

KIRIMANA RATONGA MAHI SERVICE AGREEMENT 2023/24



Te Kaporeihana Āwhina Hunga Whara
Accident Compensation Corporation



He Kaupare. He Manaaki.
He Whakaora.
[prevention.care.recovery.](https://www.acc.co.nz)

Te Kaupapa o te Kirimana Ratonga Mahi | Purpose of Service Agreement

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

The Service Agreement is aligned to our Statement of Intent, which summarises our strategic intentions for the next four years. The Statement of Intent 2023–2027 covers the first four years of ACC’s new strategy, Huakina Te Rā. It also includes details of how the public and all interested stakeholders can evaluate our effectiveness in delivering against our dual-framed strategic goals. The Service Agreement should be read in conjunction with the Statement of Intent 2023–2027.

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

Our accountability documents (Statement of Intent, Service Agreement and Annual Report) can be found at acc.co.nz.

Karakia

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

Our karakia can be interpreted as follows:

Striving to do what is right

Undertaking to act justly

Being considerate of everyone

That it may improve the lives of all

Service Agreement

For the year ending 30 June 2024
between the Minister for ACC and the
Accident Compensation Corporation.

This Service Agreement¹ is required under the Accident Compensation Act 2001 and also constitutes the annual statement of performance expectations for the purposes of the Crown Entities Act 2004 — both as amended by the Crown Entities Amendment Act 2013.



Hon Peeni Henare
Minister for ACC
Dated 29 June 2023



Hon Steve Maharey CNZM
Board Chair
Dated 22 June 2023



Dr Tracey Batten
Deputy Chair
Dated 22 June 2023

Kirimana Ratonga Mahi

Tae noa atu ki te mutunga o te 30 o
Pipiri 2024, ki waenganui i te Minita
o ACC me te Kaporeihana Āwhina
Hunga Whara

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

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

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

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Te Taiao o te Rautaki me ngā Mahi | Our strategic and performance environment

Huakina Te Rā



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

Te Kitenga Roa | Our Vision
Tōnui ake nei
Thriving Aotearoa

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

Ngā Pae Ārahi | Our Guiding Principles

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

- Whāia te tika
We strive to do what is right
- Whāia te pono
We undertake to act justly
- Whāia te aroha
We are considerate of everyone
- Mō te oranga whānau
We improve the lives of whānau
- Ki te ao mārama
We strive to grow and evolve

Ngā Whāinga Matua | Our Dual-Framed Goals



Te Ara Hou | What We Will Do



Te Anga Rautaki | Our strategic framework

The Accident Compensation Corporation (ACC) delivers injury prevention initiatives and no-fault personal injury cover for everyone in Aotearoa New Zealand.

Our strategy

Through Shaping Our Future (our previous strategy introduced in 2014) we made significant progress in transforming ACC into a modern, resilient, and responsive organisation. Alongside this we began to deliver on our commitment to Te Tiriti o Waitangi/The Treaty of Waitangi through our Māori Strategy, Whāia Te Tika ('Pursue what is right').

On 1 July 2023 we will launch Huakina Te Rā, our new enterprise strategy. This builds on ACC's prior mahi with a 10-year vision to guide our new strategic course.

Huakina te rā means to 'open the sail', and is the command that calls ACC to action, engaging the sails of our waka into momentum towards our destination.

Underpinned by Te Tiriti o Waitangi/The Treaty of Waitangi, our strategy seeks to create meaningful change through a relentless pursuit of equitable wellbeing outcomes for the people we serve. It builds on the whakapapa and aspirations of Whāia Te Tika and is developed with a dual framework that acknowledges both Te Tiriti o Waitangi/The Treaty of Waitangi partners as represented by a waka hourua.

Waka hourua

ACC has a dual-framed strategy. Our aim is to have a clear response for both tangata whenua and tangata Tiriti under a single and purposeful strategic direction and vision for ACC. We will do this by taking a 'waka hourua' Treaty-based approach to implementing the enterprise strategy, Huakina Te Rā.

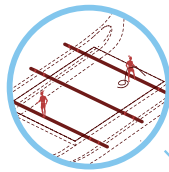
Te waka hourua (the double-hulled sailing vessel) represents a partnership between tangata whenua and tangata Tiriti toward a common purpose.

Waka hourua were waka used for long-distance voyages and are valued as taonga, carrying the mana and prestige of iwi and their leaders.

On the waka hourua, our dual strategic goals and outcomes sit within each of the hiwi (hulls) and are represented by the kiato (crossbeams). The papanoho (deck that connects the hulls) is the shared space where we come together to take collective action (shared actions). It signifies the importance of a partnership approach with Māori to achieving our vision.

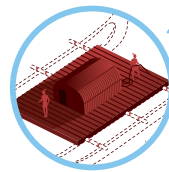
Huakina Te Rā draws inspiration from and builds on the whakapapa of Whāia Te Tika as our connection to the past and acknowledges the significant role it has played in getting ACC to where it is today. The aspirations of Whāia Te Tika are core to the direction of Huakina Te Rā and represent the mauri (life force) that energises and guides ACC to a future where we enable our communities to achieve oranga whānau (family wellbeing).

The **kiato** represent the dual-framed goals in our strategy. Kiato work together to connect, stabilise, and provide strength to our waka hourua.

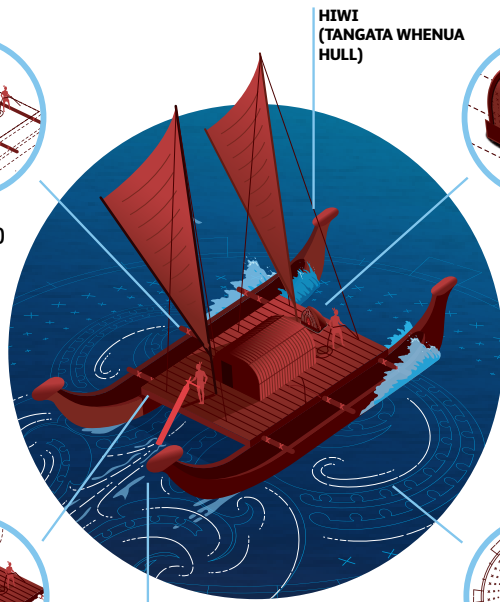


**KIATO
(CROSSBEAMS)**

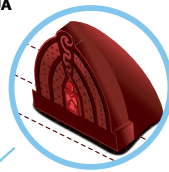
The **papanoho** provides the space for tangata whenua and tangata Tiriti to come together, where we have equal space to share our worldviews, knowledge systems, and values to chart and plan our way forward.



**PAPANOHO
(SHARED SPACE)**



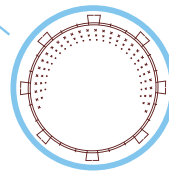
**HIWI
(TANGATA WHENUA
HULL)**



**TE TOKA MAURI
(MAURI STONE)**

Te toka mauri represents Whāia Te Tika as a source of strength to guide us safely into a future where communities achieve oranga whānau.

**HIWI
(TANGATA TIRITI HULL)**



**TE KĀPEHU WHETŪ
(STAR COMPASS)**

Te Kāpehu Whetū is our Māori Outcomes Framework, guiding ACC's journey towards achieving wellbeing outcomes for all people in Aotearoa New Zealand. Waka hourua navigators used a kāpehu whetū to understand their positions and direct their journeys.

Ngā Whāinga Matua | Strategic goals

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

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

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

Tangata whenua	Tangata Tiriti
Mana Taurite	Equity
Equity in access, service experience, and outcomes for Māori.	The people of Aotearoa New Zealand achieve equity of access, experience, and better outcomes.

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

Tangata whenua	Tangata Tiriti
Ringa Atawhai	Guardianship
We are trusted partners with Māori to improve outcomes.	We are valued kaiāwhina (helpers) of the people we serve now, and trusted stewards for future generations to come.

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

Tangata whenua	Tangata Tiriti
Oranga Whānau	Safe and Resilient Communities
Whānau experience intergenerational healing and restoration so they can thrive and flourish.	We strengthen whānau and community safety and resilience by partnering and investing where it counts.

Ngā Koronga Rautaki | Strategic intentions

Ngā Koronga Rautaki | Strategic intentions are the reflection of our dual-framed strategic goals and outcomes for the period of the Statement of Intent 2023–2027.

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

Te hora o te anga rautaki | Strategic framework outline

Enduring

Statutory purpose

ACC Scheme purpose

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

- minimising [...] the overall incidence of injury in the community, and
- [minimising] the impact of injury on the community (including economic, social, and personal costs)... (Section 3, Accident Compensation Act 2001)

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

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

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

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

Our **Vision** is Tōnui Ake Nei | Thriving Aotearoa

Our **Strategic Goals and Outcomes** are:

- **Mana Taurite | Equity** is our dual goal for all people in Aotearoa New Zealand to experience accessible services and improved outcomes.
- **Ringa Atawhai | Guardianship** is our dual goal for the Scheme to be sustainable for present and future generations.
- **Oranga Whānau | Safe and Resilient Communities** is our dual goal to partner and invest to help create safer and more resilient communities.

Mana Taurite | Equity:

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

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

Ringa Atawhai | Guardianship:

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

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

Oranga Whānau | Safe and Resilient Communities:

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

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

Injury prevention

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

Levy engagement and collection

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

Investment management

Because serious injuries will require ongoing expenditure for decades into the future, a portion of levies collected each year is set aside to provide for future costs. We invest these funds to meet the future costs of these claims. In managing our investments, we seek to maximise investment returns over the long term while minimising unexpected mismatches between investment income and growth in the claims liability.

Claims management

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

Long term (10+ years)

Medium term (4 Years)

Short term (1 Year)

He tātai whakatutukinga | Measuring our performance

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

Huakina Te Rā requires a new measurement approach to demonstrate how we will know we are on track towards the delivery of our new strategy.

For each of our intentions we have identified medium-term result areas to know if we are on track, applying a waka hourua approach. These medium-term result areas reflect the measurable performance improvements we aim to achieve against our outcomes for tangata whenua and tangata Tiriti.

To allow for continual improvement and ensure the measures best demonstrate our performance and address any identified data gaps, we will progressively update the measures we use in our Service Agreements. Work on developing the relevant data infrastructure will be a priority in the coming year. While this work develops, the Service Agreement 2023/24 reflects a mix of existing and new performance measures.

Our performance measures cover our strategic intentions. They are also aligned with the expectations of the Minister for ACC, as expressed in the Minister's Letter of Expectations, and build on the investments we have made through the Integrated Change Investment Portfolio in recent years. Each measure has performance targets for the next four years. These performance targets articulate our ambitions for the coming years and will be adjusted over time for the expected impacts of our enterprise strategy. The targets are reviewed and updated each year.

Te Kāpehu Whetū | The Star Compass

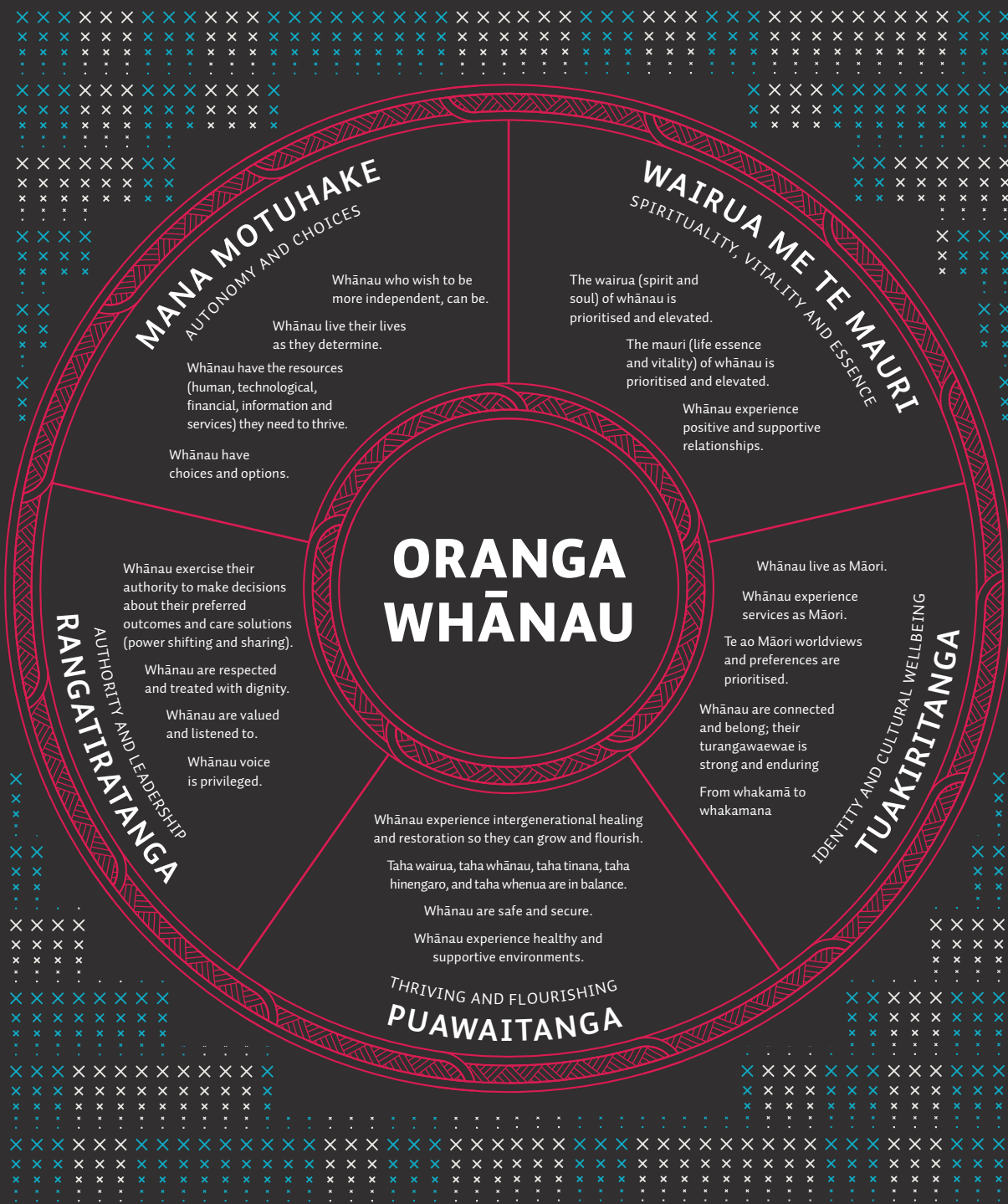
Te Kāpehu Whetū is the name of ACC's Māori Outcomes Framework. The name Te Kāpehu Whetū means 'the Star Compass' and was gifted to ACC by the ACC Māori Cultural Capability team. The name acknowledges that ACC is on a journey towards achieving wellbeing outcomes for Māori and that it will need to use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

Te Kāpehu Whetū prioritises Te Ao Māori, mātauranga Māori, and kaupapa Māori. It aims to ensure the voices of whānau are heard and their needs, goals, and preferences are respected and fulfilled. ACC seeks to contribute to Oranga Whānau (our overarching outcome) over the long term (10 years) through partnership with whānau, hapū, and iwi, and with other partners in the system by achieving:

- **Mana Motuhake** (Autonomy, Choice, and Options), where whānau have choices, options, and resources to live their lives as they determine
- **Rangatiratanga** (Authority and Leadership), where whānau are valued and respected to exercise their authority over decisions about their preferred outcomes and care solutions
- **Puāwaitanga** (Thriving and Flourishing), where whānau experience safe, secure, healthy, and supportive environments
- **Tuakiritanga** (Identity and Cultural Wellbeing), where Te Ao Māori worldviews are prioritised and where whānau experience services as Māori to support whānau connection and belonging
- **Wairua me te Mauri** (Spirituality, Vitality, and Essence), where the wairua and mauri of Māori are prioritised and elevated to enable positive and supportive relationships.

Te Kāpehu Whetū

ACC contributes to Oranga Whānau by working with whānau to achieve the following outcomes:



Key performance measures

We have identified 17 core performance measures aligned with our outcomes and strategic intentions. These measures, including the performance targets for 2023/24 are set out in Table 1 that follows.

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

For more information on the full set of measures we use to monitor our performance and manage our organisation, refer to our **Statement of performance expectations by output** (on page 29) and **Other performance measures** (on page 43).

Developing measures to support our new strategy

In this first year of Huakina Te Rā, we have included three measures that do not have established performance targets. We have termed these bridging measures. These metrics give initial visibility on key areas relevant to new strategic goals. As data accumulates, we will be able to set evidence-based performance targets for each measure or identify new measures to provide the critical indications of progress.

Equity and targets

Equity is at the core of Huakina Te Rā and visibility of progress is crucial. ACC has a wide programme of metrics that give insights into the outcomes being achieved for Māori and all New Zealanders. The Service Agreement comprises 20 measures that chart progress towards our strategic goals. Of these, six measures report individually on Māori outcomes and experiences.

Some of the 2023/24 performance targets for the Māori population are different from those set for the general population. This reflects differentials that currently exist in the access, outcomes, and experiences of Māori. These differences are more than numbers. They represent the lived experiences of individuals we exist to serve. We are focused on realising equity for Māori and all New Zealanders as rapidly as possible. Our dual-framed intentions of Mana Taurite | Equity seek to end such differences and help create a society where targets can be the same for all populations.

However, differentials are also an area of complexity. As we progress towards equity, some differentials may be linked to positive developments. For example, an increased rate of growth in Māori entering the Scheme may reflect more equitable access to the Scheme for Māori. Our performance targets consider these trajectories, and we use supporting analysis to understand the reasons for differences between populations and options for programme improvements.

TABLE 1 – PERFORMANCE MEASURES — STRATEGIC GOALS

Measure	Rationale	Actual 2021/22	Actual Mar 2023	Target 2023/24
Overall client satisfaction — Total	If we get their experiences and outcomes right, our clients will have confidence in our ability to support their returns to independence.	74%	71%	73%
Overall client satisfaction — Difference between total and Māori clients	Satisfaction gives a primary indication of the quality of experience for Māori. Other measures are used to give insights into the underlying reasons for the reported levels of satisfaction.	2% (72%)	1% (70%)	+/- 2%
Claim lodgement rate for Māori	Oranga Whānau is about intergenerational healing and restoration to enable people to thrive and flourish, while Mana Taurite seeks equity. Our ambition is for greater primary prevention coupled with full and timely access for all people.	254	271	Baseline established
Claim lodgement rate for other priority populations		n/a	n/a	Baseline established
Public trust and confidence — Total	The way the public views ACC is a useful indicator of how effectively we have communicated the value that ACC delivers, and demonstrated this in our interactions with levy payers, clients, providers, and stakeholders.	54%	54%	54%
Public trust and confidence — Difference between total and Māori clients		5% (49%)	3% (54%)	+/-2%
Health provider satisfaction	Satisfaction gives a primary indication of the quality of experiences for our providers.	60%	56%	60%
Business customer satisfaction	Satisfaction gives a primary indication of the quality of experiences for our levy payers. As we engage more effectively with business customers and make it easier for them to work with us, they will develop a stronger belief in ACC's purpose and the value of their levies.	61%	56%	56%
Investment performance relative to benchmarks	The quality of our investment management is an important factor in ensuring that we will have sufficient resources in the future, safeguarding the Scheme for future generations.	0.94%	0.19%	0.15%

Measure	Rationale	Mana Taurite	Equity	Ringa Atawhai	Guardianship	Oranga Whānau	Safe and Resilient Communities	Actual 2021/22	New measure	Target 2023/24
New year costs movement	By effectively managing the controllable costs of the Scheme, the long-term sustainability of the Scheme is enhanced.		✓							0%
Percentage of total expenditure paid directly to clients or for services to clients	Maximising the proportion of spending that flows directly to addressing the incidence and impacts of injury ensures we are best serving our existing clients and acting as responsible stewards.		✓					87.9%	89.3%	89.4%
ACC listened to and understood our whānau	Listening deeply to our clients is vital for trust and connection. It allows us to get it right for individual clients and whānau while also enabling growth and a deeper integration of Māori world views into ACC's systems and approaches.			✓				76%	75%	76%
Return to independence for those not in the workforce — All clients				✓				85.4%	77.0%	84.5%
Return to independence for those not in the workforce — Difference between All and Māori clients				✓				2.1% (83.3%)	-0.1% (77.1%)	+/-4%
Average weekly compensation days paid — All clients	Research tells us that, just like work, a rapid return to independence reduces the adverse social and economic impacts of injury.							72.1 days	69.3 days	67.6 days
Average weekly compensation days paid — Difference between all clients and Māori clients	Getting clients back to independence is positive for them and can make a significant difference to the long-term sustainability of the Scheme.			✓				-0.6 days (71.5 days)	-2.9 days (66.4 days)	+/-2 days
Sustained return-to-work rate				✓				73%	Annual measure	Baseline established

Measure	Rationale	Actual 2021/22	Actual Mar 2023	Target 2023/24	Mana Taurite	Equity	Ringa Atawhai	Guardianship	Oranga Whānau	Safe and Resilient Communities
Growth rate of the Long-Term Claim Pool — All clients	Minimising the incidence and impacts of injury is a primary responsibility for ACC and is central to building safe and resilient communities. Long-term claims represent serious injuries. Low growth of long-term claims is an indication of the effectiveness of injury prevention and rehabilitation.	8.8%	6.6%	5.4%					✓	
Growth rate of the Long-Term Claim Pool — Difference between all and Māori clients		-1.2% (7.6%)	-4.8% (1.8%)	+/-2.5%			✓			
Return on investment — Injury prevention	Effective investment in injury prevention strengthens whānau and community safety and resilience. We invest to keep New Zealanders safe from accidental injury by working with others to reduce the risks in a range of areas.	\$2.03:\$1	\$1.94:\$1	\$1.72:\$1 to \$1.92:\$1		✓				



Ā mātou whakatutukinga i te tau 2023/24 | What we will deliver in 2023/24

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

The Government's key priorities for ACC are outlined in the annual Letter of Expectations from the Minister for ACC. At a high level, the Government expects ACC to provide services that help all New Zealanders and their families, throughout their lives, to avoid injury and recover from it, if it occurs.

Since 2014 ACC has focused on transforming itself into a modern, resilient, and responsive organisation, and becoming proactive in its commitment to Te Tiriti o Waitangi/The Treaty of Waitangi. With these foundations in place, the Government expects that ACC will now work to achieve equity of access, experience, and wellbeing outcomes for all people in Aotearoa New Zealand. Alongside this, we will continue our commitment to Te Tiriti o Waitangi/The Treaty of Waitangi, focusing on embedding its articles and principles into the heart of ACC's systems and services.

These expectations form the operating context for ACC and translate into specific responsibilities for the coming year. Expectations also include building our operational excellence.

The Minister's specific expectations are documented in the annual Letter of Expectations, presented in **Appendix 3 — Letters of Expectations**. The Government also communicates key priorities for ACC as a Crown Financial Institution. These priorities are presented in the Minister of Finance's Letter of Expectations (**Appendix 3 — Letters of Expectations**) and are summarised in **Appendix 4 — Investment Statement**.

Specific objectives	Government priorities	<ul style="list-style-type: none"> Support the Government to keep New Zealanders safe from COVID-19, accelerate economic recovery, and lay the foundations for a better future.
	Equity of access and outcomes for all people of Aotearoa New Zealand	<ul style="list-style-type: none"> Implement the new enterprise strategy, Huakina Te Rā, to achieve equity of access and outcomes for Māori and provide for committed partnership under Te Tiriti o Waitangi/The Treaty of Waitangi.
	Rehabilitation outcomes	<ul style="list-style-type: none"> Use organisational learnings from other ACC initiatives to lift rehabilitation performance, with a focus on client outcomes.
	Reporting and measurement to inform improvement	<ul style="list-style-type: none"> Extend reporting and measures to provide an understanding of access to ACC services for different population groups, as well as outputs and outcomes achieved for Māori, Pacific peoples, ethnic communities, and disabled people.
	Maternal birth injuries	<ul style="list-style-type: none"> Continue to deliver comprehensive cover for maternal birth injuries. Proactively remove barriers to access. Collect information to support the three-year review of the injuries specified in the legislation.
	Governance diversity	<ul style="list-style-type: none"> Engage an observer from the Future Directors programme to help build effective governance through ensuring diversity of voice and experience at all levels of the organisation.
	United Nations Convention on the Rights of Persons with Disabilities	<ul style="list-style-type: none"> Ensure ACC's obligations under the convention are met.
Operational excellence	Positive partnerships	<ul style="list-style-type: none"> Engage effectively with government, the Treasury, the Ministry of Business, Innovation and Employment, and other agencies. Continue constructive relationships with all health sector partners to achieve ongoing service improvements.
	Protect personal information	<ul style="list-style-type: none"> Continue to grow a strong, values-based privacy culture, and ensure full compliance with the Privacy Act 2020 and the Health Information Privacy Code. Protect customer and staff information against cyber threats.
	Be a good and equitable employer	<ul style="list-style-type: none"> Provide an environment where diversity is celebrated and all employees feel valued, recognised, and supported to contribute, grow, and achieve.
	Sustainability	<ul style="list-style-type: none"> Proactively contribute to Aotearoa New Zealand's climate targets.

E whakatutuki ana i ngā whāinga rautaki i te tau 2023/24 | Delivering our strategic intentions in 2023/24

Our strategic intentions align with the period of the Statement of Intent (2023-2027) and reflect the areas requiring the most focus during that time. They demonstrate where we intend to concentrate our efforts to deliver on our vision, our outcomes, and the Government’s priorities for ACC.

There are three dual-framed core strategic intentions:

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

Tangata whenua	Tangata Tiriti
Mana Taurite	Equity
Equity in access, service experience, and outcomes for Māori.	The people of Aotearoa New Zealand achieve equity of access, experience, and better outcomes.

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

Tangata whenua	Tangata Tiriti
Ringa Atawhai	Guardianship
We are trusted partners with Māori to improve outcomes.	We are valued kaiāwhina (helpers) of the people we serve now, and trusted stewards for future generations to come.

Oranga Whānau | Safe and Resilient Communities

is our dual-framed goal to partner and invest to help create safer and more resilient communities.

Tangata whenua	Tangata Tiriti
Oranga Whānau	Safe and Resilient Communities
Whānau experience intergenerational healing and restoration so they can thrive and flourish.	We strengthen whānau and community safety and resilience by partnering and investing where it counts.

This first year of Huakina Te Rā is an important transition. We will begin to work on the key shifts we need to make as an organisation to deliver on our dual-framed goals. At the same time, we will be refining and implementing planned initiatives to support Huakina Te Rā. We expect the impacts of our mahi to be progressive. To deliver some goals, we need to first establish foundations in other primary result areas. Our planning recognises the dependencies between work streams, and our focus is phased accordingly through the first years of Huakina Te Rā.

Strategic intention: Mana Taurite | Equity

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

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

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

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

We will deliver on our collective Mana Taurite | Equity strategic intention by focusing shared actions on the three priorities shown in Table 2.

TABLE 2 – MANA TAURITE | EQUITY DELIVERY STATEMENTS

What we want to achieve	What we will have delivered by 30 June 2024
To remedy unjust, unfair, and avoidable disparities for Māori and other priority population groups, we will build an evidence base to understand the actions we should take, and to measure improvement.	We will be developing a suite of dynamic decision models based on data and evidence to recommend the optimal levels of support for clients during their recovery journeys.
	We will have increased understanding of Te Kāpehu Whetū and any new equity measures, including how to implement and measure them.
	We will be working to ensure we meet the requirements of the Accident Compensation (Access Reporting and Other Matters) Amendment Bill 2023.
To deliver improved outcomes for Māori and other priority population groups, we will identify and respond to barriers to access and positive service experiences.	We will be continuing to optimise our people, processes, and systems to support injury prevention. We will be leading a shift towards a customer-centric perspective where an emphasis on wellbeing is recognised as the platform for injury prevention.
	We will have implemented regionalised recovery and prevention kaupapa Māori solutions for kiritaki (clients) with complex claims or high levels of need in six rohe.
	We will be continuing to improve service delivery efficiency by offering an enhanced provider user experience and more self-service options.
	We will have written an evolved contract to achieve high-quality outcomes for clients with sensitive claims, ready for procurement and go-live in 2024/25.
To reduce disparities in access, service experience, and outcomes for Māori and other priority population groups, we will actively participate in meaningful partnerships with hapū, iwi, and communities.	We will be identifying barriers to accessing the Scheme, equity rights for Māori and equity needs for priority populations to inform an equity approach and action plan.
	We will be designing an operating model through a Te Tiriti and equity lens to inform frameworks and tools to support embedding Te Tiriti and equity of access across ACC.
	We will be improving the experience and outcomes of Māori clients using Hāpai case management, a Te Ao Māori approach to rehabilitation.

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

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

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

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

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

In 2023/24 we will measure our progress towards these medium-term result areas using the following key measures:

Mana Taurite

Overall client satisfaction — Difference between total and Māori clients

Claim lodgement rate for Māori

Equity

Overall client satisfaction — Total

Claim lodgement rate for other priority populations

Strategic intention: Ringa Atawhai | Guardianship

We will ensure the Scheme remains sustainable for future generations

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

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

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

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

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

We will deliver on our collective Ringa Atawhai | Guardianship strategic intention by focusing shared actions on the four priorities outlined in Table 3.

TABLE 3 – RINGA ATAWHAI | GUARDIANSHIP DELIVERY STATEMENTS

What we want to achieve	What we will have delivered by 30 June 2024
To focus on the relationships that really matter, we will include diverse voices and use technology, data, and insights to free up our time and that of our partners.	We will have improved efficiency for businesses by increasing the scope and usage of self-service, streamlining our systems, and ensuring seamless levy experiences.
	We will have integrated provider information with the customer view to improve our guardianship of Health Partnership Contracts and provide a high-quality, equitable customer experience across multiple service channels.
To deliver on a financially viable and equitable Scheme, we will partner with Māori.	We will be developing meaningful partnerships with Māori and equity partners, community providers and across government.
	We will be promoting a collective effort and shared responsibility with Māori to sustain the Scheme.
	We will be embedding Te Tiriti o Waitangi/The Treaty of Waitangi partnership framing in governance, decision-making, co-design, and delivery.
To avoid imposing a burden on future levy payers (including the Government), we will seek to ensure the financial sustainability of the Scheme while also ensuring we continue to provide high-quality services.	We will have increased knowledge of equitable funding formulas and distribution of resources, to inform an equity investment plan.
	We will be increasing the value delivered through treatment and rehabilitation services by investing in high-value services, reducing reinjury rates, and improving outcomes.
To enable Aotearoa New Zealand to achieve its environmental goals, including the net-zero emissions target, and achieve carbon neutrality, we will maintain our commitment to climate change action.	The redeveloped Accredited Employer Programme framework will be agreed, and accreditation requirements and performance monitoring measures finalised.
	We will be continuing to deliver on our public commitment to Aotearoa New Zealand's environmental goals.
	We will be tracking and reporting on our progress in reducing carbon emissions.

For each of our intentions we have identified medium-term result areas, to know if we are on track, applying a waka hourua approach. These medium-term result areas reflect the measurable performance improvements we aim to achieve against our outcomes for tangata whenua and tangata Tiriti.

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

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

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

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

In 2023/24 we will measure our progress towards these medium-term result areas using the following key measures:

Ringa Atawhai

Overall client satisfaction — Difference between total and Māori clients
Public trust and confidence — Difference between total and Māori clients

Guardianship

Overall client satisfaction — Total
Public trust and confidence — Total
Health provider satisfaction
Business customer satisfaction
Investment performance relative to benchmarks
New year costs' movement
Percentage of total expenditure paid directly to clients or for services to clients

Strategic intention: Oranga Whānau | Safe and Resilient Communities

We will strengthen safety and resilience by partnering and investing where it counts

More people are living longer with injury and ongoing health conditions, which leads to significant personal, social, and economic costs. We are taking a broader focus to minimise harm, and support people to stay healthy and independent.

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

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

In the coming four years we will deliver on our collective Oranga Whānau | Safe and Resilient Communities strategic intention by focusing shared actions on the three priorities outlined in Table 4.

TABLE 4 – ORANGA WHĀNAU | SAFE AND RESILIENT COMMUNITIES DELIVERY STATEMENTS

What we want to achieve	What we will have delivered by 30 June 2024
To build whānau and community resilience, we will focus on intervening early before and after injury to reduce harm.	We will have improved employers’ ability to engage in the recovery of injured workers by supporting them to access injury- and recovery-related information and enabling businesses to take the right action at key rehabilitation points.
	We will have increased protective factors for individuals and communities at risk through our work in the wider system, including contributing to improvements in family violence primary prevention systems, and the evolution of our grants and subsidies programme.
	We will be targeting the social and environmental conditions that contribute to the occurrence of harmful events through a number of initiatives focused on preventing maternal birth injuries, preventing family and sexual violence, increasing young driver safety, and the Preventable campaign.
To contribute to whānau and community wellbeing, we will partner to deliver services that meet the needs of the people we serve and their communities.	We will be continuing to increase protective factors for individuals and communities at risk, of harm with the aim of preventing accidents from causing harm. This will include growing our partnerships with hapū, iwi, and hapori for prevention-related mahi.
	We will provide safe, effective, modern, flexible, and inviting buildings for our customers and our people across Aotearoa New Zealand. This will include the development, in partnership with Ngāi Tahu, of a new building in Dunedin for 2025.
	We will be matching clients to people within our teams and partner networks with the right skill sets for their specific needs, leading to improvements in timely service activation and increases in durable rehabilitation outcomes.
	We will have improved our digital onboarding for clients to enable an improved self-service experience.
To support whānau and get people back to work and life, we will work with the broader health and disability system.	We will be developing a self-service recovery check-in functionality for ACC clients, enabling them to self-report the necessary information at the appropriate times to ensure that they receive the right levels of support for their injuries.
	We will have implemented integrated care pathways for musculoskeletal clients to improve client outcomes.

For each of our intentions we have identified medium-term result areas to know if we are on track, applying a waka hourua approach. These medium-term result areas reflect the measurable performance improvements we aim to make against our outcomes for tangata whenua and tangata Tiriti.

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

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

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

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

In 2023/24 we will measure our progress towards these medium-term result areas using the following key measures:

Oranga Whānau

ACC listened to and understood our whānau
Return to independence for those not in the workforce —
Difference between all clients and Māori clients
Average weekly compensation days paid —
Difference between all clients and Māori clients
Growth rate of the Long-Term Claim Pool —
Difference between all clients and Māori clients

Safe and Resilient Communities

Return to independence for those not in the workforce —
All clients
Average weekly compensation days paid — All clients
Growth rate of the Long-Term Claim Pool — All clients
Return on investment (injury prevention)
Sustained return-to-work rate

Te hiranga o ngā whakahaere | Organisational excellence

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

Our people

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

For our customers to have great experiences, we need our people to have great experiences. In the next four years we will work to improve our people’s experiences at work.

We will partner with our people to design better and more fulfilling work — work with more variety and autonomy and clear connections to our purpose. We will create more opportunities for our people to work on things that matter for our customers and learn new skills and improve along the way. And we will embed a strong sense of belonging and wellbeing across our increasingly diverse and dispersed workforce.

To achieve the goals of Huakina Te Rā we will need to develop our people with new capabilities and attract and retain people with new skills. We will strengthen our people’s compassion, capabilities, and confidence to do the right thing, in the right way, and at the right time for our customers — and support them with the right systems, tools, and training. Of particular importance, we will need to grow our ability to take a dual-framed tangata whenua and tangata Tiriti approach and engage and partner with Māori in new and culturally appropriate ways.

In the coming four years, we will work in partnership with our people on three priorities.

TABLE 5 – OUR PEOPLE DELIVERY STATEMENTS

What we want to achieve	What we will have delivered by 30 June 2024
To enable our people to bring Huakina Te Rā to life, we will unlock the potential of our people.	We will be continuing to improve our people’s experiences of work and make their work, work better.
	We will have further elevated our focus on employee health, safety, and wellbeing.
	We will be continuing to create an organisational culture that supports our people to express their identities, fosters a strong sense of belonging and wellbeing, and empowers them to work towards the same for their whānau and communities.
To ensure ACC is a mature, culturally safe, and competent organisation, we will build equitable systems and policies.	We will continue to elevate our focus on mātauranga Māori.
	We will have progressed the design and development of a whole-of-ACC organisational tikanga or kawa that reflects our commitment to Te Tiriti o Waitangi/The Treaty of Waitangi.
To develop our workforce to be able to deliver on our strategic direction, we need to attract and retain talent with the right mix of capabilities.	We will be continually and actively addressing organisational capabilities, including leadership, to deliver on our strategic intent.
	We will be focusing on attracting and retaining talent with the capabilities (skills, knowledge, experience, and behaviours) we need to be successful.

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

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

In 2023/24 we will measure our progress towards these medium-term result areas using the following measures:

- employee engagement
- total recordable injury frequency rate
- lost time injury frequency rate.

In December 2022, 4,000 full-time equivalent people worked at ACC. At this time, 13% of our people identified as Māori and 14% identified as having a disability. Our median gender pay gap in 2021/22 was 19.4%.

Our information and systems

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

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

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

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

TABLE 6 – INFORMATION AND SYSTEMS DELIVERY STATEMENTS

What we want to achieve	What we will have delivered by 30 June 2024
We will embed the highest standards of care of personal information and privacy practice and improve our privacy maturity through continuous delivery programmes.	We will be fostering a maturing privacy culture.
	We will be designing processes and systems to both minimise the possibility of privacy breaches and continually improve our privacy performance.
To build effective and trusted partnerships, we will be transparent in how we collect, share, and use data and insights.	We will continue to uphold our commitment to making information available under the principles of the Official Information Act 1982 and the Privacy Act 2020.
	We will be establishing an organisational approach to Māori data sovereignty.
To support a joined-up understanding to improve outcomes, we will ensure our data and analysis are high quality, accurate, and culturally informed.	We will be enhancing our use of actuarial data to create and share insights that improve client outcomes.
	We will be enhancing our analysis of the Integrated Data Infrastructure to understand the customer journey across agencies.
We will ensure ACC's technology is reliable, safe and secure	We will ensure our technology landscape is maintained and optimised to support strategic and sustainable technology with minimal disruptions for our people.
	We will be supporting our people through training and upskilling to adopt strategic enterprise technology services.
	We will continue to deliver a cyber security programme of work to improve the security posture of ACC and its systems.

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

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

In 2023/24 we will measure our progress towards these medium-term result areas using the following measures:

- number of category 3, 4, and 5 privacy breaches (as defined by the Government Chief Privacy Officer's privacy matrix)
- overall operational system uptime.



Te tauāki koronga mō ngā mahi hei whakatutuki | Statement of performance expectations

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

This section sets out the outputs that we are funded to provide. Outputs are the actual products and services that ACC provides to its stakeholders.

The information includes:

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

We will report quarterly against these output performance measures to assess whether our activities are making a difference and the extent

to which we are achieving our strategic intentions. Measures have targets for each year from 2023/24 to 2026/27, except for bridging measures. Bridging measures give initial visibility on key areas relevant to new strategic goals. As data accumulates, we will be able to set evidence-based performance targets for each measure, or identify new measures to provide the critical indications of progress.

The targets set for 2023/24 consider current performance with a general principal of continuous improvement thereafter. They consider and build on the investments we have made through the Integrated Change Investment Portfolio in recent years. Although the COVID-19 pandemic has tapered, ACC continues to experience impacts from the disruptions to the health sector during the waves of the pandemic. This Service Agreement has been developed based on the best available information.

Breakdown of Budget against output classes

TABLE 7 – 2023/24 BUDGET BY OUTPUT CLASS

§m	2023/24 budget		
	Administration	Claims paid	Revenue
Output 1: Injury prevention	103		
Output 2: Levy engagement and collection	20		6,249
Output 3: Investment management	71		3,009
Output 4: Claims management	630	7,004	
Total	824	7,004	9,258
Other operating costs	76		
Total ACC	900	7,004	9,258

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

Aligning our strategic intentions with our outputs

Our outputs are related to our three externally focused strategic intentions.

TABLE 8 – ALIGNMENT OF STRATEGIC INTENTIONS WITH OUTPUTS

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

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

What is intended to be achieved

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

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

This accountability, along with our responsibility to safeguard Scheme sustainability for present and future generations, means that injury prevention is carefully targeted. We can only undertake an injury prevention activity if it is likely to result in a cost-effective reduction in actual or projected levy rates or the Non-Earners' appropriation. This requirement means that we focus our efforts on injuries that have the greatest impacts on the Scheme, such as high-cost and high-volume claims that affect claim costs, the Outstanding Claims Liability, and levies. We also work with non-government organisations, community groups, and other government agencies so that the activities and funding are effective. This coordination role is as important as directly funding injury prevention interventions.

In 2023/24 we plan to invest \$103 million in injury prevention activity to reduce the incidence and severity of injury.

How we will know we have achieved this

TABLE 9 – OUTPUT 1 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
Return on investment (injury prevention) ³	<p>We invest to keep New Zealanders safe from accidental injury by working with others to reduce the risks across a range of areas.</p> <p>We take a portfolio approach. This means that overall, we expect our injury prevention programmes to deliver positive returns on investment.</p>	\$2.03:\$1	\$1.94:\$1	\$1.72:\$1 to \$1.92:\$1	\$1.75:\$1 to \$1.95:\$1	\$1.78:\$1 to \$1.98:\$1	\$1.79:\$1 to \$1.99:\$1
Bridging measure* Claim lodgement rate for Māori	Oranga Whānau is about intergenerational healing and restoration to enable people to thrive and flourish, while	254	271	Baseline established			
Bridging measure* Claim lodgement rate for other priority populations	Mana Taurite seeks equity. Our ambitions are for greater primary prevention coupled with full and timely access for all people.	n/a	n/a	Baseline established ⁴			

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

3. Excluding WorkSafe New Zealand investment.

4. To be developed to meet requirements of the Accident Compensation (Access Reporting and Other Matters) Amendment Bill 2023.

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

What is intended to be achieved

The Scheme is managed through five Accounts, with each providing cover for a specific grouping of injuries. In order for us to commission and deliver services, we must collect revenue. Through our levy-setting process we calculate the future revenue needs for each Account and ensure that funding and resources are allocated in a way that addresses the needs of all people. 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. Following approval, we manage the process of levy invoicing and collection.

How we will know we have achieved this

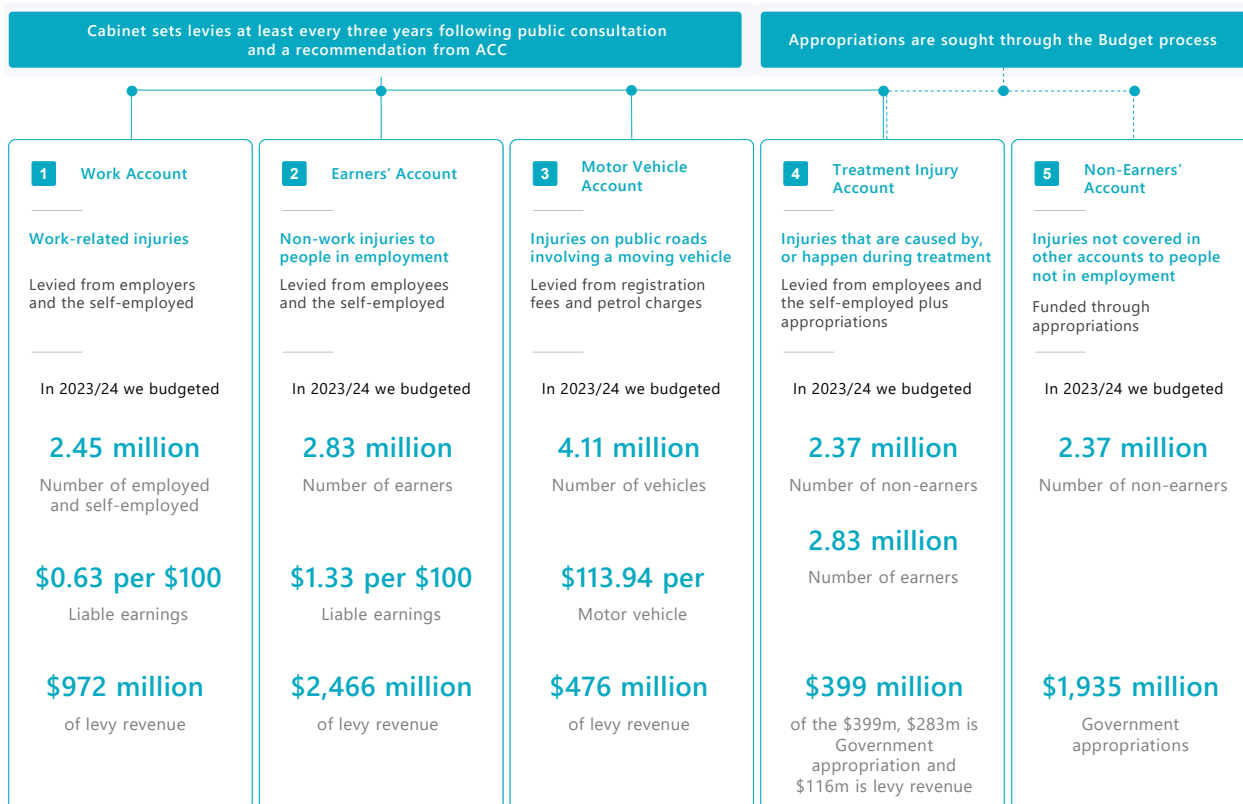
TABLE 10 – OUTPUT 2 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
New year costs movement	By effectively managing the controllable costs of the Scheme, the long-term sustainability of the Scheme is enhanced.	New measure		0%	0%	0%	0%
Business customer satisfaction	Satisfaction gives a primary indication of the quality of experience for our levy payers. As we engage with business customers more effectively and make it easier for them to work with us, they will develop a stronger belief in ACC’s purpose and the value of their levies.	61%	56%	56%	58%	60%	62%

How we are funded

Figure 1 shows our 2023/24 forecasts of the number of funders, the levy and appropriation revenue, and the currently approved levy rates for each Account.

FIGURE 1 – SOURCES OF ACCOUNT FUNDING



Funding ratios

The financial sustainability of each Account is measured by the funding ratio. The funding ratio is the measure of the applicable assets available to cover the value of what is intended to be the fully funded portion of the liabilities in each Account, expressed as a ratio for each Account. The calculation of the applicable assets and liabilities is defined in the funding policy⁵.

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

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

5. Funding Policy Statement in Relation to the Funding of ACC's Levied Accounts (Gazette No. 2021-g01226).

TABLE 11 – FUNDING RATIOS

Account	Forecast 2022/23	Budget 2023/24	Funding policy target
Motor Vehicle	127.9%	123.7%	100%
Work (including gradual process claims incurred but not yet made)	136.9%	132.7%	100%
Earners' Account	102.1%	96.5%	100%
Treatment Injury (Earners' portion)	133.1%	130.8%	100%
Treatment Injury (Non-Earners' fully funded portion)	84.6%	82.4%	100%
Non-Earners' (fully funded portion)	79.7%	77.4%	100%

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

What is intended to be achieved

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

Serious injuries can require ongoing expenditure for years, and sometimes decades, into the future. Unanticipated rising costs, rising incomes, and the introduction of effective but expensive new medical treatments could otherwise mean that future levy payers would contribute to the cost of previous years' accidents. To manage this risk, 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.

ACC's investment objectives seek to maximise investment returns over the long-term while minimising unexpected mismatches between investment income and growth in the Outstanding Claims Liability. 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.

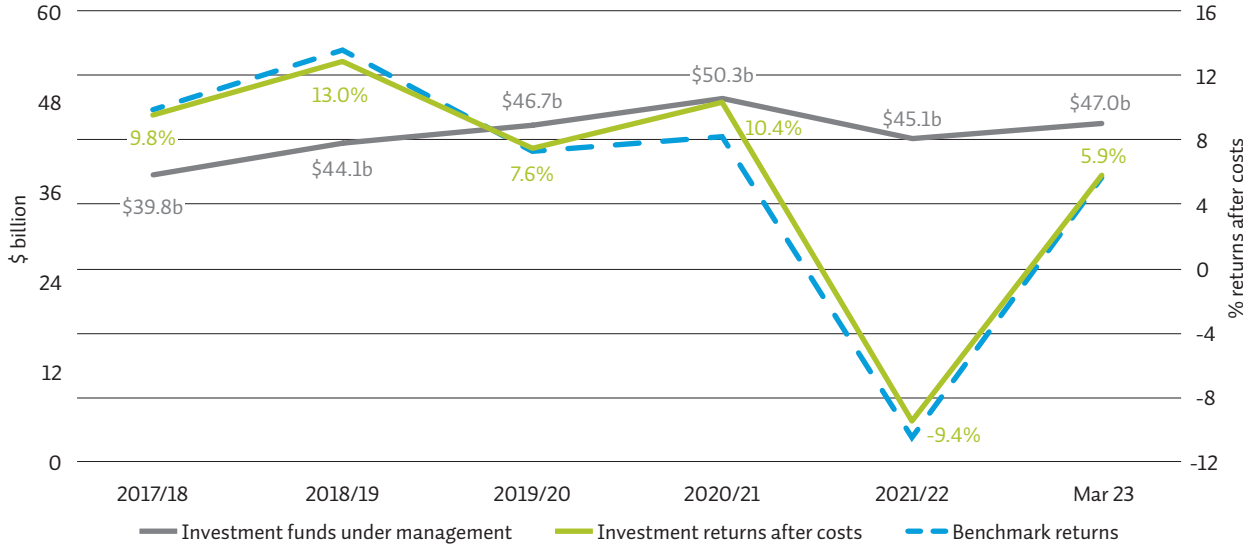
How we will know we have achieved this

TABLE 12 – OUTPUT 3 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
Investment performance after costs relative to benchmark	The quality of our investment management can be gauged by comparing our returns net of costs with that of a blended market average benchmark. This provides a comparison with the asset classes in which we have invested. The quality of our investment management is an important factor in ensuring we have sufficient resources in the future, safeguarding the Scheme for future generations.	0.94%	0.19%	0.15%	0.15%	0.15%	0.15%

Activity information

ACC had \$47.0 billion of investment funds at the end of March 2023 and had returned 5.9% after costs. Market returns can be volatile from year to year and ACC’s investment team aims to add value over the longer term. ACC has outperformed its market benchmarks in 28 of the past 30 years.



Expectations as a Crown Financial Institution

The Government communicates key priorities for ACC as a Crown Financial Institution through the annual Letter of Expectations from the Minister of Finance. These priorities are presented in **Appendix 3 — Letters of Expectations** and are summarised in **Appendix 4 — Investment Statement**.

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

What is intended to be achieved

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

Each year, approximately two million people rely on us when they are injured. We manage claims from the relatively minor, where clients only require primary health services (such as a one-off visit to a general practitioner), to claims from individuals who suffer serious injuries requiring lifelong services and support.

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

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

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

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

How we will know we have achieved this

TABLE 13 – OUTPUT 4 PERFORMANCE MEASURES

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
Overall client satisfaction — Total	Satisfaction gives a primary indication of the quality of experiences and outcomes for our clients.	74%	71%	73%	74%	75%	77%
Overall client satisfaction — Difference between total and Māori clients		2% (72%)	1% (70%)	+/-2%	+/-1%	0%	0%
Health provider satisfaction	Satisfaction gives a primary indication of the quality of experiences for our providers.	60%	56%	60%	62%	64%	66%
Public trust and confidence — Total	The way the public views ACC is a useful indicator of how effectively we have communicated the value that ACC delivers, and demonstrated this in our interactions with levy payers, clients, providers, and stakeholders.	54%	54%	54%	55%	56%	58%
Public trust and confidence — Difference between total and Māori clients		5% (49%)	3% (54%)	+/-2%	+/-1%	0%	0%
ACC listened to and understood our whānau	Deeply listening to our clients is vital for trust and connection. It allows us to get it right for individual clients and whānau while also enabling growth and a deeper integration of Māori world views into ACC's systems and approaches.	76%	75%	76%	78%	79%	80%
Return to independence for those not in the workforce — All clients	Research tells us that a rapid return to work and/or independence reduces the adverse social and economic impacts of injury. These measures evaluate how effectively we are supporting clients to return to work or independence, and whether their returns are sustained.	85.4%	77.0%	84.5%	84.5%	84.5%	84.5%
Return to independence for those not in the workforce — Difference between all clients and Māori clients		2.1% (83.3%)	-0.1% (77.1%)	+/- 4.0%	+/- 3.5%	+/- 3.0%	+/- 2.5%
Average weekly compensation days paid — All clients	These measures evaluate how effectively we are supporting clients to return to work or independence, and whether their returns are sustained.	72.1 days	69.3 days	67.6 days	66.8 days	66.6 days	66.5 days
Average weekly compensation days paid — Difference between all clients and Māori clients		-0.6 days (71.5 days)	-2.9 days (66.4 days)	+/-2.0 days	+/-1.5 days	+/-1.0 days	+/-0.5 days
Bridging measure* Sustained return-to-work rate		73%	Annual measure	Baseline established			

Continued...

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
Growth rate of the Long-Term Claim Pool — All clients	Minimising the incidence and impacts of injury is a primary responsibility for ACC and is central to building safe and resilient communities. Long-term claims represent serious injuries. A low growth of long-term claims is an indication of the effectiveness of injury prevention and rehabilitation.	8.8%	6.6%	5.4%	4.6%	3.8%	3.8%
Growth rate of the Long-Term Claim Pool — Difference between all and Māori clients		-1.2% (7.6%)	-4.8% (1.8%)	+/- 2.5%	+/- 2.0%	+/- 1.5%	+/- 1.0%
Percentage of total expenditure paid directly to clients or for services to clients		87.9%	89.3%	89.4%	89.8%	90.2%	90.5%

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

Activity information

Claims activity

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

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

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

FIGURE 2 – TOTAL NEW REGISTERED CLAIMS VERSUS RATE OF NEW CLAIMS GROWTH, BY YEAR (ACTUAL AND FORECAST)

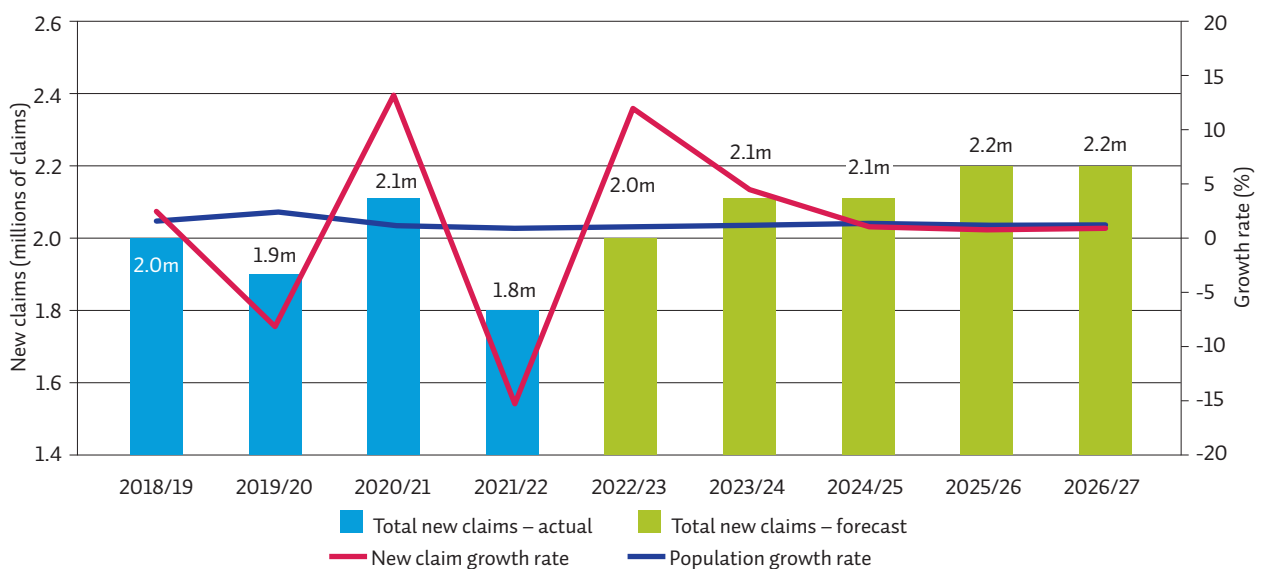


Table 14 shows recent trends in the types of claims that we receive and accept. Claim volumes from 2019/20 to current have been affected by COVID-19 and related lockdowns. This has distorted the growth rate trends for new claims. The Scheme is based on legislation, and each claim is evaluated to determine whether it meets the requirement of the AC Act. 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 who have covered injuries are eligible to receive.

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

TABLE 14 – HISTORICAL CLAIM VOLUMES, BY TYPE

Measure	Definition	2019/20	2020/21	2021/22	Mar 2023
Registered claims	Total number of registered claims in the period.	1,861,499	2,099,021	1,802,970	1,458,642
Medical fees only claims	Total number of medical fees only claims in the period.	1,582,879	1,786,267	1,520,446	1,216,602
Other entitlement claims	Total number of entitlement claims (all entitlement claims excluding weekly compensation) that receive payments in the period.	134,182	143,875	131,293	103,798
Weekly compensation claims	Total number of weekly compensation claims that receive payments in the period.	125,375	144,253	143,611	123,954
Long-term weekly compensation claims	Number of clients receiving weekly compensation for more than one year as at 30 June.	15,996	17,401	18,930	19,861
New serious injury claims	Total number of new serious injury claims in the period.	252	234	296	217
Fatal claims	Total number of fatal claims in the period.	1,473	1,455	1,454	1,061

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

TABLE 15 – EXPENDITURE FOR KEY CLAIM COSTS

\$ million	Actual 2021/22	Forecast 2022/23	Budget 2023/24
Weekly compensation	1,848	2,112	2,245
Medical treatment	904	1,073	1,252
Social rehabilitation	1,039	1,196	1,369
Public health acute services	651	729	813
Elective surgery (hospital treatment)	411	531	585

Ētahi atu inenga mahi | 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.

Our organisational health and capability intentions

TABLE 16 – PERFORMANCE MEASURES — OUR PEOPLE

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
Employee engagement	Equipping our staff with the right tools and capabilities enables them to be high-performing employees, engaged in their organisation and mahi.	4.20	Annual measure	4.24	4.26	4.28	4.30
Total recordable injury frequency rate	We keep people safe, healthy, and well, enabling them to arrive home in the same mental and physical condition as that in which they left for work.	2.0	2.6	<3.0	<3.0	<3.0	<3.0
Lost-time injury frequency rate		1.8	2.3	<2.0	<1.9	<1.8	<1.8

TABLE 17 – PERFORMANCE MEASURES — OUR INFORMATION AND SYSTEMS

Measure	Rationale	Actual		Target			
		2021/22	Mar 2023	2023/24	2024/25	2025/26	2026/27
The number of category 3, 4, and 5 privacy breaches (as defined by the Government Chief Privacy Officer’s privacy matrix)	We deal with confidential and sensitive information for a large number of people and entities. Our customers expect us to protect this information and maintain our progress in reducing privacy breaches.	6	3	<3 category 3 or 4 breaches per year No category 5 breaches			
Overall operational system availability	Our systems need to be available so that we can deliver the services our customers expect.	99.9%	99.9%	99.7%	99.7%	99.7%	99.7%



Ngā kōrero pūtea | Financial information

Te matapae pūtea | Forecast financial information

Introduction

The information below sets out the 2023/24 budgets for ACC, as prepared for the Budget Economic and Fiscal Update 2023. Comparative information is based on the forecast financial results for the year to 30 June 2023, prepared as at 28 February 2023. The comparative information excludes the financial impacts of the preliminary work undertaken by ACC on the proposed New Zealand Income Insurance Scheme. In February 2023 the New Zealand Government decided to delay the introduction of an income insurance scheme.

Drivers of the Scheme's financial performance

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

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

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

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

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

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

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

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

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

Ngā tauāki matapae pūtea | Forecast financial statements

Statement of forecast comprehensive revenue and expense by Account

(\$M)	2023/24 budget					Total ACC	2022/23 forecast
	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non-Earners' Account		
Income							
Total net levy and other revenue	476	973	2,466	399	1,935	6,249	5,894
Interest, dividend and rental income	384	294	338	170	179	1,365	1,498
Total revenue	860	1,267	2,804	569	2,114	7,614	7,391
Expenditure							
Claims paid	919	1,236	2,601	410	1,838	7,004	6,253
Expected increase in outstanding claims liability	706	414	1,038	511	623	3,292	2,581
Net losses from other factors on outstanding claims liability	-	-	-	-	-	-	312
Changes in unexpired risk liability	20	25	10	-	-	55	46
Total claim costs	1,645	1,675	3,649	921	2,461	10,351	9,192
Injury prevention costs	11	28	25	5	34	103	80
Enterprise change costs	7	22	34	5	14	82	77
Investment management costs	22	16	17	8	8	71	71
Operating costs	59	164	252	49	120	644	594
(Deficit) from operations excluding the impact from market movements	(884)	(638)	(1,173)	(419)	(523)	(3,637)	(2,623)
Net gains on investments	480	377	400	197	190	1,644	1,022
Net gains from changes in discount and inflation rates on outstanding claims liability	-	-	-	-	-	-	2,062
Net gains from changes in discount and inflation rates on unexpired risk liability	-	-	-	-	-	-	10
Net (deficit) surplus	(404)	(261)	(773)	(222)	(333)	(1,993)	471
Total comprehensive revenue and expense for the year	(404)	(261)	(773)	(222)	(333)	(1,993)	471

Statement of forecast changes in reserves (equity) by Account

(\$M)	2023/24 budget					Total ACC	2022/23 forecast
	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non-Earners' Account		
Total Account reserves							
Balance at the beginning of the year (deficit)	1,375	2,626	(1,881)	(2,094)	(5,595)	(5,568)	(6,039)
Total comprehensive revenue and expense for the year	(404)	(261)	(773)	(222)	(333)	(1,993)	471
Balance at the end of the year (deficit)	971	2,365	(2,654)	(2,316)	(5,928)	(7,561)	(5,568)

Statement of forecast financial position

As at 30 June (\$M)	2022/23 forecast	2023/24 budget
Assets		
Cash and cash equivalents	200	193
Cash pledged as collateral	–	–
Receivables	577	565
Accrued levy revenue	3,322	3,628
Investments	46,149	47,446
Derivative financial instruments	–	–
Property, plant and equipment, and intangible assets	106	91
Total assets	50,354	51,923
Less liabilities		
Cash collateral received	–	–
Payables and accrued liabilities	670	670
Derivative financial instruments	–	–
Provisions	–	–
Unearned levy liability	2,779	2,994
Unexpired risk liability	1,370	1,425
Outstanding claims liability	51,103	54,395
Total liabilities	55,922	59,484
Net assets (liabilities)	(5,568)	(7,561)

Statement of forecast cash flows

(\$M)	2022/23 forecast	2023/24 budget
Cash flows from operating activities		
Cash was provided from:		
Levy revenue	5,825	6,165
Investment income	1,272	1,365
Other revenue	1	1
	7,098	7,531
Cash was applied to:		
Payments towards claims, injury prevention, and other operating costs	7,145	7,864
Goods and services tax (net)	12	5
	7,157	7,869
Net cash (outflow) from operating activities	(59)	(338)
Cash flows from investing activities		
Cash was provided from:		
Proceeds from sale of investments	86,388	87,596
Proceeds from sale of property, plant and equipment, and intangible assets	–	–
	86,388	87,596
Cash was applied to:		
Payments for investments	86,249	87,241
Payments for property, plant and equipment and intangible assets	30	24
	86,279	87,265
Net cash inflow from investing activities	109	331
Net increase (decrease) in cash and cash equivalents	50	(7)
Cash and cash equivalents — opening balance	150	200
Cash and cash equivalents — closing balance	200	193

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

1. Financial reporting

Reporting and funding by Account

The Accident Compensation Corporation Scheme (as required through the 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. ACC therefore manages and separately reports on the performance and funding of each Account.

Sections 166A and 166B of the AC Act require the Government to issue a funding policy setting out the criteria for fully funding the levied Accounts, including the earners' portion of the Treatment Injury Account. Under section 331(1)(3) of the AC Act, ACC must make levy rate recommendations in accordance with that funding policy. The current funding policy was gazetted on 6 April 2021 (Gazette No. 2021-g01226).

The lifetime costs of post-2001 claims are fully funded using central estimates. The risk margin, which allows for 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 ACC Board recommends sustainable levies to meet the funding policy of the Motor Vehicle, Work, and Earners' Accounts, but final levy rates are set by the Government.

The 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 Non-Earners' Account is funded by the Government.

Reporting entity

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

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

Basis of preparation

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

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

2. Critical accounting judgements, estimates, and assumptions

Outstanding Claims Liability (OCL)

PBE IFRS 4 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.

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 and 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, a client is 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.

Accrued levy revenue

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

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

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

Going-concern assumption

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

The Board continues to monitor and consider the outlook of the Scheme and the likelihood that this creates uncertainty in relation to the going concern assumption. We are particularly mindful that external economic factors can significantly impact the Scheme's financial performance and position. The Scheme 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.

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. The 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.

Unexpired risk liability

At each balance date, ACC assesses whether the levy revenue recognised in the current period is sufficient to cover all expected future cash flows relating to future claims incurred in the current period. This assessment is referred to as the liability adequacy test and is performed for each Account. Gradual process claims are excluded from the liability adequacy test.

If levies are insufficient to cover the expected future claims plus a risk margin, they are deemed to be deficient. The entire deficiency is recognised immediately in surplus or deficit. The deficiency is recorded in the statement of financial position as an unexpired risk liability.

The expected future claims are determined as the present value of the expected future cash flows relating to future claims. ACC applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the claims liability.

Investment income

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

- Dividends on equity securities are recorded as revenue on the ex-dividend date (the date on which the 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 the 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 balance date.

3. Financial risks

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

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

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

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

4. Levy revenue and appropriations

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

Levies

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

TABLE 18 – BUDGET LEVY RATES BY LEVY YEAR

Account	2022/23	2023/24
Motor Vehicle	\$113.94 per vehicle through licencing licensing fees and petrol levies	\$113.94 per vehicle through licencing fees and petrol levies
Work	\$0.63 per \$100 liable earnings	\$0.63 per \$100 liable earnings
Earners'	\$1.27 per \$100 liable earnings	\$1.33 per \$100 liable earnings

The \$6,249 million levy revenue for 2023/24 is \$355 million higher than forecast for 2022/23. The budget for levy revenue incorporates:

- Cabinet-approved (December 2021) levy rates for the 2022/23 levy year (including an increase in the Earners' levy rate)

- the Non-Earners' Account appropriation, including the non-earners' portion of the Treatment Injury Account, which has increased by \$157 million to \$2,218 million
- increased liable earnings in 2023/24, by 4.4%
- similar motor vehicle registration and petrol consumption forecasts.

Non-Earners' Account appropriation

The Minister purchases from ACC outputs consistent with the provisions of the AC Act in respect of non-earners (other than motor vehicle injury). This includes the funding requirements of the Treatment Injury Account in respect of treatment injuries to non-earners. This funding is appropriated within Vote Labour Market.

TABLE 19 – BUDGET NON-EARNERS' ACCOUNT OUTPUT EXPENSES

(\$M)	2023/24 budget	Relevant ACC activity	Relevant ACC output class
Case management and supporting services	325	Setting, invoicing, and collecting levies — the Vote Labour Market appropriation process. Management of investment assets. Lodgement of new claims and making cover decisions. The costs of determining, processing, paying, and monitoring payments to treatment and service providers and clients. Also includes the cost to ACC of managing claims with the goal of returning clients to independence. Development and delivery of programmes to reduce the incidence and severity of injury.	2 Levy engagement and collection 3 Investment management 4 Claims management 1 Injury prevention
Sexual abuse assessment and treatment services	13	Payments to providers for sexual abuse assessment and treatment services, and associated training and accreditation services, to victims of sexual abuse or assault.	4 Claims management
Rehabilitation entitlements and services	1,293	Payments to providers for services including social rehabilitation, medical treatment, and vocational rehabilitation.	4 Claims management
Public health acute services	473	Funding via the Ministry of Health to provide services to injured people in hospitals during the acute phase of their treatment.	4 Claims management
Compensation entitlements	114	Direct payments of entitlements to clients, including weekly compensation, independence allowances, and lump sum payments.	4 Claims management
Total	2,218		

5. Investment income

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

Investment income in the 2023/24 year has been calculated by Account. The projected rate-of-return range in 2023/24 is 6.14% to 7.03% per annum, depending on the Account.

The table below shows the projected net investment assets at balance date.

TABLE 20 – BUDGET NET INVESTMENT ASSETS

(\$M)	2022/23 forecast	2023/24 budget
Operational cash portfolio	200	193
Investments	46,149	47,446
Receivables (including unsettled transactions, dividend, and interest receivables)	387	387
Payables (unsettled transactions)	(493)	(493)
Investments reserves portfolio	46,043	47,340

6. Claims paid

TABLE 21 – BUDGET CLAIMS PAID

(\$M)	2022/23 forecast	2023/24 budget
Rehabilitation (including treatment) costs		
Medical treatment	1,073	1,252
Elective surgery (hospital treatment)	531	585
Public health acute services	729	813
Other treatment	288	313
Vocational rehabilitation	70	80
Social rehabilitation	1,196	1,369
Total rehabilitation (including treatment) costs	3,887	4,412
Compensation costs		
Income maintenance	2,112	2,245
Other compensation and benefits	208	271
Total compensation costs	2,320	2,516
Miscellaneous costs	46	76
Total claims paid	6,253	7,004

Claims cost are budgeted to increase \$0.8 billion (12%) to \$7.0 billion from 2022/23 forecast to 2023/24 budget. The growth in claims costs still includes some impacts from COVID-19 in the community suppressing claim volumes in 2022/23.

Claims costs are derived from the expectation of new registered and new weekly compensation claims growth, expected rehabilitation duration performance, the labour cost index, and average weekly earnings assumptions.

Volume drivers have been applied to some individual services to recognise instances where claim volumes are expected to differ from the global new claim volumes forecast (up and down). This includes services that are

currently generating, or expect to generate, higher utilisation through targeting or responding to specific client needs, and services where demand is sensitive to various demographic or other factors.

7. Increase in the Outstanding Claims Liability (OCL)

The liability is forecast to increase from \$50,272 million to \$51,103 million in 2022/23, an increase of \$831 million. This reflects the 31 December 2022 valuation, with adjustments to reflect economic assumptions as at 28 February 2023. It is estimated that the OCL will have reached \$54,395 million in 2023/24.

TABLE 22 – BUDGET MOVEMENT IN THE OCL

(\$M)	2022/23 forecast	2023/24 budget
Opening balance at 1 July	50,272	51,103
Expected increase in the OCL	2,581	3,292
Impact of change in claims experience and modelling	312	–
Impact of change in economic assumptions	(2,062)	–
Closing balance at 30 June	51,103	54,395

8. Increase in unexpired risk liability

TABLE 23 – BUDGET MOVEMENT IN UNEXPIRED RISK LIABILITY

(\$M)	2022/23 forecast	2023/24 budget
Opening balance at 1 July	1,334	1,370
Movement in unexpired risk liability	36	55
Closing balance at 30 June	1,370	1,425

9. Capital expenditure

TABLE 24 – BUDGET CAPITAL EXPENDITURE

(\$M)	2022/23 forecast	2023/24 budget
Property, plant and equipment		
IT	3	3
Property	14	10
Motor vehicles, equipment	–	1
Total property, plant and equipment	17	14
Intangible assets		
Intangible assets	11	10
Total capital expenditure	28	24

IT-related costs are for the IT infrastructure expenditure and the cyclical replacement cost of mobile devices. Property spend is the necessary annual spend to ensure that our property is fit for purpose. The property spend in 2022/23 is mainly for the fit-out of the new office building in Hamilton. The 2023/24 spend on property includes the fit-out of a new site in Auckland and a portion of the fit-out costs of the new office building in Dunedin, which is expected to be completed in 2024/25. The spend on motor vehicles in 2023/24 is for the replacement of fleet vehicles.

10. Summary of other important assumptions

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

TABLE 25 – IMPORTANT ASSUMPTIONS

Index	Indices (year to 30 June)				
	2023	2024	2025	2026	2027
Claim volume growth	12.0%	4.5%	1.1%	0.8%	0.9%
Entitlement claims volume growth	13.6%	3.6%	4.5%	4.4%	4.0%
Population growth	0.6%	1.0%	1.1%	1.2%	1.2%
Consumer price index	4.1%	3.6%	2.3%	1.9%	1.8%
Labour cost index	4.3%	3.8%	2.5%	2.1%	2.0%
Average weekly earnings	7.8%	4.5%	3.4%	2.9%	2.9%



Ngā āpitihanga | Appendices

Āpitianga 1: Te whakahāngaitanga o te Kirimana Ratonga Mahi | Appendix 1: Alignment of the Service Agreement

How the Service Agreement aligns with our other accountability documents

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



Purpose of the Statement of Intent

Our Statement of Intent summarises our strategic intentions for the next four years. It includes our medium-term outcomes, our vision, our areas of focus, and how we assess our performance overall. Our Statement of Intent also summarises how we maintain our organisational excellence: our people, our systems, and our risk-management framework.

- the expected cost of those services
- the performance measures, targets, and related information necessary for the Minister to assess our performance
- the nature and frequency of the reporting requirements against the Agreement
- how we will deliver our outputs: injury prevention, levy engagement and collection, investment management, and claims management.

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

Purpose of the Service Agreement

The Service Agreement (the Agreement) is between the Minister for ACC (the Minister) and the Accident Compensation Corporation (ACC).

The Agreement outlines for the forthcoming year:

- what we will have delivered by 30 June 2024 to demonstrate progress against our strategic intentions
- the quality and quantity of services to be provided by ACC

Purpose of the Annual Report

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

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

Roles and responsibilities

The Minister for ACC is the Minister responsible for both the Accident Compensation Scheme (the Scheme) and the Accident Compensation Corporation (ACC). The Minister's roles and responsibilities are to:

- make sure an effective Board is in place to govern ACC
- participate in setting the direction of ACC
- monitor and review ACC's performance and results
- manage risks on behalf of the Crown.

The Minister exercises this responsibility through the relationship with the ACC Board (the Board) and, in particular, the Board Chair. This Service Agreement (Agreement) supports that relationship.

The Board is accountable to the Minister for the delivery of the services specified in this Agreement, to the quality and costs specified. ACC remains accountable for the delivery of all outputs, including outputs that have been subcontracted to third parties.

Parties

This Agreement is between the Minister and ACC. Under section 25 of the Crown Entities Act 2004 the Board is responsible for all decisions relating to the operation of ACC. Under section 49 of that Act the Board also has a statutory duty to ensure that ACC acts in a manner consistent with this Agreement.

Term

This Agreement, entered into pursuant to section 271 of the Accident Compensation Act 2001 (AC Act),

relates to a one-year period from 1 July 2023 to 30 June 2024. This Agreement revokes the Service Agreement for the period 1 July 2022 to 30 June 2023.

ACC's functions and duties

ACC provides accident insurance cover for all New Zealanders and visitors to Aotearoa New Zealand. We receive approximately two million claims per year.

Our core services are:

- injury prevention — we have a key role in promoting a reduction in the incidence and severity of personal injury. The injury prevention programmes are expected to be cost effective and to lead to reductions in levy rates
- rehabilitation — we aim to restore an injured person's independence to the maximum extent practicable. Specific provisions in the AC Act prescribe the entitlements that clients can access
- compensation — the Scheme provides financial compensation to clients for losses owing to personal injury.

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

The cost of services for each injury is assigned to the Motor Vehicle, Work, Earners', Treatment Injury or Non-Earners' Account depending on who was injured and/or where the injury occurred. The injury prevention costs are also assigned to the relevant Accounts. There is no cross-subsidisation between the Accounts.

ACC complies with procedures, conditions, restrictions, and other provisions in the performance of its duties in relation to the management of each Account as set out in the AC Act. ACC is governed in accordance with the provisions of the Crown Entities Act 2004, the Public Service Act 2020, the Public Finance Act 1989, and the Health and Safety at Work Act 2015.

Amendments to this Agreement

This Agreement may be amended with the consent of the Minister and the Board if at any time during its term the work or environment of ACC is materially altered and the contents of this Agreement are no longer appropriate.

Any changes must be signed by the Minister and the Board and attached to this Agreement. Both parties will hold copies of the original and any amendments to this Agreement.

Payment

The Minister, on behalf of the Crown, will pay ACC up to the amount authorised by Parliamentary Appropriations for 2023/24. The Ministry of Business, Innovation and Employment (the Ministry, acting as the administering agency responsible for Vote Labour Market) will action payments to ACC in accordance with the Public Finance Act 1989. Payments will be made monthly by direct credit from the Ministry to ACC, coinciding with the Ministry's receipt of funding from the Treasury.

Interpretation

The appendices to this Agreement form part of this Agreement, as do any amendments to those appendices signed by the Minister and the Board.

The parties agree to discuss and seek to resolve any differences of opinion between them under the Agreement, or any matter not covered by this Agreement relating to the supply of outputs.

Quarterly reporting

ACC will provide quarterly reports on its performance against this Agreement. Quarterly reports are to be read in conjunction with this Agreement and the reports of any preceding quarters to provide a context for the reporting of ongoing performance for the financial year 2023/24.

Each quarterly report will include commentary on performance against the performance targets, progress in implementing key initiatives and, where necessary, an explanation of performance trends, an analysis of those trends, and proposed actions to improve performance. It will also include commentary on our financial performance and an analysis of risks, critical issues, and opportunities arising from our performance to date.

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

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

As necessary ACC will provide the Minister with:

- any proposals to amend this Agreement due to changed circumstances
- timely advice of any risks that may create a significant exposure for the Crown
- information to support the forecast adjustment process for funding cost pressures in the Non-Earners' Account.

The timeframes for quarterly reporting are:

TABLE 26 – QUARTERLY REPORTING SCHEDULE

Quarterly report	Timeframe
Quarter one	31 October 2023
Quarter two	31 January 2024
Quarter three	30 April 2024
Quarter four	31 July 2024

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

ĀpitiHanga 3: Ngā Reta mō ngā Hiahia | Appendix 3: Letters of Expectations

Hon Carmel Sepuloni

MP for Kelston
Minister for ACC
Minister for Arts, Culture and Heritage
Minister for Social Development and Employment



05 DEC 2022

Hon Steve Maharey
Chair
Accident Compensation Corporation
PO Box 242
WELLINGTON 6410

Tēnā koe Steve

ANNUAL LETTER OF EXPECTATIONS 2023/24

I am writing to summarise my expectations of the Accident Compensation Corporation (ACC) for the 2023/24 year.

First, I'd like to start by thanking you, your colleagues on the Board, as well as the rest of ACC's staff, for all your hard work this year. The strength of ACC's Board and senior leadership has set the platform for ACC to deliver better outcomes for New Zealanders. This follows a year where ACC has seen a number of executive personnel changes, amendments to ACC legislation, and a refresh of the organisation's strategic direction.

I note that the 2019 letter from the Minister of State Services, setting out expectations for all statutory Crown Entities is still in effect, and the Minister of Finance has also recently sent you an Annual Letter of Expectations with specific expectations for ACC's investment function.

Government priorities

In 2020, the Government set out clear priorities to help secure our recovery and improve the living standards and wellbeing of all New Zealanders. The Government has three overarching objectives:

- To keep New Zealanders safe from COVID-19
- To accelerate our economic recovery; and
- To lay the foundations for a better future.

New Zealand has come through the COVID-19 pandemic and is well positioned for future challenges. The support we provided throughout the COVID-19 pandemic has helped New Zealanders and their businesses to retain jobs and supported Crown companies and entities to protect and maintain important services.

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Ministers are now looking for increased contribution from Crown companies and entities to accelerate economic recovery and lay the foundations for a better future. As such, I encourage you to be bold and demanding in your expectations to:

- ensure better access to the AC Scheme and outcomes for all New Zealanders
- ensure stronger returns
- ensure ACC is fit for purpose
- invest for future uncertainty and to create long term value; and
- be financially prudent, increasing resilience and value by making effective use of commercial disciplines and balance-sheet and cashflow management.

ACC may also need to adapt and innovate, and I would like to hear your ideas to improve performance.

AC Act Amendments

The AC Scheme was set up fifty years ago. In that time, it has done an amazing job serving New Zealanders, but not all of us are able to access it equally. To achieve a more equitable and modernised AC Scheme, the Government has been taking steps to reform the AC legislation.

The Accident Compensation (Maternal Birth Injury and Other Matters) Amendment Act 2022 extended the AC Scheme to cover maternal birth injuries. I expect ACC to work with health professionals and providers to ensure the AC Scheme's new maternal birth injury cover is delivered as comprehensively as possible, ensuring all those eligible for cover are supported, and where possible any access barriers are removed. I also expect ACC to start collecting information to inform the year three review of the list of covered maternal birth injuries.

The Accident Compensation (Access Reporting and Other Matters) Amendment Bill 2022 includes a new duty for ACC to report annually on how different population groups are accessing its services, and refining the AC Act's purpose, to ensure ACC's focus is on providing cover and entitlements to all eligible injured New Zealanders. I expect ACC to begin preparing to implement these changes throughout 2023.

ACC Board's new draft Strategy and Statement of Intent

I am pleased that, as a Board and organisation, you have been working on the Statement of Intent and a Strategy that seeks to address the increasing impact of inequities for the people ACC serves, performance challenges (including the growth in demand and cost of service), and changes to the wider systems around ACC and communities.

This updated Strategy should outline ACC's aspiration to embed the articles and the principles of Te Tiriti o Waitangi into the heart of ACC, which I expect to be reflected in the Statement of Intent. I also expect ACC to begin embedding this new strategy over the coming year.

Measuring what Matters

I expect ACC to continue to work on the Measuring what Matters work, pursuing a shift towards metrics that are more focussed on outcomes for New Zealanders over time.

I expect ACC to take lessons learned from the Integrated Change Investment Portfolio (ICIP) and apply them to developing any future measures and work programmes. I also expect that new measures should be inclusive of outputs and outcomes for Māori, Pacific, ethnic communities, and disabled people.

I also expect ACC to continue to involve the Treasury and MBIE in the development of those new measures, to help ensure they are meaningful.

Huakina Te Rā strategy

Huakina Te Rā is ACC's commitment to upholding Te Tiriti o Waitangi/Treaty of Waitangi and builds on the whakapapa of Whāia Te Tika – ACC's Māori strategy. I am pleased to see ACC implementing a dual framed strategy with a clear response for Māori from both a Te Tiriti o Waitangi and equity perspective. Huakina Te Rā is focused on achieving equity of access, experience, and wellbeing outcomes for Māori and all people in New Zealand. I expect ACC to continue to grow its partnerships with Māori and deliver on its good mahi, keeping me and the Associate Minister for ACC informed of any initiatives being developed.

Lifting rehabilitation performance

I expect that, in moving forward from the effects of the COVID-19 pandemic, ACC will work to lift rehabilitation performance by leveraging the initiatives implemented through the ICIP, including the Health Sector Strategy, with a particular focus on improving client outcomes.

Ensuring connection with the new health and disability system

I expect ACC to work closely and build constructive relationships with officials in Te Whatu Ora, Whaikaha and Te Aka Whai Ora, and across the wider health system, to ensure services continue to be improved for those accessing the AC Scheme.

I would also like ACC to continue to meet its obligations under the United Nations Convention on the Rights of Persons with Disabilities.

Maintaining privacy of personal information

I expect that ACC will comply with the Privacy Act 2020 and the Health Information Privacy Code in collecting, storing, using, and sharing any client information. ACC should also continue to implement changes under its 'Care of Personal Information Continuous Improvement Programme' following on from the independent review into care of personal information in early 2022.

Board evaluations and strengthening the director pipeline

The Future Directors programme founded by Sir Stephen Tindall, Michael Stiassny and Des Hunt in 2013 aims to develop the next generation of directors and prepare them to positively transform their organisations, communities, and New Zealand. It provides people with governance potential and ambition with the opportunity to participate on a board, and provides boards with exposure to new talent, ideas, and experiences. I expect ACC to engage a 'Future Director' as an observer of the board, where possible, to grow the pipeline of new and diverse director talent.

NZ Income Insurance Scheme

Every year, hundreds of thousands of jobs are impacted by firm closures, restructures, and ill health. The Government has agreed to proceed with the development of a New Zealand Income Insurance Scheme, to better protect workers and the economy. If the scheme goes

ahead, ACC will deliver it, including levy collection, cashflow management, and claims administration and management to support good return to work outcomes. I expect you to continue to work constructively with my office, the Treasury, and MBIE as work to develop and implement the scheme continues.

Government engagement

I expect ACC to effectively engage with the Treasury, the Ministry of Business, Innovation and Employment, and other relevant agencies proactively, and as requested, on all areas of its business, especially in areas prioritised by each agency. These include:

- providing the Treasury with regular information as per the Owner's Expectation Manual
- continuing to proactively provide updates on ACC's financial viability, and sustainability, and
- engaging with the Treasury as ACC progresses any work on its strategic direction and performance measures and targets, to ensure they best support government requirements.

General

And finally, I expect ACC to be a good and equitable employer, to focus on sustainability, including carbon neutrality and waste management, and to enhance their ability to protect customer and staff information against cyber threats.

Please continue to keep me informed of any significant events, positive or negative, that could be considered contentious, attract wide public attention and/or affect the financial position of ACC. I wish ACC a productive and enjoyable year ahead.

Ngā mihi nui



Hon Carmel Sepuloni
Minister for ACC

cc: Megan Main
Chief Executive Officer
Accident Compensation Corporation

Hon Grant Robertson

MP for Wellington Central
Deputy Prime Minister
Minister of Finance
Minister for Infrastructure
Minister for Sport and Recreation



5 December 2022

Hon Steve Maharey
Chair
Accident Compensation Corporation
PO Box 242
WELLINGTON 6410

Dear Steve

ANNUAL LETTER OF EXPECTATIONS

First, I'd like to thank you, as well as the rest of the Board and Accident Compensation Corporation (ACC) staff, for all of your work in the last year. This letter is intended to set out my expectations for the investments function of ACC, noting that you have also received a Letter of Expectations from the Minister for ACC. Any general expectations contained in that letter should also be applied to the investments function.

I draw your attention to the annex, attached to this letter, which outlines my expectations common to all Crown Financial Institutions (CFIs).

Responsible Investment framework

As the Responsible Investment framework becomes increasingly embedded in your work, I expect that enhanced reporting against it will continue to evolve over the next year. I note that you have recently moved to a low-carbon benchmark and look forward to continuing evolution in this area. I also commend the steps you are taking towards sustainable finance more generally and encourage you to continue in that direction. You should be working towards full reporting against the framework in your 2025 Annual Report.

NZ Income Insurance Scheme

The New Zealand Income Insurance Scheme will better protect workers and incomes, matching skills with businesses that need them, and helping to support communities and industries to transition through economic changes. I expect during the 2023/24 financial year that ACC continues to work towards setting up an investment function for the levies collected for this scheme, and on an investment plan alongside its traditional ACC investments. This new pool of funding will need to be managed in accordance with the new legislative requirements currently in development for the scheme, and in keeping with the responsible investment framework outlined in my Enduing Letter of Expectations for all CFIs.

Work on building a constructive and engaging relationship with Treasury officials

I expect the Board to continue to develop a culture that positively engages with my officials and recognises where a Crown perspective might be useful in the development of certain strategies. The Board will need to bring all stakeholders on the journey where there is a significant change to

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investment strategy, policy, or philosophy, erring on the side of openness if in any doubt about how to apply this expectation.

Independent Review 2025

Other Crown Financial Institutions are statutorily required to undertake five yearly reviews, with that in mind I expect ACC to follow suit and begin preparing to undertake their first review in 2025. Undertaking a review will provide important information for your own planning and understanding of the effectiveness of your investment functions. For this review to run smoothly, planning and preparation should commence during calendar year 2024. I expect you and your staff to work collaboratively with Treasury officials in the preparation phase and with the eventual reviewer.

Fit for Purpose

I recognise that the ability of all CFIs to deliver on their legislated purpose means that investment returns may vary from year to year. It is my expectation that the Board, acting as the Crown's agent, will continue to focus on the appropriate balance of risk and return to assure the Fund's investment performance is able to meet its long-term policy objectives and obligations.

Should investment performance impact your institution's ability to meet its intended purpose, I expect to be informed of this in a timely manner, including any remedial action the Board will take. Such information should include a detailed explanation of risks, financial or otherwise, which may have an impact on the Crown's fiscal position or cause a prejudicial impact on New Zealand's reputation.

Crown Risk

The nature of your mandate is to accept risk, but the Crown must have a good understanding of the potential fiscal implications to the Crown's consolidated balance sheet. To better understand such risks and implications, it is my expectation that your organisation will continue to proactively work with the Treasury and collaborate with the other CFIs to build resilience in the New Zealand economy to future economic shocks.

The war in Ukraine and its rippling affects throughout the globe show how interconnected New Zealand is with international markets. It is my expectation that you will reflect on the impact that an uncertain political landscape and the risks associated with it has on your organisation and on New Zealand Inc.

As for all CFIs, you should be mindful of your fiduciary responsibilities and statutory duties. Where derivative instruments or leverage are employed in your organisation, I expect their use to be aligned with your fund's purpose and the appropriate level of knowledge, skill, transparency, and controls to be in place throughout your organisation to ensure that negative financial or reputational outcomes do not impact the Crown.

If you have any questions or require further clarification on any of my expectations, please contact Miranda Birchler, Relationship Manager for ACC, at the Treasury on [redacted] in the first instance.

Yours sincerely



Hon Grant Robertson
Minister of Finance

cc: Megan Main
Chief Executive Officer
Accident Compensation Corporation

ANNEX 1: Expectations for All Crown Financial Institutions

The COVID-19 pandemic has had an extensive impact on households and businesses nationwide, with many social and economic uncertainties remaining. While protecting New Zealand and the lives and livelihoods of New Zealanders has been the urgent and abiding consideration of this Government, it does not limit the ambition for what this Government means to do.

Government priorities

In 2020, the Government set out clear priorities to help secure our recovery and improve the living standards and wellbeing of all New Zealanders. The Government has three overarching objectives:

- To keep New Zealanders safe from COVID-19
- To accelerate our economic recovery
- To lay the foundations for a better future.

Problems that are decades in the making are not easily or quickly solved but this Government is committed to relentlessly pursuing progress. Three of the country's longest standing and hardest issues demand continued and determined action: affordable housing and homelessness, child poverty, and the global climate crisis.

Your core role is to efficiently and effectively deliver fiscal strategies that support New Zealanders' financial wellbeing across generations. However, your funds can have significant impacts on human, social and natural capitals as well. I encourage you to consider where you could partner within the public or private sectors to develop investment strategies that can also drive positive environmental or social impacts while delivering the long-term investment returns that are so crucial to the funds.

Partnership

Your organisation is an important asset on the Crown's balance sheet and the aggregate size of the CFIs will increase over time. For the Crown to be effective there needs to be a collaborative approach across all of Government (including CFIs and other Crown Entities). Your institution can play a part in delivering positive outcomes for New Zealanders through active and constructive engagement. This type of engagement, led by the Board, should permeate throughout your organisation, with a focus on collective outcomes for New Zealanders.

A successful partnership should be built on openness and trust. I encourage your institution to maintain a policy of transparency in its operations, expenses and communications across all of Government, and to adhere to the 'no surprises' convention when dealing with officials and my office.

Citizenship

This Government is committed to acting as a responsible citizen. You can play an important part by adopting, sharing and promoting investment policies and practices with other areas of Government that are not only consistent with your mandate, but help lift New Zealand's reputational standing as a responsible investor in the international community.

To achieve this, it is my expectation that CFIs maintain robust ethical investment policies, which are reviewed regularly and reflect best practice standards both here in New Zealand and internationally.

It should be the goal of all CFIs in fulfilling their mandates to give consideration to the part they can play in New Zealand's financial market landscape, helping make the economy more productive, sustainable and inclusive for all New Zealanders.

The CFIs have a unique role in the future of New Zealand, particularly as we look to accelerate an economic recovery. I encourage you to consider where domestic investments can align with your long-term investment strategies to support the goals of the Government, while remaining consistent with your overarching purpose.

Further to this wider arc of responsibility, CFIs must be seen as 'good citizens' in their home markets; and be cognisant of second order effects that can promote, and certainly not hinder, the development of deep capital markets in New Zealand.

Āpitihanga 4: Te tauāki haumi | Appendix 4: Investment Statement

The Government's expectations

The Government's expectations for ACC's investment function are outlined in the annual Letter of Expectations to ACC from the Minister of Finance. The expectations are represented by several themes.

Responsible Investment (RI) Framework

- Continue evolving and enhancing RI reporting to ensure full reporting against the RI framework in ACC's Annual Report 2025.

Build constructive and engaging relationship with the Treasury

- Develop a culture that positively engages with Treasury officials.

Independent review 2025

- In line with other Crown Financial Institutions (CFIs), prepare to undertake an independent review of the investment function.
- Consider the readiness to begin planning and preparing for the 2025 review.

Fit for purpose

- Performance — focus on the appropriate balance of risk and return to assure performance can meet policy objectives and obligations.
- Inform Minister of Finance and the Treasury of details of remediation where investment performance could affect ACC's ability to meet its intended purpose.

Crown risk

- Risk profile — proactively work with the Treasury and collaborate with other CFIs to build resilience in the Aotearoa New Zealand economy to future financial shocks.

- Following the war in Ukraine, reflect on the interconnectedness of markets during an uncertain political landscape and the risks this poses to Aotearoa New Zealand and ACC.
- Complex products and activities — be mindful of fiduciary responsibilities and statutory duties where derivative instruments are employed.

There are also expectations and priority areas for all CFIs:

Government priorities

- Keep New Zealanders safe from COVID-19.
- Accelerate the economic recovery.
- Lay the foundations for a better future.

Partnership

- Collaborative approach — actively and constructively engage across government to deliver collective positive outcomes for New Zealanders.
- No-surprises policy — maintain a policy of transparency in operations, expenses, and communications across all of government.

Citizenship

- Ethical investment — maintain robust ethical investment policies that are reviewed regularly and reflect best practice both in Aotearoa New Zealand and internationally. Adopt the highest standards of responsible investing.
- Good citizens — act and be seen as 'good citizens' in home markets and be cognisant of second-order effects that promote the development of deep capital markets.

Investment context

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

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

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

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

ACC is close to being fully funded across all Accounts, but this assessment relies on forecasts of returns achievable on ACC's investment portfolios. If forecasts of returns reduce due to interest rates declining or claim costs rising unexpectedly, catch-up contributions would be required. In such a situation, ACC aims to reduce the impacts that these may have on levy rates and on the contribution that the Government is required to make to the Scheme. Thus, ACC favours long-term investments that are expected to deliver relatively certain income streams for long periods of time. Such investments match the long-

term cash flow requirements and tend to provide an offset against the risk of declining interest rates.

ACC's investment objective

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

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

Governance

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

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

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

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

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

- approval of asset-allocation benchmarks and establishing the default allocation between investment markets for each of ACC's Accounts
- approval of policy documents, discussing how we will approach various aspects of our investment operation (such as how we set the Strategic Asset Allocation and the approach that we will take to managing a particular investment portfolio)
- approval of changes to our Investment Guidelines, which specify limits to, and controls of, all aspects of the investment operation
- approval of the Investment Risk Management Policy, which specifies ACC's investment risk tolerance and how investment risk is managed

- appointment of external fund managers or custodians
- approval of any investment transactions that fall outside the limits and controls specified in the Investment Guidelines.

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

Investment strategies and policies

Investment strategy

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

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

Management strategy

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

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

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

Investing with purpose

ACC believes there are opportunities to deliver superior risk-adjusted returns while generating a measurable positive impact on the lives of New Zealanders. ACC holds two Impact Funds to deliver on these objectives.

Health and Safety Impact Fund

The Health and Safety Impact Fund aligns with ACC's core purpose (prevention/care/recovery). The Fund invests in opportunities to improve health, safety, and wellbeing in Aotearoa New Zealand.

Climate Change Impact Fund

The Climate Change Impact Fund is designed to invest in opportunities that effect change in supporting Aotearoa New Zealand's transition to a lower-carbon economy.

Investing in Aotearoa New Zealand

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

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

In 2021/22, particular attention was paid to the effective representation of shareholders' interests where conflicts exist (for example, a large holder or an external manager). Focus was placed on clear disclosure by issuers of strategies, the consequent skills that are required by boards and improving the alignment and disclosure of executive remuneration.

The team also interacts energetically with regulators, exchanges, issuers, and other investors regarding governance issues as they arise – with particular attention in 2021/22 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.

Iwi partnerships

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

Risk management

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

The Strategic Asset Allocation is also a primary tool in helping the BIC to manage the risk profile of the investment portfolio. It establishes the financial risk profile of the investment portfolio through a set of market benchmarks and exposures that best meet the long-term investment objectives of the portfolio while ignoring short-term fluctuations in market conditions. The Investment Guidelines limit how much risk the Investment Group can take by placing

constraints on the exposure to different categories of risk. The BIC sets rules to govern the types of investment that can be entered into, the way in which the Investment Group invests, and the ways in which the Investment Group manages performance. The Investment Group measures investment risks from a number of perspectives to give as broad a picture of risk as possible. Risk measures are reported to the BIC monthly.

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

- **Interest rate risk** — changes in interest rates will affect the value of investments in fixed-income securities. When interest rates rise, the value of investments in fixed-income securities tends to fall and this decrease in value may not be offset by higher income from new investments. Interest rate risk is generally greater for fixed-income securities with long maturities or durations.
- **Inflation risk** – inflation affects the value of investments and the future costs of claims through higher rehabilitation costs and wage prices. The value of fixed-income securities in the investment portfolio, particularly those with long durations and fixed cash flows, typically decreases if expected inflation increases interest rates (the mechanism being as described under 'interest rate risk' above). The value of other investments, like equity and inflation-linked securities, or property assets, may increase with inflation.
- **General market risk** — the value of the investment portfolio will fluctuate as the equity or bond markets fluctuate. The value of the investment portfolio may decline because of economic changes (including but not confined to the specific interest rate risks and inflation risks detailed above) or other changes including developments or trends in any particular industry, the financial condition of issuers of such assets, national and international political events, and policy developments.

- **Counterparty risk** — we enter into derivative contracts with banking counterparties and futures exchanges as part of the investment process. If a counterparty is unable or unwilling to make timely payments to honour its obligations under the contract, ACC may incur a full or partial loss on the derivative. The value of derivative contracts can also change quickly as market conditions change, which in turn means the exposure to counterparties can change quickly. ACC uses cash collateral and margining to offset this exposure.
- **Liquidity risk** — the investment portfolio requires exposure to liquid assets both to meet the claim costs of the ACC Scheme and to take advantage of opportunities in investment markets. Liquidity risk exists when investments are difficult to sell, possibly forcing us to sell at a disadvantageous price. Derivatives involving substantial market risk also tend to involve greater liquidity risk. Liquidity risk can arise from the need to post large amounts of cash collateral or margin to counterparties of derivatives trades as market conditions change, or if sizeable funding activity from the ACC Scheme requires the sale of securities to meet unexpected liquidity requirements.
- **Climate change risk** — the impacts of climate change, such as higher temperatures, rising sea levels, more frequent extreme weather events, and adverse health impacts, present current and emerging risks to ACC. ACC's investment portfolio is exposed to the physical risks that result from climate change and transition risks that arise from attempts to combat climate change.

Active management

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

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

ACC investments Code of Conduct

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

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

Ethical Investment Policy

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

The ACC Board provides overall guidance as to the types of activity that are considered unethical. Unethical activities include tobacco, cannabis, development and/or production of anti-personnel mines, cluster munitions, nuclear explosive devices, automatic or semi-automatic guns for civilian use and the hunting or processing of whales, and companies that generate more than 30% of their revenue from thermal coal.

Companies involved in the activities outlined above are added to ACC's exclusions list. ACC aims to continue to earn strong investment returns for levy payers in the future and reduce the costs that New Zealanders pay for accident cover, while also meeting our ethical responsibilities.

In 2019 ACC committed to a 50% reduction in the carbon intensity of the global equity portfolio by 2030 compared to 2019 levels. The ACC Board revised the targets in 2021, committing to a 60% reduction by 2025 and a 65% reduction by 2030. Significant progress has been made towards these targets, with a commitment to review the targets on an iterative basis.

Principles for Responsible Investment

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

Crown Financial Institutions – Responsible Investment Framework

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

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

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

Investment valuations

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

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

Cost management

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

Measuring performance

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

Investment performance should ultimately be evaluated by looking at the extent to which ACC's investments have achieved the objectives of enhancing returns and reducing risk, and how performance compares with global investment markets' performance.

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

Inherently, most investment decisions involve a considerable degree of uncertainty, and the outcomes of a few investment decisions in a short period of time could be regarded as being due more to luck than skill. But with enough time and enough distinct investment decisions to consider, ACC expects that any unpredictable positive or negative results will average out. Therefore, investment performance over a longer timeframe is more likely to reflect mainly the quality of the investment decisions rather than the 'noise' of relatively unpredictable fluctuations in investment markets.

Standards and procedures

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



Ngā rārangi kōrero | Glossaries

He kuputaka | Glossary of terms

ACC Scheme

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

Accident Compensation Act 2001

The major piece of legislation under which ACC is governed.

Business customer

A business that pays a levy under the Scheme.

Bridging measures

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

Client

A person who makes a claim under the Scheme.

Consumer price index

A measure of the changes in the price of goods and services purchased by private households in Aotearoa New Zealand.

Crown Financial Institution

Crown financial institutions have specific responsibilities for the management and investment

of Crown financial assets in line with the Crown's fiscal policy and risk appetite.

Customer

A client, provider, or business customer.

Earners' Account

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

Entitlement claim

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

Funding ratio

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

Gradual process claims

Claims as a result of injuries that occur due to prolonged exposure in the workplace to conditions that result in some form of harm (for example hearing loss).

Gross domestic product (GDP)

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

Health provider

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

Huakina Te Rā

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

Labour cost index

A measure of changes in the costs of salaries and wages paid to workers, commonly expressed as an annual percentage.

Levies

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

Long-Term Claim Pool

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

Motor Vehicle Account

The Account for all road-related injuries.

Non-Earners' Account

The Account for injuries to 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 (for example, 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.

Statement of Intent

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

Strategic intentions

The areas that ACC has identified as needing the greatest focus during the period of the Statement of Intent (2024-2027).

Te Kāpehu Whetū

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

Treatment Injury Account

The Account for injuries arising during medical treatment.

Waka hourua

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

Weekly compensation

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

Work Account

The Account for injuries that occur in the workplace.

He rārangi o ngā inega mahi | Glossary of performance measures

ACC listened to and understood our whānau

The percentage of managed clients who agree or strongly agree with the statement: “The people I have dealt with at ACC have listened and understood my personal circumstances”. Presented as a rolling four-quarter result.

Average weekly compensation days paid

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

Business customer satisfaction

The percentage of business customers who are satisfied or very satisfied that ACC meets the needs of their business. The measure includes self-employed persons and the owners or senior managers of small, medium, and large businesses who have had personal contact with ACC in the past 12 months. Presented as a rolling four-quarter result.

Claim lodgement rate for Māori

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

Employee engagement

Employee engagement is measured annually using a Gallup survey tool. The overall engagement score is the grand mean for all employees across 12 questions that cover aspects of engagement, including basic needs, management support, teamwork and belonging, and growth. Presented as a point-in-time result.

Growth rate of the Long-Term Claim Pool

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

Health provider satisfaction

The percentage of health providers who are satisfied or very satisfied with their current relationships with ACC. Presented as a rolling four-quarter 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.

Lost-time injury frequency rate

The number of lost-time incidents per million hours worked. Presented as a year-to-date result.

New year costs movement

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

Number of category 3, 4, and 5 privacy breaches

The number of category 3, 4, and 5 privacy breaches and near misses (as defined by the Government Chief Privacy Officer's privacy matrix based on date of notification). Excludes incidents where behaviour occurred three or more years ago. Presented as a year-to-date result.

Overall client satisfaction

The percentage of managed clients who report being satisfied or very satisfied with the way their current claim has been handled by ACC. Clients who have received an entitlement in the previous 70 days are included (excluding serious injury and sensitive claims). Presented as a rolling four-quarter result.

Overall client satisfaction — Māori clients

The percentage of managed clients who identify as Māori who report being satisfied or very satisfied with the way their current claim has been handled by ACC. Clients who have received an entitlement in the previous 70 days are included (excluding serious injury and sensitive claims). Presented as a rolling four-quarter result.

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

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

Public trust and confidence

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

Return on investment (injury prevention)

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

Return to independence for those not in the workforce

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

Sustained return-to-work rate

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

Total recordable injury frequency rate

The number of lost-time incidents, restricted work incidents, and medical treatment incidents per million hours worked. Presented as a year-to-date result.



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Claims

0800 101 996
claims@acc.co.nz

Business

0800 222 776
business@acc.co.nz

Providers

0800 222 070
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

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Media

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More contact information, including branch details, Official Information Act requests and reviews, is available at www.acc.co.nz/contact.



**He Kaupare. He Manaaki.
He Whakaora.**
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**Te Kāwanatanga
o Aotearoa**
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