different investment markets (i.e. asset allocation) and in how the portfolios perform within each investment market (i.e. active management).

34 *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. 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*

External fund managers manage most of ACC's foreign assets. This provides another layer of expertise to ACC's portfolio and allows the team to focus on those areas that best align to our strengths.

The allocation of funds to different investment markets is directly linked to our objectives and risks. While it is not possible to fully offset all the long-term risks, we allocate funds between investment markets in accordance with our investment policy, which aims to keep these risks at a manageable level.

Allocating in New Zealand

We tend to invest a relatively large percentage of ACC's funds in New Zealand investment markets (refer 'Investing in New Zealand'), particularly fixed-interest assets with a long time to maturity. New Zealand fixed-interest assets match our claims liabilities better than the global fixed-interest markets. Overall, ACC has around 65% of the reserve portfolio assets invested in New Zealand.

The investment team actively manages almost all of ACC's investments in New Zealand investment markets and most of ACC's investments in Australia. This means the team aims to identify and take advantage of situations where some sectors or securities within their markets are being mispriced in relation to their risks and prospects.

We aim for consistent outperformance and seek to avoid exposing ACC to an above-average degree of market risk.

Reviewing the Allocations

The Board's Investment Committee regularly reviews and determines long-term benchmark investment allocations for each Account's reserves portfolio. These reviews consider both our long-term expectations for market returns and the need to limit the Accounts' various risk exposures. ACC aims to maintain a high level of consistency in how it evaluates the risk and return trade-offs from one year to the next, as over time inconsistency in our approach may result in lower long-term investment returns. The Investment Group may make short- or medium-term decisions to vary from the benchmark allocations, within risk-control parameters set by the Investment Committee.

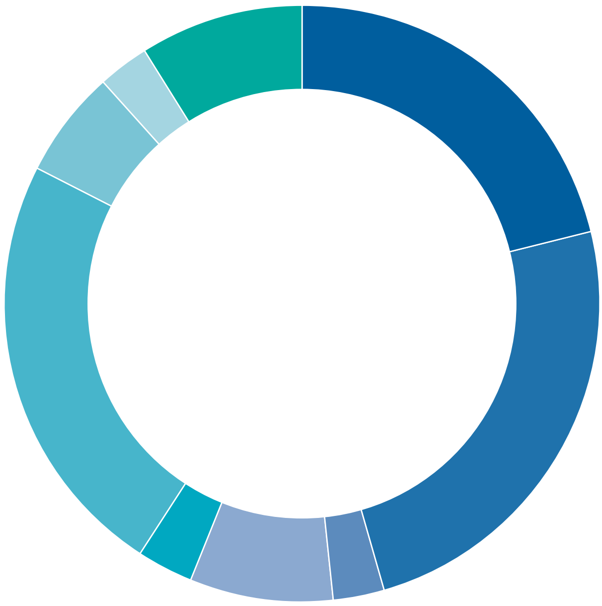
Diversification of Investments

Different categories of investments provide different risk return profiles and add layers of diversification to the portfolio. The below table illustrates the types of investments ACC can hold in its Investment Portfolio.

Investments category	Types of Investments
Cash	Cash, bank bills, deposits
Debt	New Zealand Government, local authority, corporates, asset-based securities, supranationals, semi-government and agencies.
Equities	New Zealand, Australian, global and emerging market equities
Private Equity	Unlisted assets, private equity, venture funds
Real Assets	Infrastructure, real estate
Overlay Portfolios	Interest rate swaps, foreign currency, and futures

FIGURE 5: COMPOSITION OF INVESTMENTS

New Zealand Bonds	22%
New Zealand Inflation Linked Bonds	25%
Global Bonds*	3%
New Zealand Equity	8%
Australian Equity*	3%
Global Equity*	24%
Private Markets	6%
Listed Infrastructure & Property	3%
Reserves Cash	9%
Foreign Currency Contracts Overlay	-1%
Other	-1%



** Global Equity and Australian Equity slices include effective exposure to equity markets obtained through futures contracts. The Global Bond slice includes effective exposure to bond markets obtained through futures contracts. However, this pie chart has not been adjusted for the effective exposure to bond markets arising from the use of Interest Rate Derivatives as an asset allocation overlay. The manager benchmark effective exposure of Interest Rate Derivatives as an asset allocation overlay represented 5% of Total Reserves at the end of June 2022.*

Overlay portfolios

ACC also uses 'overlay strategies' to manage exposure to different investment markets and to provide protection against factors that influence investment risk.

New Zealand Interest Rate Derivatives	This overlay uses interest rate swaps. These are contracts where ACC receives a fixed interest rate and pays a floating interest rate. We run a New Zealand interest rate derivative overlay to mitigate declines in long-term real interest rates. This overlay generates revaluation gains when long-term interest rates decline. Despite this, ACC still has residual exposure to a decline in interest rates.
Global Equity Futures	These are exchange-traded contracts where the returns are linked to underlying equity market indexes (such as the S&P 500 Index for the United States). We regularly buy and sell global equity futures to readjust ACC's overall exposure to equity markets, as this is operationally cheaper than buying or selling equities. However, when we make a long-term decision to allocate funds in or out of equity markets, we ultimately implement this through the purchase or sale of physical equities.
Foreign Exchange Forwards	Some foreign exchange contracts allow investors to, in effect, 'lock in' the exchange rates at which foreign assets are converted to New Zealand dollars. We use foreign exchange forwards and cross-currency interest rate swaps to manage ACC's foreign exchange exposures. ACC's benchmarks specify a level of unhedged foreign exchange exposure, which is significant but is less than our total allocation to overseas markets. Our Investment Group may vary the extent to which ACC uses currency hedging (within predefined limits), such that ACC may have net unhedged foreign exchange exposures that are either higher or lower than this benchmark position.
Global Bond Futures	These are exchange-traded contracts where the returns are linked to the returns for holding bonds. We use global bond futures to adjust our overall exposure to interest rates. This can be operationally cheaper than either allocating funds in or out of bond portfolios or making changes to our New Zealand interest rate derivative position.

Managing our exposure - ACC gains credit exposure to counterparties when using derivative transactions like the above. We aim to only use derivatives when there is no equally good alternative, or when the alternatives would be significantly more expensive for ACC.

Controls - Everything we do is subject to checks and balances. The Investment Committee has approved a set of credit criteria, including credit and portfolio limits for internally managed portfolios. These credit limits are designed to limit exposure to counterparties with a risk of defaulting when ACC seeks higher investment returns.

As ACC is a Crown Financial Institution, the Minister of Finance sets expectations on the use of derivative instruments through the Annual Letter of Expectations to ACC.

ACC recognises and adheres to these expectations when using derivative instruments and within the control framework outlined above.

Investment performance – short term

-9.21%
2021/22 RETURN (BEFORE COSTS)

-10.30%
2021/22 BENCHMARK TARGET

2.64%
AVERAGE RETURN OVER THE LAST 3 YEARS

	2021/22 financial year			Average past 3 years	
	$Million	Portfolio	Benchmark	Portfolio	Benchmark
Cash Portfolio	**346**	**1.07%**	**0.82%**	**1.92%**	**0.78%**
Reserves Portfolios by Asset Class:					
Reserves Cash	2,647	1.17%	0.85%	1.22%	0.73%
New Zealand Inflation Linked Bonds	11,136	-8.64%	-6.63%	-0.98%	-0.31%
New Zealand Bonds	9,909	-12.58%	-12.79%	-2.74%	-3.78%
New Zealand Equity	3,398	-11.98%	-13.31%	2.92%	2.15%
Listed Infrastructure & Property	1,252	-0.77%	-4.54%	2.36%	0.51%
Private Markets	2,569	5.69%	-8.72%	13.84%	2.19%
Australian Equity	1,755	-4.19%	-6.32%	7.14%	5.30%
Global Bonds	1,492	-4.56%	-6.36%	1.41%	-0.06%
Global Equity	11,158	-5.71%	-4.89%	9.23%	9.48%
Interest Rate Derivative Overlay[35]	-311	-0.71%	-0.93%	-0.17%	-0.23%
Equity Future Overlay[35,36]	77	0.36%		0.17%	0.00%
Bond Future Overlay[35,36]	23	0.08%		0.03%	0.00%
Foreign Currency Overlay[35,37]	-286	-1.86%	-1.67%	-0.34%	-0.21%
Total Reserves	**44,818**	**-9.21%**	**-10.30%**	**2.64%**	**1.50%**
By Funding Account:					
Earners	11,034	-9.14%	-10.39%	3.28%	2.03%
Motor Vehicle	13,458	-9.64%	-10.64%	1.81%	0.76%
Work	10,271	-7.99%	-9.28%	2.47%	1.12%
Non-Earners	4,912	-10.08%	-11.09%	4.04%	3.11%
Treatment Injury	5,143	-9.74%	-10.82%	2.58%	1.19%
Total Reserves	**44,818**	**-9.21%**	**-10.30%**	**2.64%**	**1.50%**

Please note: *For the purpose of this table, traded investments and performance are valued at last sale price (or at valuation, in the case of unlisted investments). The values of investments recorded in the financial statements are measured at fair value under IAS 39 requirements. This table shows investment returns after the deduction of some direct costs such as commissions (brokerage) and costs directly relating to the management of specific property investments. However, returns are shown prior to investment management costs of $75.5 million (including fees paid to external fund managers and the remuneration of ACC's investment staff), which detracted 0.15% from investment returns in 2021/22. ACC's investment returns are shown net of tax, whereas the benchmarks make no allowance for tax. However, as ACC is not liable for tax in New Zealand, offshore withholding taxes paid by ACC have reduced the calculated return by just 0.032%. Benchmark returns are not shown for overlays, as there is no benchmark allocation for these asset classes.*

35 *The percentages in the 'Portfolio' columns show the contributions that these overlays made to the aggregate reserves portfolio return, rather than as a return on the funds physically invested in these derivative strategies. The percentages in the 'Benchmark' columns show the contribution that a 'benchmark-neutral' application of these strategies would have made to the benchmark for the aggregate reserves portfolio.*

36 *Benchmark returns are not shown, as they is no benchmark for the aggregate reserves portfolio.*

37 *Foreign Currency Overlay shows the effect of foreign exchange derivatives used to adjust the foreign currency exposures of ACC's reserves portfolio. The benchmark return is calculated as the currency hedging that would have been required to maintain the currency exposures built into ACC's reserves portfolio benchmarks.*

Short-term investment performance

We outperformed our market benchmark in 2021/22 by 1.09% (before costs), generating about $500 million of additional value for ACC. This was primarily because most of our portfolio managers achieved higher returns than their benchmarks. The table below provides a summary of each of ACC's key investment areas.

New Zealand Debt	New Zealand long-term government bond yields increased by more than 1.5% during the year and in doing so more than doubled, producing sharply lower bond prices. Given this, the New Zealand bond market delivered a substantial negative return. Active management, particularly of interest rate risk, reduced the negative return only modestly as positives were largely offset by increases in the compensation for credit risk which hurt prices of ACC's long-term corporate debt exposures.
New Zealand Equity Markets	The New Zealand market fell considerably during the year. ACC's NZ equity outperformance was 1.33%. All ACC's NZ portfolios outperformed their benchmarks with notable contributions from higher than benchmark positions in Channel Infrastructure, Ebos Group and Sky TV and our underweight position in Ryman Healthcare.
Global Markets	Global equity markets fell in the past financial year, with ACC's global equity benchmark returning -4.89% (unhedged, New Zealand dollars). Overall, our investments in global equities underperformed their benchmarks in a year of mixed results. Of the eight externally managed global equity portfolios, four outperformed their benchmarks and four underperformed. Among managers that performed well, a common theme was having some focus on companies that were fundamentally cheap. A common theme among the underperforming portfolios was a focus on high-quality businesses that are expected to grow quickly but were arguably expensive.
Private Market Investments	The private market portfolios generated a 5.7% return in 2021/22. ACC's private market investment activities span property, infrastructure, private equity and debt and more recently have commenced impact investing in the health & safety and decarbonisation sectors. ACC holds assets in Australasia both directly and through funds.
Asset Allocations	Of the overall value added of 1.1%, 0.2% was from asset allocation effects. This reflects differences between asset class weightings and strategic asset allocation benchmark weightings. It also includes the impact of individual portfolios having different weights, or benchmark indices, than the corresponding strategic asset allocation benchmarks.
Australian Equity	While the Australian market fell during the year, ACC's Australian portfolios collectively outperformed their benchmark by 2.13%. Most of our Australian investments continue to be managed internally by our Wellington-based investment team.

Long Term Objectives

The primary objective of the investment fund is to cover the long-term costs of accidents that have already occurred. The aim of ACC's funding policy is to share the costs of accidents fairly across generations to ensure all New Zealanders (and visitors) are cared for into the future.

It is important that we strike the right investment balance between return and risk. Higher investment income over time would contribute to lower levies, but we need to balance higher potential returns with an objective of limiting the potential for losses that could increase future levy rates.

As well as our fiduciary duty to invest as a trustee we are guided by our ethical investment policy and aim to incorporate evolving ethical themes into investment decision-making.

Health and safety are central to ACC. We aim to incorporate health and safety considerations into investment decision-making.

We also aim to deliver value for money through prudent cost management to maintain a low-cost fund that is fit for purpose

Investment performance – long term

9.36%

RETURN SINCE 1992

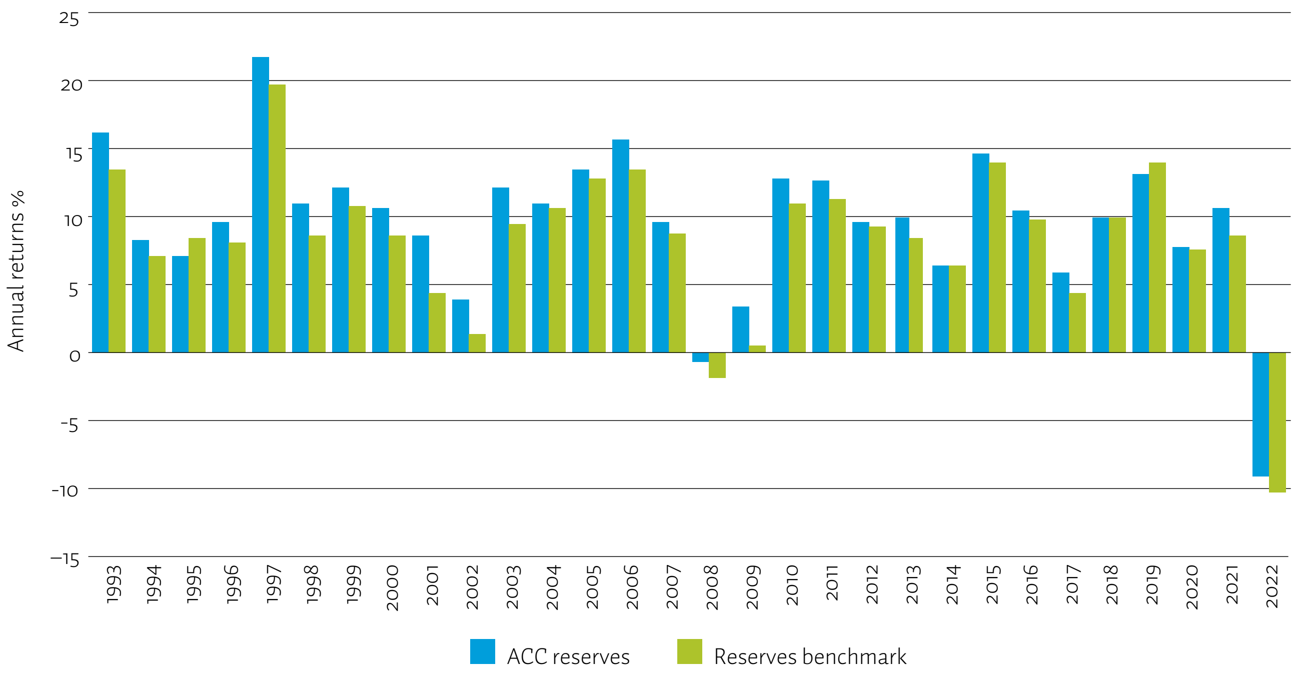
$1,463

GROWTH OF $100 SINCE 1992

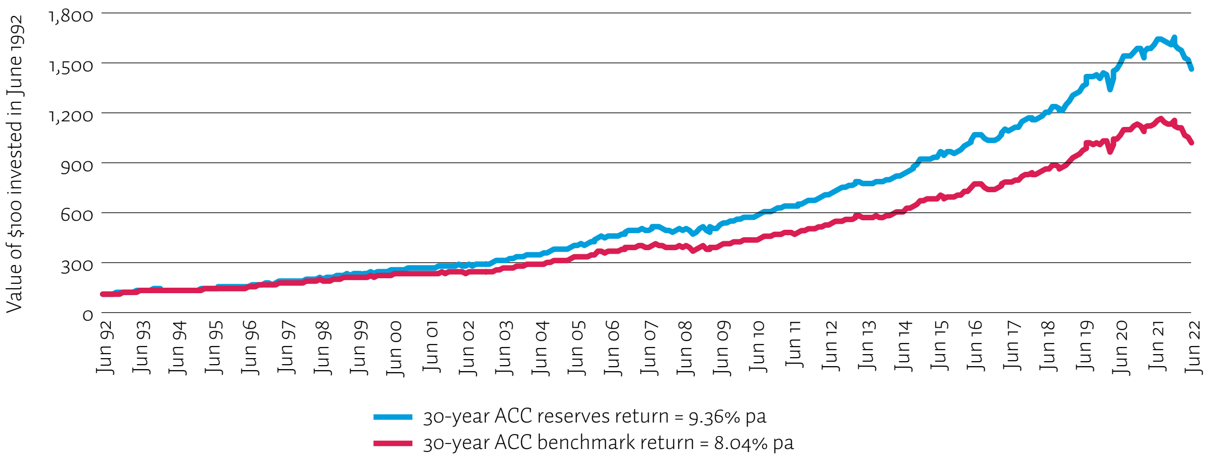
The investment portfolio has outperformed its benchmark for 28 of the past 30 years. ACC's consistent outperformance has been achieved by a unique group of highly dedicated and specialist individuals.

The consistency of ACC's historical investment performance has helped ACC to achieve compound returns from the reserves portfolio of more than 9% per annum for the past 30 years.

Graph 7: ACC financial year returns against benchmark

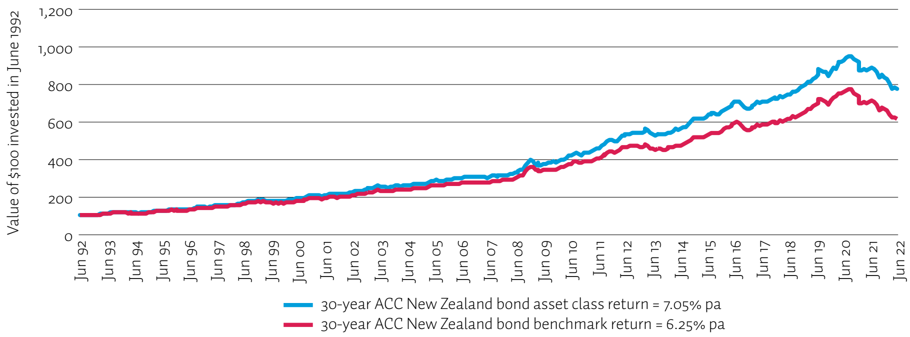


Graph 8: ACC 30-year reserve portfolio returns



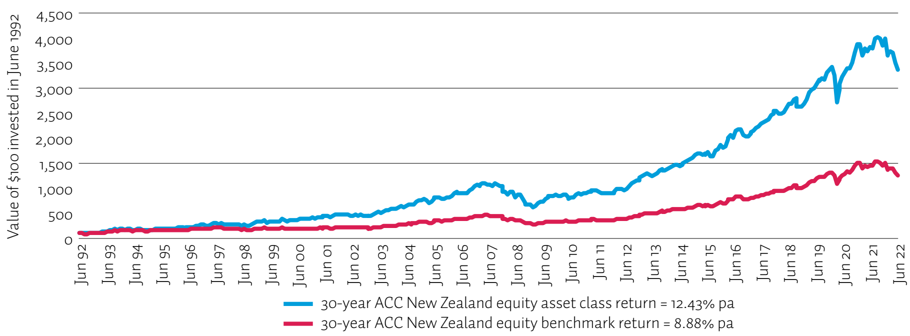
Graph 9: ACC 30-year New Zealand bond returns

The **New Zealand bond** portfolio has outperformed its benchmark in 28 of the past 30 years.



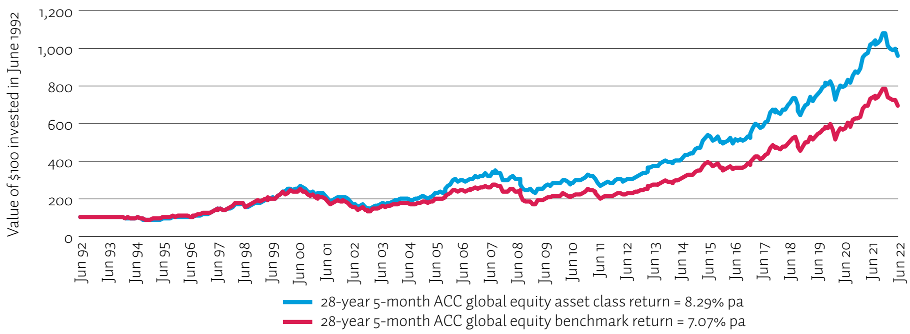
Graph 10: ACC 30-year New Zealand equity returns

The **New Zealand equity** asset class has outperformed its benchmarks in 24 of the past 30 years.



The **global equity** asset class has outperformed its benchmarks in 19 of the past 28 years.

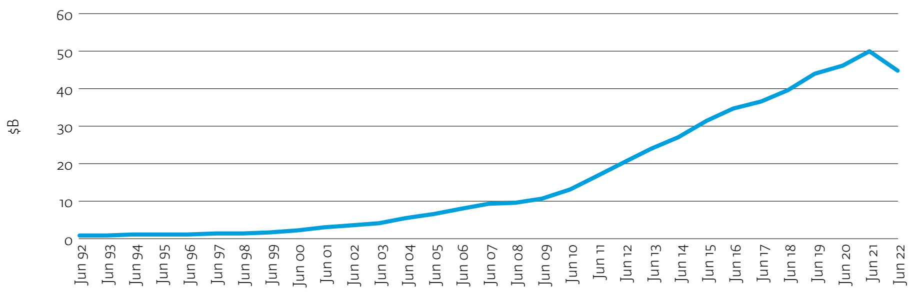
Graph 11: ACC 28-year 5-month global equity returns



ACC's reserves portfolio has decreased in value from $50.3 billion last year to $44.8 billion at the end of June 2022. The decline is the net impact of investment returns and withdrawals ($810 million) for operational cash-flow needs

Please note: *For the purpose of this graph, traded investments and performance are valued at last sale price (or at valuation, in the case of unlisted investments).*

Graph 12: Value of ACC's reserve portfolio ($ billion)



Investments Returns

Future investment returns

We expect future returns to average around half of what has been achieved historically (i.e. closer to 5% per annum rather than the 10% historically achieved). This is because interest rates are now at low levels, and other investment assets such as equities are starting from high valuation levels.

The likelihood of negative returns

ACC has had only two instances of a negative overall investment return in the past 30 financial years (including the most recent financial year). However, for the same reasons that we expect future investment returns to be lower than historically, the likelihood of negative returns has increased. Going forward, we expect a negative return about once in every five years.

The two primary factors that drive the risk of negative returns are:

- a rise in bond yields. However, ACC's overall financial position would improve as a result, as the claims liability would decrease by an even greater amount than the decline in investment returns
- a general decline in foreign and domestic equity prices. Using current allocations for ACC as a whole, equity returns of around -6%, over a financial year, would be far enough below our current expectations to offset the expected returns from other assets.

Appendix 2: Task Force on Climate-related Financial Disclosures

During 2020/21 ACC joined more than 2,000 organisations around the world in declaring our support for the Financial Stability Board created Task Force on Climate-related Financial Disclosures (TCFD).

We recognise the importance of increasing transparency of climate-related risks and opportunities, promoting more informed financial decision-making, and building a more resilient financial system. By becoming a TCFD supporter we are committing to working towards the implementation of the TCFD recommendations.

The TCFD recommendations are structured around the four areas of Governance, Strategy, Risk Management, and Metrics and Targets representing core elements of how organisations operate.

This section of the Annual Report considers these elements.

Section 1: Investment reporting for TCFD

Section 2: Corporate Reporting for TCFD

We have made good progress in addressing climate change in both our investment portfolio and corporate operations. Both pathways will evolve and strengthen over time, and our reporting will continue to evolve as we further embed our framework and as best practice reporting standards are developed.

Section 1: Investments

Transparency and clear reporting by investors and companies on their efforts on climate will help to drive a rapid transition and reduce emissions at the pace required to align with a net zero world. ACC supports the TCFD in providing a framework that improves transparency and consistency, simplifying comparison across companies, and driving action.

This is our second annual climate report based on the TCFD framework.

GOVERNANCE

In June 2020 the ACC Board approved a climate change framework under which we committed to taking a leadership position to support New Zealand's goal of reducing all greenhouse gases (except biogenic methane) to net zero by 2050.

ACC's commitment to reducing the carbon intensity of the investment portfolio is outlined in the Investments Pathway of the Climate Change Framework. This commitment forms part of our Ethical Investment Policy. The Board has also approved ACC's Investments Pathway target of carbon neutrality by 2050 and set interim targets consistent with the 2050 goal.

In December 2020, the Government launched the Carbon Neutral Government Programme requiring Government entities including ACC to have net zero emissions by 2025. ACC's investment portfolio (technically scope 3, category 15 emissions) is not included in this target.

In 2021, the Minister of Finance and the Minister for ACC established the Crown Responsible Investment Framework. The framework is designed to cover broad responsible investment issues but has initially been focused on climate change. The Minister of Finance's expectations are communicated to each Crown Financial Institution (CFI) in an Enduring Letter of Expectations. Each CFI must provide an annual update to the Minister of Finance on their progress upholding their commitments.

In October 2021, the Board also approved ACC to become a signatory to the Paris Aligned Asset Owners Commitment. This is a public declaration of the Fund's support for the Paris Agreement.

The Board has delegated responsibility for investment decisions to the Board Investment Committee (BIC). The BIC receives regular climate-related reports from senior investment management that consider how the pathway is tracking against ACC's interim carbon targets. Regular reporting, together with independent advice on climate-related risks and opportunities, ensures BIC oversight of the risks and opportunities presented by climate change.

The Chief Investment Officer is responsible for the execution of the Investments Pathway and achieving the targets. The management team implements the strategy to achieve these targets. The management team has established the Investments Climate Steering Group with responsibility for embedding the Investments Pathway. The Chief Investment Officer and the Investments Climate

Steering Group are responsible for embedding climate-related metrics into risk management, business planning, investment decisions and for reporting to the BIC.

STRATEGY

The risks presented by climate change include the physical risks that result from climate change and the transition risks that arise from attempts to combat climate change. Physical risks include the risk of more frequent and severe events, such as large storms and wildfires, and chronic climate change risks such as rising sea levels. They can affect businesses by damaging property and infrastructure and disrupting supply chains and business operations. Transition risks arise from changes in policy and law, new technologies and consumer and company behaviour as the world responds to climate change.

Our 2020 commitment to align the fund with a net zero world by 2050, and our strategy to achieve the target, satisfies our fiduciary requirement to invest as if a trustee, as well as our commitment to avoid prejudice to New Zealand's reputation.

Our climate strategy focuses on managing the transition and physical risks of climate change in a way that achieves our carbon-intensity reduction targets and supports our managers and investee companies in managing, mitigating and adapting to climate change.

Key aspects of the strategy include:

- ACC uses a broad-based approach to measuring emissions that captures direct emissions, emissions from energy use, and the fossil fuel emissions of those companies responsible for fossil fuel extraction and burning for energy. We use this approach to measure absolute emissions, the carbon intensity, and the weighted average carbon intensity (WACI) of the listed equity portfolio. Using these measures, ACC can assess what sectors and companies are the main contributors to climate risk and monitor changes in emission intensity.
- To establish the trajectory to achieving carbon neutrality by 2050, ACC set interim targets to reduce the carbon intensity of the listed equities portfolio by 50% by 2030 compared to a 2019 base year. In 2021 the Board set more ambitious targets to reduce carbon intensity by 60% by 2025 and 65% by 2030 compared to a 2019 base year.
- ACC has imposed annually declining carbon caps on external and internal portfolio managers, in line with achieving the carbon-intensity targets.
- ACC has introduced low carbon benchmarks for our internal listed equity portfolio managers and when necessary, will move to low carbon benchmarks for global equities.
- Investors working with companies in high-emitting or hard-to-abate sectors will play a significant role in accelerating the transition to minimise the temperature rise to 1.5 degrees. However, because we do not see thermal coal playing any role in this transition, we do not invest in companies generating a large proportion of their income from thermal coal.
- This approach constrains investment in energy companies highly dependent on fossil fuels, but still enables investment in priority hard-to-abate sectors, where new technology solutions are a necessary part of the transition to a net zero emission world by 2050.
- ACC have employed a climate change impact investment manager to explore potential investments in private market climate change mitigation opportunities in New Zealand.

Our Investments team believes that the consideration of climate-related financial risks under different scenarios requires a bottom-up assessment of portfolios. ACC relies on portfolio managers to understand the relative exposures of sectors and geographies as well as how companies manage and mitigate exposures to climate-related financial risks, under a range of scenarios.

As well as the bottom-up analysis we have been exploring climate scenario analysis tools. In the initial stages, we have decided to use MSCI's quantitative Climate Value at Risk (VaR) tool for our equity portfolios. The MSCI Climate VaR uses quantitative modelling to provide a forward-looking and returns-based assessment of climate-related risks and opportunities. We can view results from a bottom-up (company and sector level) and from a portfolio and fund-wide level. The tool includes transition risk (largely policy and technological) and physical risk scenarios out to the year 2100, and offers various temperature warming scenarios for analysis, including 1.5°C, 2°C, 2°C late action, and 3°C.

RISK MANAGEMENT

Climate risks and opportunities need to be monitored as part of the investment process. Tracking portfolio emissions is a key part of this. Emissions data enables us to monitor emissions across companies, sectors and regions as well as establish appropriate carbon budgets for our managers.

We use independent data providers to source carbon data. We rigorously reviews the data before it is used to construct our metrics in a manner that also captures the material fossil-fuel emissions from the energy sector, a priority sector. To estimate emissions, we use an approach based on guidance from the Partnership for Carbon Accounting Financials.

We require our managers to consider all investment risks, including climate, when making investment decisions. ACC engages regularly with external and internal equity portfolio managers to assess their progress in integrating climate change into their investment strategies. We also assess how they are engaging with companies to reduce carbon emissions.

Ensuring oversight and management of risks, including climate risk, is also a key consideration when appointing new managers and monitoring the performance of existing managers. We include manager monitoring and management of ESG risks, including climate in our external manager selection criteria as well as our ongoing manager monitoring process. The approach our external portfolio managers are taking to manage and mitigate ESG risk in their portfolios is reviewed annually.

Our portfolio managers use various data and analytical tools that consider multiple responsible-investment themes along with climate risks. Several external managers use proprietary ESG research and integration platforms to capture company-specific carbon data and management information, then add it to existing models and disseminate it to portfolio managers to ensure it is incorporated in investment decisions.

Carbon-reduction strategies are more robust when they include engagement. We engage with investee companies through a number of channels. We actively engage in the local market, we engage in collaboration with peer Crown Financial Institutions, and use Columbia Threadneedle Investments (previously BMO REO) as an engagement specialist.

METRICS AND TARGETS

Developing carbon emission metrics is crucial to monitoring emission reduction and reporting on progress in supporting the transition and aligning with the goal of limiting global temperature rises to below 1.5 degrees Celsius.

The metrics we have developed incorporate all the emissions for which our investee companies are directly responsible, 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.

Since our 2019 baseline year the carbon emission path of our equity portfolio has reduced 49%.

TABLE 25: ACC INVESTMENTS LISTED EQUITIES – CARBON FOOTPRINT AS OF 30 JUNE 2022

Greenhouse gas emissions (tCO_2e)	
Scope 1 and 2 emissions, of which	**778,177**
Utilities sector	246,790
Materials sector	184,118
Industrials sector	121,576
Energy sector	113,133
Other sectors	112,559
Priority scope 3 emissions (Fossil fuel end-use)	**953,408**
Total emissions apportioned to investment portfolio	**1,731,585**
Portfolio carbon intensity (total emissions tCO_2e/mUSD revenue)	
Portfolio carbon intensity as at 30 June 2022	289 (49% reduction from baseline)
Portfolio carbon intensity as of 30 June 2021	312
Baseline portfolio carbon intensity as of 30 June 2019	562

ADDITIONAL INFORMATION

- The carbon footprint includes listed physical equities, which comprise 38% of the total asset portfolio market value (72% of portfolio market value excluding cash, term deposits, derivatives, private equity funds, government securities, securitised investments and discounted securities).
- Greenhouse gas emissions are measured as a CO_2 equivalent, in tonnes of carbon (tCO_2e).
- Industry sector classification is based on the Global Industry Classification Standard (GICS).
- Scope 1 (direct emissions) and scope 2 (indirect emissions from the generation of purchased or acquired energy) data is sourced from MSCI ESG Research and covers 98% of listed equity holdings (by market value). Company reported emissions were available for 78% of the portfolio (by market value) and model-based estimates were used for the remaining 20%. There are no other exclusions of listed equity securities beyond the 2% of investments (by market value) for which scope 1 and 2 data is not available.
- Priority scope 3 emissions are defined as downstream indirect emissions from the carbon embodied in the fossil fuel production volumes of energy and mining

companies that own fossil fuel reserves. Energy and mining companies are defined as those within the GICS Energy sector and Diversified Metals and Mining sub-industry. Fossil fuels are defined as oil, gas and thermal coal, the combustion of which is the largest single source of global greenhouse gas emissions. Priority scope 3 emissions are estimated by ACC using a physical activity-based approach whereby company reported fossil fuel production volumes are combined with emission factors from the U.S. Environmental Protection Agency. Fossil fuel production data was available for 96% of companies (by market value) in the GICS Integrated Oil & Gas sub-industry and the Oil & Gas Exploration & Production sub-industry.

- Other scope 3 emissions comprise (1) Energy and mining companies scope 3 emissions, excluding estimated priority scope 3 emissions, and (2) scope 3 emissions of companies, other than energy and mining companies. Other scope 3 emissions have not been included to date because we believe the comparability, coverage, transparency, and reliability of scope 3 data still varies considerably across companies and that this could distort progress towards meeting established decarbonisation targets.
- Investee emissions and revenues are apportioned to the portfolio based on the portfolio's proportional share of equity in each investee.
- Portfolio carbon intensity (Emissions per US$1m of revenue) was selected as our target decarbonisation metric because it is robust to portfolio deposits and withdrawals (which can heavily reduce the comparability of absolute emissions through time).

Section 2: Corporate

GOVERNANCE

In June 2020 the ACC Board approved our Climate Change Framework[38]. It was released publicly in August 2020 and is available on our website.

ACC's Board and Executive are highly engaged in our climate change programme and are driving its development and delivery. The ultimate responsibility for our climate change response sits with the Board, and the Deputy Chief Executive Corporate and Finance has been delegated to lead the delivery of the Climate Change Framework. Operational responsibilities for the corporate climate change programme (the Corporate Pathway) are managed by the Head of Procurement and Properties.

The Deputy Chief Executive Corporate and Finance receives monthly updates on the progress of the Corporate Pathway.

The Corporate Pathway is embedded into our business activities, with initiatives that will help reduce our emissions. We consider both our emission targets and planned initiatives when developing our forecasts and budgets (eg travel, rental cars), our vehicle fleet strategy and our new property builds with landlords. We balance the need to reduce emissions with ensuring we can continue to deliver on our strategic intentions.

The ACC Executive and Board have oversight and approval of this budget process, which highlights the impact the budget and planned activities will have on the corporate-emission reduction trajectory.

STRATEGY

Our Climate Change Framework identifies three pillars in the programme – Corporate, Investments (discussed in Section 1), and Actuarial and Risk. Our climate change approach will continue to adapt to new and emerging evidence, shifts in expectations and changes in Government policy settings.

Our internal Actuarial group has assessed the possible financial impacts of climate change for ACC. This work notes that the nature of climate change is complex and multifaceted, and therefore it is not possible to quantify reliably the impacts for ACC. Instead the work identifies several possible scenarios to estimate the financial impact for ACC under specific events.

In the short to medium term we may see more frequent extreme weather events and resulting adverse health impacts increasing claim rates from:

- activities that may be affected by climate change (eg driving, recreation, sporting activities and increased water-based activities);
- an increase in violence claims, as research suggests violent crime is more frequent on hotter days[39];
- a possible increase in claims for injuries resulting from flooding events and wildfires.

In the medium to long term, there are likely to be large financial implications from secondary impacts of climate change. As an example, an increase in the demand for health care would likely result in an increase in health care costs. An increase in costs of 2% would lead to a $94 million

38 ***www.acc.co.nz/assets/corporate-documents/climate-change-framework.pdf***

39 *Increased heat is also associated with increased incidences of aggressive behaviour, violence and suicide –* ***www.royalsociety.org.nz/assets/documents/Report-Human-Health-Impacts-of-Climate-Change-for-New-Zealand-Oct-2017.pdf***

increase in new year costs[40]. An increase of 20% would lead to an estimated increase of $940 million in new year costs.

As an example, the New Zealand Earthquake Commission (EQC) estimated a mean demand surge for building costs of 15% following the 2011-2012 Canterbury Earthquakes. If we saw a demand increase of this magnitude, we would expect to see an increase in new year costs of about $700m. The cost of secondary impacts of climate change could be greater than the direct financial impact on claim incidence.

Based on the actuarial assessment of the impacts on the Scheme, the financial impact on ACC's new year costs of the scenarios considered is estimated to be between $100 million and $400 million, which represents an increase of between 2% and 9% in the new year costs. These cost estimates are based on the 2015 to 2017 levy years. For context, based on the activities identified as having links to climate change, we believe that around 91% of the annual cost of claims to ACC are not exposed to climate change risk.

We are in the process of modelling various temperature scenarios as part of our risk assessment. Planning and further consideration of potential claim cost impacts are being developed.

RISK MANAGEMENT

ACC recognised its response to climate change as an entity risk. The risk is described as follows: "Our response to climate change fails to satisfy legislative or other requirements related to NZ's climate change policies or is perceived as inadequate and lacking urgency (even if compliant)."

The ownership of each of ACC's 19 entity risks usually sits with a member of the Executive. The climate change response risk is owned by ACC's Chief Executive. ACC monitors and reports on its 19 entity risks regularly and at the most senior level:

- An Enterprise Risk and Compliance Report is submitted to the Board quarterly. It contains a status summary in relation to all entity risks and regularly features detailed commentary on ACC's response to climate change
- A Risk Mitigation Report is submitted to the Board Risk Assurance and Audit Committee quarterly. It contains status information and commentary on ACC's entity risks.

We also recognise and monitor a business group-level risk that considers our corporate climate obligations and the controls and actions we have in place to meet our targets.

METRICS AND TARGETS

ACC has approximately 4,000 staff (including contractors and casual employees), 34 offices, 88 fleet vehicles driven by our staff and 26,000 suppliers covering health, IT and corporate expenditure.

We measure the tCO_2e of our corporate-related Scopes 1 and 2 and certain Scope 3 emissions using an emissions tracker based on the Ministry for the Environment's emissions factors. We currently measure air travel, electricity, electricity transmission and distribution losses, the fleet, ground travel, hotel stays and rental cars. Most of our corporate emissions come from air travel and the associated emission sources, such as hotel stays and rental cars. Following this in size are office electricity and petrol used to fuel our fleet cars.

We have reduced our carbon emissions from 3,659 tCO_2e as at 30 June 2019 to 1,217 tCO_2e as at 30 June 2022, representing a reduction of 67%. While we have reached our 2025 target sooner than anticipated, we recognise that some of this has been realised as a result of the impacts that COVID-19 has had on our travel plans.

We expect to lock in some of these reductions based on new ways of working enabling lower future travel needs. However, we anticipate a short-term rise in corporate emissions until we embed our longer-term travel and other corporate initiatives, to enable a sustained 60% reduction.

We have reduced the size of our vehicle fleet from 184 at 30 June 2019 to 88 at 30 June 2022. Alongside this reduction, we are transitioning our fleet to lower-emission hybrid and electric vehicles. As of 30 June 2022, our fleet is 30% electric, 63% hybrid, and 7% petrol internal combustion. We aim to transition our fleet to electric, where practicable, by 2025.

We have commenced measuring waste data in anticipation of broadening the emissions sources that we report on in FY2022/23. In FY2021/22 the amount of waste sent to landfill from ACC offices was 72,206kgs, equalling 47 tCO_2e.

40 *New year costs are based on the December 2021 Outstanding Claims Liability valuation. They are the average annual cost between 2017 and 2019 (to avoid the effects of Covid-19 and lockdowns on claims experience).*

AUDITED AND CERTIFIED

Toitū Envirocare, an entity that is 100% owned by a Crown agency has audited and certified our 2018/19 baseline, and annual emissions from 2019/20, 2020/21 and 2021/22 against the ISO 14064-1:2018 standard.

EY have provided an independent limited assurance report over our carbon emissions data against the Greenhouse Gas Protocol. The report concluded that nothing came to their attention that causes them to believe ACC's greenhouse gas ('GHG') emissions inventory ('GHG Inventory') (including Scope 1, Scope 2 and Scope 3 emissions (including emissions from Investments) for the year ended 30 June 2022 has not been prepared and presented fairly, in all material respects.

Our Climate Change Framework and targets have also been guided by the Carbon Neutral Government Programme, which was announced in December 2020 to ensure alignment with government initiatives.

The current key aims affecting ACC from a corporate perspective are:

- obtaining NABERSNZ ratings for our properties over 2,000 square metres in area
- transitioning the fleet to electric by 2025.

We are reassessing the corporate baselines and target in late 2022 in response to increased reporting requirements.

Appendix 3: Glossary of terms

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 (AC Act)
The major piece of legislation under which ACC is governed.

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 for 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.

Full-time equivalent
The hours worked by one employee on a full- time basis, generally considered to be 35–40 hours per week.

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

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 an accident within the Motor Vehicle, Earners' and Work Accounts.

Motor Vehicle Account
The Account for all road-related injuries.

New claims registered
Total number of new claims registered. Presented as 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.

Pay-as-you-go basis
Funding the costs of injuries as the costs are incurred.

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

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

Risk margin
ACC has added a risk margin to the central estimate of the discounted future claims payments to provide for a higher degree of certainty that the liability for outstanding claims, at balance date, will be adequate to cover possible adverse developments.

Shaping Our Future
Our overarching strategy to look at how we operate, from our technology to how we train our people, while putting the customer at the centre of everything we do

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 most focus during the period of the Statement of Intent (2018-2022).

Superimposed inflation
Increase in costs over and above baseline inflation.

Transformation programme
A series of projects that were focused on improving our systems, processes and employee capabilities.

Treatment Injury Account
The Account for injuries arising during medical treatment.

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

Whāia Te Tika
Our strategy to pursue what is right for Māori and deliver on our aspirations.

Work Account
The Account for injuries that occur in the workplace.

Appendix 4: Glossary of performance measures

ACC is focused on the best possible outcomes for clients given their situations
A measure of the extent to which respondents agree that ACC has focused on achieving the best possible outcome for them given their situation. Agreement is measured by survey via a five-point scale (strongly agree to strongly disagree) with the reported score reflecting the percent that agree and strongly agree. Presented as a rolling four-quarter result.

Actuarial movement
The percentage growth in the OCL (balance at the start of the year) from actuarial gains or losses. Actuarial gains or losses arise from claim volumes, types and costs differing from expectations.

Average administration cost per active claim
The average administration cost per active entitlement claim. Administration costs exclude investment and injury prevention costs. Presented as a year-to-date measure.

Average care hours per serious injury claim
The average annual hours of attendant care, home help and childcare per serious injury claim. Presented as a rolling four-quarter result.

Average time to resolution for claims with reviews
The average time (in calendar days) for resolution of a review from review lodgement to review outcome. Presented as a rolling 12-month result.

Average weekly compensation days paid
The average number of weekly compensation days paid when a client exits the Scheme (rolling 12-month basis). Claims with 29 to 365 days of weekly compensation are included.

Change in average treatment cost per injury
The percentage growth in the average cost of medical treatment and elective surgery per claim. Presented as a rolling 12-month result.

Claims processed per FTE
The average number of new claims registered per FTE. The number of new claims registered is 12-month rolling and FTE is a point in time.

Durable return to work
The percentage of clients in the Work Account who have returned to work and have remained at work.

Employee net promoter score
A measure of how likely our employees are to recommend ACC as a place to work. Respondents rate themselves on an 11-point scale, with 0 being 'not at all likely' and 10 being 'very likely'. The net promoter score is the proportion of 'promoter' respondents (score 9–10) less the proportion of 'detractor' respondents (score 0–6). Total scores can range from −100 to +100.

Funding ratio (solvency)
This was previously referred to as solvency. The funding ratio 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. This is calculated for the fully-funded portions of the Accounts only.

Growth rate of the Long-Term Claim Pool
The percentage growth in the number of Long-Term Claim Pool clients who have received weekly compensation for more than 365 days. Presented as a point-in-time result.

Investment in Kaupapa Māori programmes
The amount invested in Kaupapa Māori injury prevention programmes.

Investment management costs as a proportion of total funds under management
Investment costs excluding costs associated with trading as a percentage of average funds under management. Presented as a year-to-date 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.

Long-Term Claim Pool returns to independence

The net number of Long-Term Claim Pool clients who have returned to independence (ceased receiving weekly compensation) in 12 months. A Long-Term Claim Pool client has received weekly compensation for more than 365 days. Presented as a rolling 12-month result.

Lost-time injury frequency rate

The number of lost-time incidents per million hours worked.

Māori lodgement ratio

The ratio between the claim lodgement rate per head of population for Māori, benchmarked against the claim lodgement rate for all New Zealand.

Net trust score

A measure of the extent to which survey respondents have trust and confidence in ACC on a 0-10 scale grouped into four categories (low trust and confidence, medium trust and confidence, high trust and confidence, and don't know/refused). The net trust score is the proportion of respondents with high trust and confidence (score 9-10) less the proportion of respondents with low trust and confidence (score 0-6). Overall scores can range from -100 to +100. Four groups of our customers are included; clients, Māori clients, providers and businesses

Number of category 3, 4 and 5 privacy breaches and near misses

The year-to-date number of category 3, 4 and 5 privacy breaches and near misses. The category of a breach or near miss is determined using the Government Chief Privacy Officer's definition of a privacy breach.

Number of claims avoided through our injury prevention investments

The number of claims avoided in the areas where we have targeted injury prevention programmes. Presented as a year-to-date result.

Overall operational system availability

Percentage of time 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.

Proportion of ACC reviews upheld

The proportion of all review outcomes where the decision was in favour of ACC. Reviews in favour of ACC include all reviews dismissed at an external review hearing, as well as any reviews that have been withdrawn or settled. Presented as a rolling 12-month percentage.

Proportion of ACC staff who identify as having a disability

The proportion of FTEs who identify as having a disability, self-reported in a six-monthly survey. Presented as a point-in-time result.

Proportion of ACC staff who identify as Māori

The proportion of FTE who identify as Māori, self-reported in a six-monthly survey. Presented as a point-in-time result.

Public trust and confidence

The proportion of general public surveyed (who felt they had a reasonable understanding of ACC) who reported having full trust and confidence in ACC. Presented as a rolling four-quarter result.

Rate of long-term clients in part-time work

The proportion of Long-Term Claim Pool clients with part-time earnings (abated weekly compensation payments). In this context, Long-Term Claim Pool clients are those who have received weekly compensation for more than 365 days. This is a point-in-time measure.

Rate of serious injury

The number of new serious injury and fatal claims where we have injury prevention programmes as a proportion of the New Zealand population. Presented as a rolling 12-month result.

Return on Investment (Injury Prevention)

The return on investment from our injury prevention investments in two areas: 0 to 20-year programmes and workplace programmes. 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 workplace measure excludes ACC's investment with WorkSafe New Zealand. Presented as an evaluation of the costs and savings at a point in time.

Reduction in weekly compensation days paid

The difference between the average number of weekly compensation days paid when a client exits the Scheme (rolling 12-month basis) relative to a benchmark average (March 2015) number of weekly compensation exit days. Claims with 29 to 365 days of weekly compensation are included. A negative number represents an increase in average weekly compensation days over the benchmark.

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 entitlements) in 12 months. Presented as a rolling 12-month result.

Return to work within 10 weeks

The percentage of clients receiving weekly compensation who return to work within 10 weeks (70 days). A client is considered to have returned to work five weeks after the cessation of weekly compensation payments. Presented as a 52-week rolling average result.

Return to work within nine months (273 days)

The percentage of clients receiving weekly compensation, who return to work within nine months (273 days). A client is considered to have returned to work five weeks after the cessation of weekly compensation payments. Presented as a 52-week rolling average result.

Reviews as a percentage of decline decisions

The number of client reviews lodged as a percentage of the number of cover and entitlement decline decisions, presented as a rolling 12-month result.

Speed of cover decisions

The average number of calendar days between the lodgement date and time, and date and time of first cover decision (accept or decline). Presented as a rolling 12-month result.

Total recordable injury frequency rate

The number of lost-time incidents, restricted work incidents and medical treatment incidents per million hours worked.

Directory

Directory

Claims	Business	Providers
0800 101 996	**0800 222 776**	**0800 222 070**
claims@acc.co.nz	***business@acc.co.nz***	***providerhelp@acc.co.nz***

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

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

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
Injury management (for employers)	0800 101 996	***returntowork@acc.co.nz***
Collections and recoveries	0800 729 538 +64 4 805 4296	***collections@acc.co.nz*** ACC Collections and Recoveries PO Box 3248 Wellington 6140

Providers	0800 222 070	***providerhelp@acc.co.nz***
		Northern Service Centre PO Box 90341 Auckland 1142

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

More contact information, including branch details, Official Information Act requests and reviews, is available at ***www.acc.co.nz/contact***.

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Te Kāwanatanga
o Aotearoa
New Zealand Government

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ACC8430 October 2022 Print ISSN 1177-6013 Online ISSN 1177-6021