



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

Briefing to the Incoming Minister

November 2023



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A note on the Briefing to the Incoming Minister

This briefing provides an overview of the ACC's role in delivering the Accident Compensation Scheme. It should be read in conjunction with briefings you will receive from the Ministry of Business, Innovation and Employment (MBIE) as your policy advisor, and the Treasury as the monitoring agency.

Working with you

Given its place in New Zealand society, the ACC portfolio is one where significant benefits can be made to enhance all New Zealanders' quality of life. It remains a world-leading Scheme, assisting millions each year.

Moving forward there are several areas that will present challenges. ACC's investment performance is not currently sustainable, presenting a serious concern for the long-term efficacy of the Scheme. Further to this, to ensure the sustainability of the Scheme, a strong focus on short-term rehabilitation performance is required to affect improvements in long term rehabilitation performance.

Alongside this, there are opportunities to build on existing progress. Public trust is growing, with ACC currently ranked 7th of the 27 agencies surveyed. ACC's workplace prevention programme investment is improving, whilst the recent legislation to cover Maternal Birth Injuries has been largely well-received.

ACC looks forward to meeting with you to discuss how we can support you.

An overview of the Accident Compensation Corporation (ACC)

The role of ACC: a Scheme for all New Zealanders

ACC was established in 1972 as a commission to deliver a unique and revolutionary system for injury cover, which it has done since 1 April 1974.

The Accident Compensation Scheme continues to be world leading. It plays a vital role in New Zealand's social security system by building a national culture of prevention, care, and recovery.

To deliver the Scheme there are three outcomes ACC aims to achieve over the long term:

- **Injury prevention** – ACC is responsible for building a culture of wellbeing through promoting measures that reduce the incidence and severity of injuries.
- **Financial sustainability** – ACC aims to ensure that New Zealand has an affordable and sustainable scheme. To do this, it must advise on levies and manage funds to maintain the Scheme's financial viability.
- **Rehabilitation and compensation** – ACC provides entitlements for personal injury, as prescribed in legislation, with the goal of restoring independence to the maximum extent practicable. Entitlements include contributions to the costs of treatment and rehabilitation, as well as financial compensation to people for losses they incur because of their injuries.

ACC receives around two million claims per year ranging from minor through to serious and life changing. Most claims are for straight-forward injuries where ACC only pays for treatment. These kinds of injuries currently make up 93% of ACC's claims.

In 2022 ACC accepted 98% of the claims it received. Of these new claims 56% were accepted within a minute, and 81% were accepted within 24 hours. In 2022 new claims cost ACC around \$1.6 billion and ongoing claims from previous years cost a further \$3.3 billion. Funding for ACC comes from levies and government appropriations. More detailed information on funding is on **page 5**.

ACC is a significant purchaser of health services and has many points of intersection with the health system, including general practices, physiotherapy practices, private surgical hospitals, rehabilitation services and public hospitals. In 2023 ACC paid out \$651 million on public health acute services, \$2.2 billion for treatment and emergency travel, and \$1 billion on social rehabilitation.

ACC also runs an investment arm to meet the future costs of long-term injuries. A portion of the levies collected each year is invested to contribute to the future cost of in-year claims. More information on the Investment role is on **page 6**.

The ACC Board

ACC is governed by a Board of up to nine members, each appointed by the Minister for ACC for up to three years. Board members are accountable to you for performing their collective duties. All decisions relating to the operation of ACC must be made by, or under the authority of, the Board. The Board delegates responsibility to the Chief Executive for the day-to-day management and leadership of ACC, which includes matters relating to ACC's responsibilities as an employer.

More information on ACC's Board members is provided in **Appendix 1**.

ACC staff and Executive

ACC has approximately 4,000 staff at 30 locations across New Zealand.

ACC is led by Chief Executive, Megan Main. Her Executive team is made up of Deputy Chief Executives from each of ACC's business groups: Strategy, Engagement and Planning; Service Delivery; Prevention and Partnerships; People and Culture; Corporate and Finance; Māori; Investments; and Enterprise Change Delivery.

The Chief Executive is responsible for the leadership and management of the organisation and is accountable to the Board for ensuring ACC achieves its goals.

More information on the Chief Executive and her Executive team is provided in **Appendix 2**.

Ensuring New Zealand has an affordable and sustainable Scheme

Fund Accounts

ACC pays the cost of claims to treat, rehabilitate, and compensate the one-third of people in New Zealand who are injured every year because of an accident. For some, the support needed is short term. In 2022/23 ACC accepted 1.97 million new claims and the total cost of all claims paid was \$6,191 million.

Funding for ACC comes from levies and government appropriations and investment income, split across five Accounts depending on the type of injury and injured people's earner status.

ACC's levied accounts are required to be 'fully-funded'. This means that ACC needs to have sufficient funds to cover the lifetime cost of the claims that occur each year, rather than just the annual costs of covering claims. In practice, full funding improves intergenerational equity as current levy payers pay for the lifetime costs of claims each year, avoiding cross-subsidisation across generations.

The table below provides a summary of the different Accounts:

Account	What it covers	How it's funded
Motor Vehicle	Any injury involving a motor vehicle on a public road.	A vehicle licensing charge, plus levy on petrol (not diesel or other fuels or energy sources)
Work	Any injuries that happen at the workplace or are work related. Injury type and risk level are heavily dependent on industry.	A levy charged to employers as a percentage of payroll and the self-employed as a percentage of taxable earnings.
Earners'	Any injuries for earners that happen during everyday (non-	A levy charged to employees as a percentage of salary, collected through PAYE tax, and the

	work and non-motor-vehicle related) activities.	self-employed as a percentage of taxable earnings.
Treatment Injury	Any personal injuries caused by undergoing treatment by a Registered Health Professional (RHP), where the injury isn't an ordinary consequence of the treatment.	A mix of levies from employees and the self-employed and Parliament appropriation.
Non-Earners'	Any injuries that happen to people in New Zealand who aren't earning income and don't involve a motor vehicle or treatment injury.	Parliament appropriation. Claims post 1 July 2001 are funded on a fully-funded basis, whereas claims pre-1 July 2001 are funded on a Pay As You Go basis.

The financial sustainability of the Scheme is under pressure. Most Accounts have a declining funding ratio, an escalating new year cost gap, or both. To return to a strong funding position, levies for some Accounts will need to increase at their cap for many years.

Accounts cannot be cross-subsidised. It is not possible to cover a shortfall in one Account by using funds from another Account or the government appropriation. Similarly, a surplus in an Account must be returned to levy-payers through a reduction in future levies and cannot be used to cross-subsidise other Accounts.

Setting levy rates

ACC and MBIE recommend changes to the levy rates, which are set by Cabinet with the Minister for ACC.

Levies are reviewed every three years, with the next review due in 2024. The process begins with ACC consulting the public on rates that are consistent with the Government-issued [Funding Policy Statement](#).

The Funding Policy Statement specifies the target level for the funding of each Account and approach to returning to target funding levels over time when those Account balances are underfunded or overfunded.

The Statement informs ACC of the Government's expectations about transparency around funding decisions and provides consistency and stability in levy rates over time, by making it clear how today's decisions will impact the Scheme in the future.

Cabinet makes final levy decisions based on a recommendation from the Minister for ACC. Levy rates for the 2022/23 to 2024/25 levy period were agreed by the Government in 2021.

You will receive a briefing on the upcoming levy setting process in due course.

Investments

ACC's investment decisions are made by ACC's Investment Group, who are also responsible for managing ACC's Investment Fund, under delegation from the ACC Board¹.

ACC is a long-term investor because many clients need support for more than 20 years. The primary risk is that its assets do not sufficiently match the claims long-term liability. For this reason, a portion of levy contributions collected each year are invested to pay for the future cost of claims. Investments aim to ensure that ACC has sufficient funds to pay the future costs of claims that have already occurred.

As of 31 October ACC's investment portfolio is worth approximately \$48 billion, making it one of New Zealand's largest investment funds. ACC has a legal requirement to invest in the same manner as if it were a

¹ See sections 27 and 113 of the Crown Entities Act - 'Responsible Minister's role' and Safeguarding independence of Crown entities', and Chapter 3 of the Cabinet Manual.

trustee², which means it has a fiduciary responsibility to achieve the best possible mix of long-term return and risk on its investment portfolio.

All investment decisions are also subject to ACC's ethical investment policy which requires consideration of the ethical implications of its investments. ACC must consider its role in New Zealand society, in the health sector and in the investment community. ACC avoids investing in entities that engage in activities that are illegal in New Zealand or that most New Zealanders would regard as unethical.

Additionally, ACC takes accountability for its responsibilities on climate change and sustainability. ACC has achieved a 60% reduction in the carbon intensity of listed equities compared to a June 2019 baseline ahead of its 2025 interim target and is well placed to reach a 65% cut by 2030.

Financial sustainability of the Scheme

Consideration of the Scheme's financial sustainability is required to ensure the longevity of the Scheme for future generations. This is recognised in the dual-framed strategic goal of Ringa Atawhai / Guardianship, which seeks to ensure the Scheme is financially sustainable for present and future generations.

The financial sustainability of the Scheme is under pressure. Currently there is a significant cost gap (approximately \$1.2 billion) between what is collected through levies and appropriations, and the lifetime costs of the claims received each year. The shorter-term impact of this cost gap is less significant for Accounts with a strong surplus, for example, the Motor Vehicle and Work Accounts. However, over the longer-term, analysis suggests that Scheme funding will need to increase to match rising costs.

The [Funding Policy Statement](#) prescribes how ACC must calculate its recommendations for how levies and appropriations should be set. In part because of the current gap between income and costs, ACC's recommendations for most Accounts will likely be for levies and appropriations to increase at cap for years into the future. The current annual cap on increases is 5% for the levied Accounts (excluding GST for the motor vehicle account) and 7.5% for the non-levied Accounts.

ACC recognises there is a tension between levy increases and other cost pressures people are currently experiencing. However, delaying increases to levies and appropriations means that in the future, larger increases may be needed for longer. Delaying increases can also mean that future generations of levy payers and taxpayers will carry some of the cost burden of injuries that occurred in earlier years.

In addition to levy increases, ACC uses a range of levers to support the financial sustainability of the Scheme. These include injury prevention, working to rehabilitate people sooner, and favouring long-term investments that can deliver relatively certain income streams over extended periods of time. It will be your decision, with the support of ACC, MBIE and Treasury, as to what course of action to recommend to Cabinet.

Scheme boundaries

The Scheme only provides cover for those persons who come within scope of the Accident Compensation Act. The overall coverage provided by the Scheme changes when coverage is expanded to include an injury, condition or group of people that were not previously covered. Scheme cover changes usually occur due to deliberate legislative amendment but can also occur when the Courts adopt a different approach and apply a more generous interpretation of the Act, than had been applied by ACC or the Courts previously.

Expanding coverage can benefit New Zealanders by providing additional support. This can ensure that the Scheme remains current and fit for purpose; however all increases in scope incur additional costs that are borne by levy and taxpayers. Significant expansion of Scheme cover can have an impact on the Scheme's long term financial sustainability. There are currently three cases before the Courts which, depending on the Court's ruling, could have a material financial impact on the Scheme.

² S. 275 of the Accident Compensation Act 2001

You will be briefed on these cases in due course.

How ACC delivers its functions

ACC's strategy – Huakina Te Rā

ACC launched a new 10-year strategy, Huakina Te Rā on 1 July 2023. Huakina Te Rā is based on the symbolism of a dual-hulled sailing vessel (waka hourua) which represents ACC's commitment to the Treaty of Waitangi / Te Tiriti o Waitangi and to working in partnership.

ACC is committed to working in partnership for the benefit of all of New Zealand. The vision for Huakina Te Rā is Tōnui Ake Nei: Thriving Aotearoa — a future where all people, whānau and communities in New Zealand can thrive.

To achieve this vision, the strategy sets out three long-term dual-framed goals:

- **Mana Taurite / Equity** is ACC's goal for all people in New Zealand to have equitable access, service experience and outcomes. It will mean that funding and resources are allocated in a way which addresses the needs of all people.
- **Ringa Atawhai / Guardianship** is ACC's goal to ensure people are supported and enabled through their relationship with ACC. It ensures the Scheme is financially sustainable for present and future generations.
- **Oranga Whānau / Safe and Resilient Communities** is ACC's goal to partner and invest to enhance our whānau and community resilience. This means supporting people to avoid injury and to recover and stay well after injury.

Reflecting the waka hourua approach and ACC's commitment to Te Tiriti o Waitangi / The Treaty of Waitangi, these goals are framed from both tangata whenua and tangata Tiriti worldviews. The goals are not translations of each other, but complementary dual responses. Achieving these goals will deliver increased wellbeing for people in New Zealand, along with higher performance and improved value for levy payers. For ACC's actions to be effective it will make these five shifts:

- **Te tirohanga Tiriti / Tangata whenua and tangata Tiriti world views and framing:** ACC will take an explicit Te Tiriti o Waitangi / The Treaty of Waitangi partnership approach, by including both tangata whenua and tangata Tiriti world views.
- **Te whakawhanaungatanga / Trusted and valued partnerships:** ACC will build and maintain trusted partnerships through transparency, shared outcomes, and respect. It will work with its partners to co-design and deliver services.
- **Te oranga o ngā tāngata / Personal wellbeing in the context of whānau and community:** ACC will partner with whānau and communities to better understand wellbeing needs and enable people to get their lives back on track.
- **Te noho tōpū / Integrated system:** ACC will work with its partners to share data, provide services, design new initiatives and solutions to effectively support people, whānau and communities.
- **Te Kaihāpai / Proactive:** ACC will ensure people get the right services, at the right time, preventing and reducing the impact of injury.

Huakina Te Rā

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



Te Kitenga Roa | Our Vision Tōnui ake nei | Thriving Aotearoa

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

Ngā Whāinga Matua | Our Dual-Framed Goals



Ngā Pae Ārahi | Our Guiding Principles

We uphold Te Tiriti o Waitangi / The Treaty of Waitangi through:

Whāia te tika
We strive to do what is right

Whāia te pono
We Undertake to act justly

Whāia te aroha
We are considerate of everyone

Mō te oranga whānau
We improve the lives of whānau

Ki te ao mārama
We strive to grow and evolve

Te ara hou | What we will do

Te Tirohanga Tiriti

We take an explicit tangata whenua and tangata Tiriti world view and framing

Te Whakawhanaungatanga

We build and maintain trusted and valued partnerships

Te Oranga o ngā Tāngata

We focus on personal wellbeing in the context of whānau and community

Te Noho Tōpū

We work with the wider system to support people, whānau and communities

Te Kaihāpai

We ensure people get the right services, at the right time

There has been declining performance in key measures such as short-term rehabilitation rates over many years. With Huakina Te Rā in place and completed investments in modern, core-enabling technology, there is a strong focus on performance by the Board and Executive Team. A dedicated programme of work to understand and address the system-level drivers of rehabilitation performance for injured clients is underway and close oversight at the Board and Executive levels has been established.

With ongoing growth in claims volumes each year, it is more important than ever that ACC focuses on providing the right supports at the right time for clients and that it partners as effectively as possible with other parts of the rehabilitation system.

The following section provides more detail on how ACC operates, specifically in relation to:

- injury prevention
- supporting clients
- working with businesses and levy payers
- working with the health sector and providers
- access for tangata whenua.

Injury Prevention

ACC helps to reduce the number and severity of injuries by investing with partners in a diverse range of prevention programmes. ACC invests approximately \$80 million per year in injury prevention initiatives.

The Accident Compensation Act 2001 requires that ACC fund injury prevention interventions only if they are likely to result in a reduction in levy rates or Non-Earners' Account expenditure. Return on investment is the expected claim savings from this investment and is a key measure for ACC in the Service Agreement.

ACC applies a balanced portfolio approach to injury prevention investment. This allows ACC to fund interventions where a positive return on investment is not immediately anticipated if these are offset by other interventions that are making a larger return. The balanced portfolio approach allows ACC to invest in areas such as sexual violence injury prevention, which aims to result in social benefit, and where it may take longer to show a return on investment.

ACC forms partnerships across government and the broader health and social system to co-design and deliver initiatives. ACC's injury prevention partners include Farmstrong New Zealand, Safekids Aotearoa, Water Safety New Zealand, New Zealand Police, WorkSafe, Ministry of Transport, Waka Kotahi New Zealand Transport Agency, Sport NZ, national sports organisations, and Paralympics New Zealand.

Key injury prevention areas are outlined below.

Sexual violence: ACC is one of ten agencies that make up Te Puna Aonui³, the Interdepartmental Executive Board responsible for realising the Te Aorerekura strategy to eliminate family violence and sexual violence. ACC leads ten actions under Te Aorerekura, mostly in the sexual violence prevention space.

Road: ACC works with the Ministry of Transport, Waka Kotahi NZ Transport, NZ Police, WorkSafe, and local government to reduce the number of severe road crash injuries and deaths in New Zealand. ACC's investment in Road to Zero is in motorcycle safety and young driver safety.

Workplace Safety: ACC partners with WorkSafe and MBIE to create safer and healthier workplaces, reflected in ACC and WorkSafe's joint Harm Reduction Action Plan 2023-2026 (to be published in November 2023) and the ongoing Health and Safety Regulatory System group. Furthermore, ACC partners with businesses and key stakeholder groups to reduce workplace injuries.

³ Te Puna Aonui agencies are: ACC, Department of Corrections; Ministry of Education; Ministry of Health; Ministry of Justice; Ministry of Social Development; New Zealand Police; Public Service Commission; Oranga Tamariki; and Te Puni Kōkiri.

You will be provided with additional information on ACC's injury prevention strategy in due course.

Supporting clients

ACC helps injured people receive the appropriate treatment, social and vocational rehabilitation services, and compensation to enable a return to work, health, independence, and participation in everyday life.

Details of the types of injuries covered by ACC and a summary of the available entitlements are contained in **Appendix 3**. A snapshot of key information about ACC is set out in **Appendix 4**.

When ACC accepts a person's claim, it must provide entitlements to the level prescribed in legislation, with the goal of restoring the person's independence to the maximum extent practicable.

ACC's involvement in the rehabilitation process ranges from meeting part or all the cost of a visit to a treatment provider (such as a visit to a general practitioner or physiotherapist) to intensive support for clients with significant impairments or disabilities who require lifelong services because of their injuries.

ACC uses case management to ensure injured people who may take longer to recover or have more complex needs get the support they need and are entitled to.

In 2022/23 ACC supported 61,000 people to return to work within 10 weeks of their injury. Although positive, these figures fall short of ACC's targets. This was further affected by significant challenges in the second half of the year due to shifting resources and support to clients and staff impacted by the Auckland floods and Cyclone Gabrielle.

Information on ACC's rehabilitation performance can be found in the 2023 Annual Report and the first quarterly report 2023/24, which accompany this briefing.

Sensitive Claims

Through the Integrated Services for Sensitive Claims (ISSC), ACC has offered fully funded support, treatment and assessment services for survivors of sexual abuse or assault since 2014.

The number of claims received from survivors of sexual assault and abuse has increased significantly since the ISSC's introduction.

Both locally and internationally, there is more visibility of family and sexual violence. This has resulted in more people coming forward to seek support. The changes under ISSC are making it easier for survivors to ask for help.

Although the ISSC has largely been successful so far, the environment is complex and broadening. Despite the number of ISSC providers more than trebling since 2014 - from 719 providers in 2014 to 2,481 providers in 2023 - demand for providers continues to exceed supply.

To best support survivors and wider communities, ACC is working with providers, sector groups and other Government agencies to determine changes ahead of the new ISSC contract being issued in 2024. This evolution predominantly focuses on a new service model for sensitive claims.

Concussion

In July 2023, ACC removed the need to seek prior approval from ACC before commencing Concussion Services, so patients can be referred from primary care and Te Whatu Ora hospitals directly to Concussion Service suppliers without delay. ACC paid for concussion services on 14,758 claims in 2023, but is actively trying to reduce the number of concussion claims it receives through its injury prevention activities.

Integrated Care Pathways

Integrated Care Pathways is the result of ACC's four-year Escalated Care Pathways initiative. Due to the relatively prescriptive recovery of many knee, shoulder, and lower back musculoskeletal injuries, the Escalated Care Pathways trialled a recovery pathway for clients led by the provider.

Under both Pathways, lead providers manage the treatment needs of clients while accessing funding by bundle pricing from ACC. This allows providers flexibility to create comprehensive treatment plans, navigate clients smoothly through specialist services, and provide reporting data back to ACC on rehabilitation outcomes. It replaces fee-for-service transactional models, where providers had less visibility on a client's whole recovery plan.

The Escalated Care Pathways pilot saw improvements in a range of clinical and rehabilitation outcomes, alongside increasing satisfaction rates for both providers and clients.

In June 2023, the ACC Board approved the extension to the existing Escalated Care Pathways pilot until February 2024, and the national roll out of the Integrated Care Pathways service from March 2024 onwards.

Business

ACC has relationships with over 500,000 business customers; this includes those who operate a business or who provide advice to businesses.

ACC works with these customers to facilitate levy payments, arrange cover options for self-employed people, and deliver workplace health and safety initiatives.

ACC is improving the business customer experience through enhancing the levy paying experience and helping businesses to better support their injured staff to recover at work. ACC is engaging with business networks to promote key ACC initiatives and products for business customers, whilst a recent invoicing campaign aimed to improve the accuracy of invoices and encourage customers to shift to digital.

Changes have also been made to the Accredited Employer Programme, and more information can be provided on these changes if required.

Health Sector and Providers

ACC is a significant funder of health services in New Zealand, and as such has many touch points with the wider health sector, including close relationships with the Manatū Hauora, Te Whatu Ora, and Te Aka Whai Ora.

These relationships help to support clients recover from their injuries and allow ACC to continuously improve how it assists clients.

In the 2022/2023 financial year, ACC spent over \$4.1 billion on treatment and rehabilitation delivered by providers for clients.

Like many healthcare funders, ACC is moving to value-based healthcare as a commissioning model for healthcare services in response to growing costs and sector capacity issues. This is a shift from transactional, fee-for-service models towards funding better quality care that will improve outcomes for injured people.

ACC is also conducting a review of its health services commissioning environment, to understand how best to work with the health sector and procure and commission services.

Two key intersections between ACC and the health sector are Public Health Acute Services (PHAS) and road and air ambulance services.

ACC and Manatū Hauora administer the Public Health Acute Services Annual Service Agreement for the purchase of acute and other services for ACC personal injury clients. This is agreed annually between the Minister of Health and the Minister for ACC.

ACC and Te Whatu Ora jointly purchase road and air ambulance services. These contracts are managed by a co-governed and co-funded Ambulance Team based in Te Whatu Ora led by the Minister of Health.

ACC's boundaries with the health and welfare systems

New Zealand has separate health, disability, accident, and welfare systems which means access, services, or support differ between institutions. This means individuals can receive different levels of support depending on whether they have an accepted claim with ACC or are supported by other agencies.

The existence of different institutions and funders, each with overlapping but distinct functions, results in perceived and real differences in levels of service and support. This can cause confusion about which institution should be providing support or lead to disputes when decisions seem unfair to affected individuals. For a person to be covered by the ACC Scheme, there must be a causal relationship between a specific accident and a resulting injury. For most people, the cause of their condition is clear. For some though, the cause of the symptoms is either not clear or is the consequence of both injury and illness.

ACC, Te Whatu Ora, the Ministry for Social Development, and Whaikaha continue to discuss opportunities to work collaboratively where there are mutual clients, shared workforces, or overlapping services.

Improving access for New Zealanders

ACC is working to increase access to ACC and to improve outcomes for all New Zealanders.

Under the Accident Compensation (Access Reporting and Other Matters) Amendment Act 2023, ACC is now required to report on and support access to services for diversity groups across New Zealand.

For example, evidence shows that Māori are less likely than non-Māori to lodge an ACC claim, but more likely to suffer a serious injury, and more likely to have poorer long-term injury outcomes.

ACC has several initiatives underway to improve access for Māori, therefore improving equity of the Scheme for all.

Rongoā Māori Service: ACC can fund traditional Māori healing, Rongoā Māori, as a social rehabilitation option for all ACC clients. The service helps ACC support improved access, experience, and outcomes for Māori by providing culturally aligned and holistic care.

A 2019 survey by ACC found that 80 percent of Māori respondents considered it important that their health provider offer rongoā Māori services. In 2022/23, the number of claims that accessed Rongoā services more than doubled, with the service supporting the recovery of 4,000 clients across New Zealand.

ACC is collaborating with Te Aka Whai Ora and Te Puni Kōkiri on shared Rongoā goals.

Kaupapa Māori Solutions: In partnership with Māori, ACC is developing regionalised kaupapa Māori solutions across the country. These solutions aim to reduce injuries for Māori and allow Māori, if injured, to access services that are culturally safe and appropriate, as defined by Māori. ACC's kaupapa Māori solutions are indigenous, localised, whānau-centred solutions designed by Māori, with Māori, underpinned by tikanga and delivered by providers who identify as Māori, primarily for Māori, but available to all.

ACC is seeking to deliver:

- kaupapa Māori prevention initiatives that will initially focus on the primary prevention of sexual violence through the promotion of mana-enhancing and tapu-enriched relationships,
- kaupapa Māori health services for whānau, with an initial focus on treatment and rehabilitation for ACC clients with complex injuries and a high level of need (including, but not limited to, serious injuries and sexual violence).

ACC is taking a staged, regional-based approach to develop these services. Once the design of these solutions is approved, ACC will seek kaupapa Māori providers to deliver the initiatives and services.

Hāpai: Hāpai aims to create a more culturally responsive case management experience for Māori clients and their whānau. Kaihāpai are delivering services to Māori clients in Rotorua, Tauranga, Whakatane, Gisborne, and Waikato. The next areas of focus are Tamaki Makaurau and Te Tai Tokerau regions and ACC aims to have Hāpai implemented and available to all ACC clients by June 2024.

Kaupapa Māori Navigation Service: ACC's Kaupapa Māori Navigation Service is a partnership between ACC and Māori, co-designed with providers, that aims to help Māori clients receive the right support in the right way for them and their whānau.

Māori-owned and led organisations deliver the service which embraces and champions ACC's commitment to The Treaty of Waitangi / Te Tiriti o Waitangi and speaks to ACC's Mana Taurite / Equity goal under Huakina Te Rā. The service is available in Northland, Auckland, Waikato, Bay of Plenty and Gisborne.

ACC intends to have complete coverage across New Zealand by the end of 2025.

The role of the Minister for ACC

How ACC will support you as the Minister for ACC

ACC will support you by:

- communicating with you and your office, with a ‘no surprises’ approach
- regular meetings with the ACC Chair and Chief Executive, including after Board meetings, to ensure you receive timely information and advice
- providing information and advice relating to Ministerial correspondence, requests to attend events, Official Information Act requests, and parliamentary questions
- seconding a private secretary to support you, who provides a link to ACC to assist with the provision of information
- working with Ministry of Business, Innovation and Employment (MBIE) and the Treasury in their respective roles as advisors to you on ACC’s policy and monitoring
- advising you on the operational implications of policy and legislative settings, or judicial decisions affecting ACC
- advising you and the Minister of Finance on matters relating to ACC’s funding and investment functions
- working with other agencies on cross-government work, including participating in all-of-government initiatives, and working with the health sector to support health outcomes for New Zealanders.

Maintaining the effective management of ACC

ACC is unique among statutory Crown Entities as it is both a Crown agent and a Crown Financial Institution.

As a **Crown agent** under the Crown Entities Act 2004, ACC must give effect to Government policy when directed by the responsible Minister. ACC performs its day-to-day functions at arm’s length from Ministers and government departments but adheres to the principle of ‘no surprises’, ensuring you and your office are promptly informed about matters of potential interest and significance. Crown Entities can be, and typically are, also required to report on performance to Parliament and to appear before select committees.

The term ‘**Crown Financial Institution**’ describes a Crown entity that manages and invests significant financial assets that are held to pre-fund future expenditure, either for specific liabilities (as is the case with ACC) or expected future expenditure. The Minister of Finance is responsible for monitoring ACC’s investment fund.

Accountability and performance

Annual **Letters of Expectations** are an opportunity for you to convey to the ACC Board the Government’s key priorities and your expectations of ACC for the coming year. Letters of Expectations may focus on issues such as improving the wellbeing of New Zealanders and their whānau and families, value for money, and reporting. As Minister, you are able to modify or set additional expectations from time-to-time.

A **Statement of Intent** is produced periodically, representing a medium-term outlook for ACC’s strategic direction. The current Statement of Intent covers the period 2023-2027.

A **Service Agreement** between you and ACC is entered into annually. The Service Agreement consists of a series of intentions, performance targets and financial forecasts. It also outlines ACC’s plan to deliver its strategic objectives.

The ACC Board and Executive Team will work with you to agree performance objectives and regularly report to you on performance. ACC's public reporting informs levy payers, taxpayers, and the Government on the cost of ACC claims, and the predicted impacts of changes to volume and services.

ACC provides you with an annual **Financial Condition Report**. The report is published after you present it to Parliament. This reporting provides transparency on the cost drivers and risks to ACC's liability⁴ arising from factors such as external economic fluctuations, policy changes, and Court decisions.

Role of MBIE and the Treasury

ACC works closely with MBIE and the Treasury to ensure the effective delivery of the Scheme.

Relationship with MBIE

MBIE is your primary policy advisor on the Scheme and its administration by ACC. MBIE advises on both the primary legislation and the regulations governing the Scheme, the setting of levy rates, and the Scheme's performance on the delivery of its policy objectives. It also advises on future Scheme amendment opportunities. MBIE and ACC have a close working relationship to effectively deliver the Scheme outcomes.

Relationship with The Treasury

The Treasury represents the Crown's ownership interests in ACC. The Treasury advises the Minister of Finance on the performance and governance of ACC (including its investment function) and advises Ministers on policy matters, setting performance expectations and Board appointments. ACC's key engagements with the Treasury primarily relate to performance monitoring in relation to the Treasury's Crown monitor role.

⁴ The Outstanding Claims Liability, or OCL, is a calculation of the money ACC needs today to cover the full future costs of all accepted claims.

ACC ACCOUNT SUMMARY 2022/23

MOTOR VEHICLE ACCOUNT

What type of accident does the account cover?
Injuries involving a moving motor vehicle

How funds were provided?
Levies sourced from motor vehicle, Registration and petrol tax

Levy contributions

63% (\$297m) Vehicle
37% (\$177m) Petrol

What is the position of the fund?

Funding rate: 130.6%

Assets	14,823
Net Assets	2,478
Liabilities	13,140

How funds are spent?

Levy revenue	474
Claims paid	762
Claims handling costs	55
Changes to the Outstanding Claims Liability	(64)
Total claims incurred	753
Other	30
Deficit from underwriting activities	(286)
Net Investment income	867
Net surplus	578

Number of claims
51,700
Average claim cost
\$12,726

New year claims cost gap shortfall: \$(297m)

This excludes Public Health Acute Services costs

WORK ACCOUNT

What type of accident does the account cover?
Work related injuries

How funds were provided?
Levied from employers and the self-employed

Levy contributions

83% (\$822m) Employer
11% (\$109m) Self-employed
6% (\$64m) Accredited Employer

What is the position of the fund?

Funding rate: 137.2%

Assets	13,398
Net Assets	2,742
Liabilities	8,656

How funds are spent?

Levy revenue	1,032
Claims paid	1,076
Claims handling costs	112
Changes to the Outstanding Claims Liability	165
Total claims incurred	1,353
Other	79
Deficit from underwriting activities	(402)
Net Investment income	575
Net surplus	168

Number of claims
338,400
Average claim cost
\$3,369

New year claims cost gap shortfall: \$(296m)

This excludes Public Health Acute Services costs

EARNERS' ACCOUNT

What type of accident does the account cover?
Non-work injuries to people in employment

How funds were provided?
Levied from employees and the self-employed

Levy contributions

93% (\$2,134m) Employee
7% (\$160m) Self-employed

What is the position of the fund?

Funding rate: 101.6%

Assets	14,087
Net Liabilities	(2,858)
Liabilities	15,998

How funds are spent?

Levy revenue	2,284
Claims paid	2,342
Claims handling costs	229
Changes to the Outstanding Claims Liability	969
Total claims incurred	3,550
Other	18
Deficit from underwriting activities	(1,274)
Net Investment income	888
Net deficit	(386)

Number of claims
943,200
Average claim cost
\$2,268

New year claims cost gap shortfall: \$(515m)

This excludes Public Health Acute Services costs

TREATMENT INJURY ACCOUNT

What type of accident does the account cover?
Injuries that are caused by, or happen during treatment

How funds were provided?
Levied from employees and the self-employed plus appropriations

Levy and appropriation contributions

73% (\$264m) Government appropriations
27% (\$99m) Employee + Self-employed

What is the position of the fund?

Funding rate: 99.1%

Assets	5,822
Net Liabilities	(2,088)
Liabilities	7,904

How funds are spent?

Levy & Appropriations	363
Claims paid	363
Claims handling costs	50
Changes to the Outstanding Claims Liability	229
Total claims incurred	642
Other	6
Deficit from underwriting activities	(282)
Net Investment income	389
Net surplus	104

Number of claims
26,200
Average claim cost
\$13,581

New year claims cost gap shortfall: \$(115m)

This excludes Public Health Acute Services costs

NON-EARNERS' ACCOUNT

What type of accident does the account cover?
Injuries not covered in other accounts to people not in employment

How funds were provided?
Government appropriation

Appropriation contribution

100% (\$1,798m) Government appropriations

What is the position of the fund?

Funding rate: 55.0%

Assets	5,419
Net Liabilities	(5,529)
Liabilities	10,948

How funds are spent?

Appropriations	1,798
Claims paid	1,648
Claims handling costs	123
Changes to the Outstanding Claims Liability	(64)
Total claims incurred	1,727
Other	28
Surplus from underwriting activities	33
Net Investment income	414
Net surplus	447

Number of claims
1,109,100
Average claim cost
\$957

New year claims cost gap surplus: \$9m

This excludes Public Health Acute Services costs

ACC TOTAL

Everyone in New Zealand is covered by ACC's no-fault scheme if they're injured in an accident. Under the Scheme, individuals forgo the right to sue for compensatory damages following injury, in exchange for comprehensive accident insurance cover and compensation. The Scheme is managed through five Accounts, with each providing cover for a specific group of injuries.

Funding contributions

8% (\$474m) Motorvehicle
17% (\$1,025m) Work
39% (\$2,294m) Earners'
6% (\$363m) Treatment Injury
30% (\$1,798m) Non-earners'

What is the position of the fund?

Funding rate: 99.1%

Assets	52,518
Net Liabilities	(5,138)
Liabilities	57,644

How funds are spent?

Levy & Appropriations	5,954
Claims paid	6,191
Claims handling costs	579
Changes to the Outstanding Claims Liability	1,265
Total claims incurred	8,025
Other	141
Deficit from underwriting activities	(2,222)
Net Investment income	3,133
Net surplus	911

Number of claims
2,468,600
Average claim cost
\$2,169

New year claims cost gap shortfall: \$(1,215m)

This excludes Public Health Acute Services costs

Appendix 1: ACC's Board



Chair – Hon Steve Maharey (CNZM)

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, Deputy Chair from 1 January 2022

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 15+ years in CEO roles of large and complex hospital groups.



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.



Mark Cross

Appointed August 2021

Mark is an independent director with over 20 years' international experience in corporate finance. He holds a Bachelor of Business Studies (Accounting and Finance), 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 in providing advice on carbon, energy, and utility-sector issues.



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 Doctorate of Philosophy (Engineering) from Murdoch University. Helen brings 20 years' international advisory experience and experience in the insurance, health, and disability sport sectors to the role.



Bella Takiari-Brame

Appointed February 2021

Bella is Ngāti Maniapoto and Waikato-Tainui. She is a Fellow Chartered Accountant and Chartered Member of the Institute of Directors. Bella has global experience in oil and gas and utility industries. She holds governance roles in iwi, commercial, and Crown entities. Bella has a Master of Management Studies with Distinction from Waikato University.



Kim Gordon

Appointed September 2023

Kim has over 30 years' technology advisory experience across commercial, procurement, strategy, governance, and legal roles. Kim was previously a partner at MinterEllison and has held a number of not-for-profit, public, and private sector governance roles over a 17-year period.

Appendix 2: ACC's Executive team



Chief Executive – Megan Main

Appointed November 2021

Prior to joining ACC, Megan held leadership roles at MBIE as Deputy Chief Executive of Managed Isolation and Quarantine, and Deputy Chief Executive of the Corporate, Governance and Information Group. She was previously Chief Executive at NZ Health Partnerships and Chief Executive of Health Purchasing Victoria (Australia). Megan has degrees in Engineering and Science, and a Masters in Business Administration. Before joining the health sector, Megan held senior line management and consulting roles in a range of industries including fast-moving consumer goods, manufacturing, and professional services.



Deputy Chief Executive, Māori – Renata Blair

Appointed October 2023

Rēnata (Ngāti Whātua) comes to ACC following a career spanning 25 years in the Māori sector of education, business, and finance. In his role as General Manager Māori Business at BNZ, he has worked to grow the bank across te ao Māori, both in meeting the needs of their customers and as a workplace which attracts, grows, and retains kaimahi Māori. He is also an experienced leader at a Board level, having served on Ngāti Whātua Ōrākei Trust, Eden Park Board and AUT University Council.



Deputy Chief Executive, Strategy, Engagement and Planning – Andy Milne

Appointed September 2022

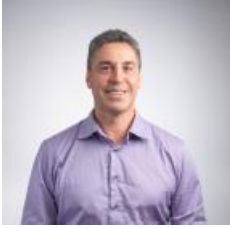
Andy joined ACC from MBIE where he was the Deputy Secretary for Managed Isolation and Quarantine. Prior to MBIE, Andy was Deputy National Commissioner at the Department of Corrections. Originally from the United Kingdom, Andy had an extensive career in the British police, including as a senior officer investigating fatal road crashes – an experience which makes him particularly passionate about ACC's Prevention focus.



Deputy Chief Executive, Service Delivery – Amanda Malu

Appointed September 2022

Amanda (Kāi Tahu) brings a wealth of experience in service design and delivery. Before joining ACC, Amanda was the Chief Executive of Whānau Āwhina Plunket, the largest provider of support services to families with young children in New Zealand. Her passion for making a difference is evident in the leadership roles she has held, including at Whānau Āwhina Plunket and previously as an Associate Director on the Board of Ngāi Tahu Holdings, and at the Families Commission, ESR and Tertiary Education Commission.



Deputy Chief Executive, Prevention and Partnerships – Tane Cassidy

Appointed July 2022

Tane (Ngāpuhi) has a wealth of experience across the health sector and was previously Tumu Whakarae/Chief Executive at Te Hiringa Hauora – Health Promotion Agency, where he championed a prevention first approach to health and wellbeing. Tane was part of the interim leadership group establishing the new National Public Health Service within Te Whatu Ora/Health New Zealand, is a member of the Ātiawa Toa Hauora Partnership Board, and previously worked in leadership roles at the Health Sponsorship Council and Ministry of Health.



Deputy Chief Executive, People and Culture – Michael Frampton

Appointed April 2022

Michael is a seasoned human resources leader with over fifteen years executive and industry leadership experience in delivering people strategy, organisational transformation, and service redesign. Michael previously held the role of Chief People Officer at Sky TV, and prior to that spent eight years at Canterbury DHB, including as Chief People Officer and as the executive lead for the West Coast DHB. He also chaired the 20 DHB Chief People Officer group for four years, and has considerable experience in large- scale, complex public and private sector roles, and health environments.



Deputy Chief Executive, Corporate and Finance – Stewart McRobie

Appointed August 2022

Stewart has vast experience across the private and public sectors in banking, insurance, and government, spanning a broad range of corporate and finance functions. Stewart was previously the Chief Financial Officer at the Ministry of Business, Innovation and Employment, leading the Finance and Performance group. He previously held Chief Financial Officer and other senior roles responsible for a range of finance and corporate functions, including at the New Zealand Racing Board where he also acted as Chief Executive Officer for an extended period, and has previously been the Chief Financial Officer for each of ASB, AMP and Westpac.



Deputy Chief Executive, Enterprise Change Delivery – Peter Fletcher

Appointed January 2018

Peter is an experienced technology executive with over 25 years leading technology change, predominantly in financial services. Prior to ACC Peter was Group Manager, Technology at NZ Post and held Chief Information roles with Westpac New Zealand and BNZ.



Chief Investments Officer – Paul Dyer

Appointed in 2019

Paul first joined ACC in 2008 and became Chief Investments Officer in 2019. Before joining ACC Paul was Chief Investment Officer of both AMP Capital Investors and the New Zealand Superannuation Fund, Chief Advisor to the Minister of Finance and an economist with the New Zealand Treasury and stockbroker Buttle Wilson (now UBS).

Appendix 3: Cover and entitlements

Cover

To establish eligibility for cover, ACC determines:

1. whether the client has suffered a personal injury
2. the cause of the injury
3. where the injury occurred.

ACC can provide cover for a claim for personal injury if the injury was:

- caused by an accident that results in a physical injury to the client
- caused by treatment
- caused by a work-related gradual process, disease or infection
- a cardiovascular or cerebrovascular episode that is work-related or treatment-related
- a mental injury suffered by a client because of covered physical injuries
- a mental injury caused by directly experiencing or witnessing a traumatic event in the course of employment
- a mental injury caused by certain criminal acts
- a hearing loss injury
- damage, other than wear and tear, to dentures or prostheses that replace a part of the human body
- the death of the client
- a pregnancy as the result of sexual violation or treatment injury
- a maternal birth injury.

In most cases, determining eligibility is straightforward. Complexity and needs for support are considered at the front end of a claim and triaged accordingly. Simple claims with little to no required support may be automatically accepted. More complex injuries are considered by specialist teams within ACC to determine eligibility. Once cover is established, ACC also determines what entitlements a client is eligible for. The following table summarises the different entitlements available.

Summary of entitlements

Treatment	
Treatment costs	Contribution to a range of treatment costs, including visits to general practitioners and other health professionals, for example physiotherapists, dentists, specialists, surgeons, radiologists
Prescription medicine	Reimbursement of the costs of certain pharmaceuticals
Ambulance and emergency care	Full payment of ambulance service fees and emergency care at a public hospital
Managing at home	
Home help	Help with general housework such as cleaning, vacuuming, laundry
Attendant care	Help with personal care such as showering, bathing, getting dressed
Childcare	Help with care of children, including taking them to and from school
Equipment	Personal aids to help a client cope better at home, for example, shower stool, kitchen trolley

Car and home modifications	Contribution to the purchase of a car (and/or modification) and home modifications such as ramps, widening doorways
At work	
Rehabilitation plan	This can include a fitness programme, guidance on gradually returning to work, workplace equipment and retraining if necessary
Transport	
Travel subsidy	Payment towards public or private transport costs to and from work or treatment
Accommodation	Help with accommodation costs for out-of-town treatment
Compensation	
Weekly compensation	Payment of a weekly amount (usually up to 80% of the client's average weekly income) while they are unable to work because of an injury
Lump sum payment	A tax-free, one-off payment for permanent impairment resulting from an injury
Death because of an injury	
Funeral grant	A fixed amount to help cover burial, cremation, and related ceremonies
Survivor's grant	One-off payment to the surviving partner, children, and other dependants
Weekly compensation for the family	Weekly payments based on the deceased person's average weekly income, shared between the surviving partner and dependants for a fixed period
Childcare payments	A contribution towards childcare costs, paid to the surviving partner for a fixed period

Appendix 4: Snapshot of ACC

