



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

# Briefing to the Incoming Minister

1 February 2023



## Contents

<b>Overview</b>	3
The role of ACC: a scheme for all New Zealanders	3
Maintaining the effective management of the ACC Scheme	4
Your responsibilities	4
How ACC supports you	5
<b>Who we are</b>	5
The ACC Board	5
ACC staff and Executive	5
<b>Delivery of the scheme: how ACC delivers its functions</b>	6
Reduce the incidence and severity of injury	6
Rehabilitate injured people effectively	7
ACC's boundaries with the health and welfare systems	7
<b>Key pieces of work underway</b>	8
Implementation planning for proposed New Zealand Income Insurance Scheme	8
Huakina Te Rā	9
Shaping our Future	10
ACC public awareness	11
Recent legislative changes	11
Maternal Birth Injuries	12
<b>Ensuring New Zealand has an affordable and sustainable Scheme</b>	13
The Government Funding Policy Statement and levy-setting process	15
Levy rates for the 2022/23 to 2024/25 period	15
Investments	15
<b>Working in partnership</b>	16
Relationship with MBIE	16
Relationship with the Treasury	16
Other key relationships across government	16
Customer Advisory Panels	18
<b>Appendix 1: ACC's Board</b>	19
<b>Appendix 2: ACC's Executive team</b>	22
<b>Appendix 3: Cover and entitlements</b>	25
<b>Appendix 4: Snapshot of ACC</b>	27

## Overview

### ***The role of ACC: a scheme for all New Zealanders***

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

The purpose of the Scheme is to deliver injury prevention initiatives and no-fault personal injury cover for everyone in New Zealand. This includes children, beneficiaries, students, and people who are working, unemployed or retired. It also includes visitors to New Zealand if they are injured while they are here. Under the Scheme, individuals forgo the right to sue for compensatory damages following injury, in exchange for comprehensive accident cover and compensation. This universal social contract is unique and avoids some of the litigation costs faced by other jurisdictions, both in terms of financial costs and impacts on risk-taking and incident reporting. Consistent with the social contract, and at the centre of the Scheme, is ACC's relationship with New Zealanders in the form of individual rights and responsibilities. ACC has a legislated liability to compensate individuals for losses incurred because of injury, and New Zealanders pay levies and taxes to cover these costs.

The Scheme has three core functions:

**Injury prevention** – ACC is responsible for promoting measures that reduce the incidence and severity of injuries.

**Rehabilitation** – ACC provides entitlements for personal injury, as prescribed in legislation, with the goal of restoring independence to the maximum extent practicable. Entitlements include contributions to the costs of treatment and rehabilitation (help with getting back to work or independent living).

**Compensation** – ACC provides financial compensation to people for losses they incur because of their injuries. This includes:

- earnings-based weekly compensation (income replacement) for earners, at 80 percent of their annual earnings, up to \$2,163.70 per week if they are injured and do not return to work within a week
- weekly compensation for loss of potential earnings, at 80 percent of the minimum wage for a 40-hour week, for people injured before the age of 18, or while in full-time study that commenced before the age of 18
- lump-sum compensation (one-off payments) for people whose injuries have left them significantly and permanently impaired
- entitlements for fatal injuries, such as funeral grants, survivors' grants and weekly compensation for their spouse or partner, children, and other dependants.

Funding for the Scheme comes from levies and government appropriations, depending on the nature of injuries and injured people's earner status. Levies are charged to motorists (Motor Vehicle Account); employers (Work Account); employees (Earners Account), and self-employed (Work and Earners) to fund their entitlements. The cost of entitlements for children, retired New Zealanders, and others who are not in employment including overseas visitors, are funded via a government appropriation (Non-Earners' Account).

ACC also runs an investment arm to meet the future costs of incurred claims from long-term injuries. A portion of the levies collected each year is invested to contribute to the future cost of claims.

# The Role of the Minister for ACC

## ***Maintaining the effective management of the ACC Scheme***

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

As a Crown agent under the Crown Entities Act 2004, ACC must give effect to Government policy when directed by the responsible Minister. Legislation of relevance to ACC is the Accident Compensation Act 2001, the Crown Entities Act 2004, the Public Finance Act 1989, and the Public Service Act 2020.

ACC carries out its day-to-day functions at arm's length from Ministers and government departments but is still expected to observe the 'no surprises' convention in its dealings with the Minister and their office. ACC Board members are accountable to the Minister for performing their collective duties. Crown Entities can also be required to report on performance to Parliament and to appear before select committees.

'Crown Financial Institution' describes a Crown entity that manages and invests significant financial assets that are held to pre-fund future expenditure, either for specific liabilities (as is the case with ACC) or expected future expenditure (for example, the National Provident Fund). As such, the Minister of Finance is responsible for overseeing ACC's risk and return objectives, as well as monitoring fund and Board performance.

## ***Your responsibilities***

As Minister for ACC, you oversee and manage the Crown's interests in, and relationship with, ACC. You also exercise statutory responsibilities including functions and powers:

- to appoint and remove Board members to ensure an effective Board is in place
- to determine the remuneration of Board members
- to give directions to the entity under certain conditions
- to review the operations and performance of the entity
- to request information from the entity
- to participate in the process of setting the entity's strategic direction and performance expectations and monitoring the entity's performance; and
- in relation to other matters in the Crown Entities Act, the Accident Compensation Act or other relevant legislation.

You are also responsible for managing any issues of concern, or risks to the Crown, arising from the activities of the entity.

ACC's Board and Management work with you to agree performance objectives (through key accountability documents) and regularly report to you on performance.

ACC also works closely with the Ministry of Business, Innovation and Employment (MBIE), the Minister's principal policy advisor, and the Treasury, which monitors ACC's performance, to ensure the effective delivery of the Scheme.

MBIE advises on both the primary legislation and the regulations governing the Scheme, the setting of levy rates, and the Scheme's performance on the delivery of its policy objectives.

Annual Letters of Expectations are an opportunity for you to convey to the Board your expectations of ACC for the forthcoming year. These Letters inform the Board, at a high policy level, what the Government's key priorities are. Of late, Letters of Expectations have focused on issues such as improving the wellbeing of New Zealanders and their families, value for money, and reporting. In addition, you can modify or set additional expectations from time to time.

A Statement of Intent is produced periodically, representing a medium-term outlook for ACC's strategic direction. The next Statement of Intent is due in the first half of 2023.

### ***How ACC supports you***

ACC supports you by:

- communicating with you and your office, with no surprises, supported by regular meetings with you
- providing information and advice relating to Ministerial correspondence, Official Information Act 1982 requests, and parliamentary questions
- seconding a private secretary to support you, who provides a valuable link to ACC to assist with the provision of information and support to you
- working with MBIE and the Treasury in their respective roles as advisors on Scheme policy and ACC's monitoring agency
- advising you on the operational implications of Scheme settings or judicial decisions affecting the Scheme
- advising you and the Minister of Finance on matters relating to ACC's funding and investment functions
- working with other agencies on cross-government work, including taking a positive and active role in all-of-government initiatives, and working with the health sector to drive continuing improvement in health outcomes for New Zealanders.

## **Who we are**

### ***The ACC Board***

ACC is governed by a Board of up to nine members appointed by the Minister for ACC<sup>1</sup>.

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

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

### ***ACC staff and Executive***

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

ACC is led by Chief Executive Megan Main. Her Executive team is made up of Deputy Chief Executives from each of ACC's business groups: Pae Ora; Strategy, Engagement and Planning; Service

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<sup>1</sup> Note: Treasury provides advice to the Minister for ACC on Board Appointments.



Delivery; Prevention and Partnerships; People and Culture; Corporate and Finance; Investments; Enterprise Change Delivery, and New Zealand Income Insurance Scheme. The Executive is responsible for the leadership and management of the organisation and accountable for ensuring ACC achieves its goals.

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

## **Delivery of the scheme: how ACC delivers its functions**

### ***Reduce the incidence and severity of injury***

ACC helps to reduce the number and severity of injuries by investing in a diverse range of prevention programmes, including sports, workplace, and roading initiatives.

ACC invests approximately \$80 million a year in injury prevention initiatives. Under the AC Act, ACC can generally only fund injury prevention interventions if they are likely to result in a reduction in levy rates or Non-Earners' Account expenditure. 'Return on investment' is the expected claim savings from this investment and is a key measure for ACC in the Service Agreement.

ACC applies a 'balanced portfolio' approach to injury prevention investment. This allows ACC to fund interventions where a positive return on investment is not immediately anticipated if these are offset by other interventions. For example, the balanced portfolio approach allows ACC to invest in sexual violence injury prevention, which aims to result in social benefit, but may not show an immediate return on investment.

### **ACC's injury prevention partnerships**

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

### **Sexual violence prevention**

ACC is investing \$44.9 million over the next three years to establish a fit-for purpose, enduring, Te-Tiriti-centric sexual violence primary prevention system. ACC is evolving to a systems approach to address the underlying drivers of injury harm using evidence-based, including mātauranga, behavioural change and investing in conditions that prevent harm. ACC is working on designing and implementing this new sexual violence programme alongside other government agencies, specialist services, providers, iwi, and communities.

### **Te Ara ki te Ora | Road to Zero**

ACC is committed to Road to Zero and working with our partners such as the Ministry of Transport, Waka Kotahi NZ Transport, NZ Police, WorkSafe, and local government to reduce the number of severe road crash injuries and deaths in Aotearoa.

ACC's road safety injury prevention initiatives include:

- **DRIVE:** DRIVE aims to give young drivers the knowledge to stay safe on the road. It has tips for getting your learner, restricted and full licences, and information if you are teaching someone else to drive. DRIVE is delivered in partnership with Waka Kotahi.
- **Ride Forever:** Ride Forever aims to give motorcycle riders information and access to training, delivering practical riding skills coaching online and on-road. Riders who have taken a Ride Forever course are 27% less likely to lodge a motorcycle accident claim.

### ***Rehabilitate injured people effectively***

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

Most ACC claims are lodged through a medical practitioner at a general practice, emergency department or accident and medical centre. To establish eligibility for cover, ACC determines whether a client has suffered a personal injury, the cause of the injury and where the injury occurred.

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

### **How ACC supports people**

When ACC accepts a person's claim, it must provide entitlements to the level prescribed in legislation, with the goal of restoring the person's independence to the maximum extent practicable. Entitlements include contributions to the costs of treatment and rehabilitation to help the injured person get back to work or independent living.

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

ACC uses case management to ensure injured people who may take longer to recover, or have more complex needs, get the support they need and to which they are entitled. For those clients who do need additional support, ACC makes decisions to ensure timely delivery of entitlements.

Research demonstrates that a return to independence as quickly as possible after injury makes a significant improvement to people's overall health and wellbeing, while reducing the adverse social and economic impacts of their injuries on whānau, communities and New Zealand.

The effectiveness of claims management is measured by the rate at which clients return to work and gain independence, timeliness measures, and client satisfaction. ACC measures its return-to-work rates at several points in time based on the percentage of clients returning to work.

Further details and commentary on ACC's rehabilitation performance can be found in the *2022 Annual Report* and the *Second quarterly report 2022/23*, due to be delivered to you on 17 February 2023.

### ***ACC's boundaries with the health and welfare systems***

The existence in New Zealand of separate health and disability, accident, and welfare systems can lead to boundary issues when access, services, or support differ between institutions. The boundaries between ACC and the health and welfare systems is determined by causation and is

roughly split along injury: illness lines. ACC's coverage of injuries or health conditions aligns with those conditions over which a person in another jurisdiction could sue. These include accident-related injuries, treatment injury, and work-related diseases. The social contract foundation of the ACC Scheme establishes the compensatory nature of entitlements, compared to the public health and welfare systems which provide needs-based care.

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

There are both legislative frameworks and operational policies that seek to smooth the boundary between ACC and the rest of the health system in certain instances. A good example is emergency travel and acute treatment, where it is not practical or appropriate to make cover decisions when someone needs immediate examination and treatment. The AC Act provides for joint purchasing of emergency travel, such as ambulances, with the Te Whatu Ora (there is a special exemption for this within the Commerce Act).

ACC, Te Whatu Ora, the Ministry for Social Development, and the Ministry of Disabled People continue to discuss further opportunities to work collaboratively to smooth the boundaries where there are shared clients, shared workforces, or overlapping services.

## Key pieces of work underway

The following summarises recent areas of work underway at ACC. Current work is naturally subject to a future discussion with you about your priorities for the portfolio, and the Government's overarching priorities. We can provide you with more detail on any of these pieces work underway at your request.

### ***Implementation planning for proposed New Zealand Income Insurance Scheme***

ACC is working on the implementation planning for the proposed New Zealand Income Insurance Scheme. Enabling legislation passed in 2022 gave ACC the necessary legal authority to deliver the scheme with interim funding provided to support this work.

ACC is working with MBIE to inform final policy decisions, legislation drafting, and development of a Business Case for Budget 2023. The latter is substantially complete and has followed the Better Business Case (BBC) process. Policy, legislation, timing, and the business case are expected to be submitted to Ministers for consideration in February.

ACC has a team of approximately 100 people working on scheme design based on known policy and legislative parameters. This includes developing a design blueprint, which has been released to agency partners for review. This details how the scheme will operate in practice when launched, including the overall service model. Further work has been progressed on the detailed design and building capability to start building the scheme from mid-2023. This is required to meet the planned scheme launch date of 1 April 2025.



Detailed design will include working in partnership with Māori and ensuring equity objectives are achieved. This will require community and public engagement from the point when Ministers agree to progress the scheme.

The scale of this change for ACC is significant and the Board and Executive are focussed on the effective integration of the scheme. Governance of the design and implementation of the scheme includes the ACC Board, an ACC Board subcommittee, Māori advisory and a multi-agency steering group.

The programme is currently on track for launch in 2025, but risks remain with the timing of final policy and legislation decisions and being able to secure the level of resources required for further design and build work.

### ***Huakina Te Rā***

Huakina Te Rā is ACC's strategy for financial years 2023-2032. Huakina Te Rā is a Te Tiriti/ Treaty-based strategy with a clear response for Māori and for all people in Aotearoa under a dual-framed single strategic vision.

Huakina Te Rā has three long term goals:

1. Mana Taurite | Equity is our goal for all people in Aotearoa New Zealand to experience accessible services and improved outcomes.
2. Ringa Atawhai | Guardianship is our goal for the scheme(s) to be sustainable for present and future generations.
3. Oranga Whānau | Safe and Resilient Communities is our goal to partner with and invest to help create safer and more resilient communities.

Huakina Te Rā's foundation is Whāia Te Tika ("pursue what is right"), ACC's Māori Strategy. Huakina Te Rā builds on the whakapapa of Whāia Te Tika and the significant role it has played in getting ACC to where it is today.

Whāia Te Tika has three central pou for improving Māori customers' outcomes and experiences of ACC, and for ensuring that ACC uses Māori knowledge as a source of innovation and creativity. The three pou are: Te Arotahi Kiritaki (customer focus); Kia Hiranga Te Mahi Ngātahi (partnering for excellence), and Whakawhanaketia Te Kaha (developing capability).

ACC will need to undergo a large organisational shift to fully embed the strategy. The shifts ACC will undertake to make Huakina Te Rā effective are:

- taking an explicit Te Tiriti o Waitangi/The Treaty of Waitangi partnership approach
- building and maintaining trusted partnerships
- partnering with whānau and communities to better understand wellbeing needs
- working with ACC's partners to share data, provide services, and design new initiatives and solutions to effectively support people
- offering the right intervention at the right time
- delivering increased value to Aotearoa.

Huakina Te Rā was recently approved by the ACC Board, and we would welcome an early discussion with you about the strategy.

ACC made considerable progress in 2022 to improve Māori access to its services. Initiatives ACC have underway include:

### **Rongoā Māori Service**

In June 2020, ACC improved access to traditional Māori healing by standing up a rongoā Māori service, which is by Māori, with Māori, for Māori and available to people of all ethnicities.

The service incorporates a holistic kaupapa Māori approach to wellbeing that includes ā-tinana (physical), ā-wairua (spiritual), ā-hinengaro (mental and emotional), and ā-whānau (family and social).

It is available on request as a social rehabilitation service, either as standalone care or alongside other services or treatment.

### **Kaupapa Māori Solutions**

In partnership with Māori, ACC is developing regionalised kaupapa Māori solutions across the motu to provide ACC kiritaki and whānau with greater choice. These solutions will enable whānau to live well and, if injured, to access services that are culturally safe and appropriate, as defined by Māori.

ACC recognises that localised approaches to service design and delivery are best placed to meet the specific needs of haukāinga (local people) and empower them to participate fully in their hauora (health) and oranga (wellbeing).

ACC's understanding of kaupapa Māori solutions is indigenous, localised, whānau-centred solutions designed by Māori, with Māori, underpinned by tikanga and delivered by providers who identify as Māori, primarily for Māori, but available to all.

ACC is currently seeking to design:

- kaupapa Māori prevention initiatives with a focus on the primary prevention of sexual violence through the promotion of mana-enhancing and tapu-enriched relationships
- kaupapa Māori health services for whānau when they are injured, with a focus on treatment and rehabilitation for ACC kiritaki with complex injuries and a high level of need (including, but not limited to, serious injuries and sexual violence).
- ACC is taking a staged, rohe (region) based approach to develop these services across the motu.

Once the design of these solutions is approved, ACC will seek kaupapa Māori providers to deliver the initiatives and services. Later, ACC will consider other wellbeing initiatives and services to support other injury types.

### ***Shaping our Future***

ACC's Shaping Our Future strategy (2014 – 2023) redesigned ACC's systems to improve clients' outcomes, experience, and trust and confidence in ACC, and has been implemented through ACC's Integrated Change Investment Portfolio (ICIP). ACC is now in the final stages of delivering ICIP, with all projects due to be completed by the end of the 2022/23 financial year.

Key ICIP initiatives include:

- transforming ACC's case management approach to give customers greater control over their own recovery; target ACC support to those who need it most, and streamline administrative processes
- automatically approving straightforward claims that have all the correct claim information

- expanding online customer service for clients with MyACC, and for providers with Provider Hub
- upgrading IT systems so customers receive their weekly compensation entitlements faster
- a new levy management system offering business customers flexibility in paying levies
- working with providers through the Health Sector Strategy to deliver improved rehabilitation outcomes by taking an evidence-driven, collaborative approach with the broader health sector.

In part due to the impact of COVID-19 lockdowns on the volume and make-up of ACC claims, the main financial target for ICIP – a Net Present Value (NPV)<sup>2</sup> of \$300 million by 2030 – is currently projected to be met in 2033, contingent on future projections of population and economic growth.

ACC is now looking at how the continued benefits delivered through ICIP feed into the new organisational strategy, Huakina Te Rā.

The Minister for ACC provides regular reports to the Government Administration and Expenditure Review Committee on ICIP progress. The last update was provided in December 2022, and a final update will be delivered in the second half of 2023.

### ***ACC public awareness***

ACC is in the middle of a multi-year public engagement strategy to increase awareness and understanding of ACC's role and services. The most recent campaign, 'It's what we're doing right now', consists of six videos providing glimpses into the lives of New Zealanders over a 24-hour period to show the range of support that ACC offers.

The campaign will run until the end of June 2023, with content on television, TVNZ OnDemand, ThreeNow, Facebook, Instagram, cinema, and YouTube. There are also radio spots, including versions in te reo, and digital billboards in a range of locations across Aotearoa.

The video stories click through to more detailed information on ACC's website and are supported by content produced in-house for ACC's Newsroom and social media channels.

This is one of several broad and targeted campaigns ACC has been running since 2020 which will continue into 2023 to improve the health outcomes for Aotearoa.

In April 2021, ACC also launched a behaviour change campaign called 'Have a hmmm' which challenges New Zealanders to take a moment to think of the consequences before acting. The campaign has run on television, video-on-demand, YouTube, online, and in cinemas. To ensure that Māori are aware of ACC and the support it can provide, ACC launched a targeted Māori public awareness campaign – Kia Mahea Kia Puāwai – in 2022, which is aligned with the Whāia Te Tika Strategy.

### ***Recent legislative changes***

ACC works closely with MBIE on scheme policy and legislation settings, with MBIE being the policy advisor to the Minister for ACC on the Scheme and its administration by ACC. A key piece of work MBIE has underway is advice on the Accident Compensation (Access Reporting and Other Matters) Amendment Bill, which is being considered by the Education and Workforce Committee.

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<sup>2</sup> NPV is a calculation of the future monetary costs and benefits of a collection of initiatives over time (benefits minus costs), expressed in the present value of cash. A positive NPV indicates that, over time, the financial benefits that flow from ICIP initiatives will be greater than their overall costs.

The Amendment Bill primarily proposes ACC reports on access to the scheme by all injured people in Aotearoa and will help ACC formalise and standardise access reporting work which is already underway.

### **MBIE work underway with which ACC is assisting**

In addition to the Amendment Bill, key pieces of work underway by MBIE that ACC is assisting with include:

- Responding to ACC-related claims under the Waitangi Tribunal Health Services and Outcomes Inquiry (WAI 2575)
- Responding to Court decisions, such as AZ vs ACC and TN vs ACC
- Responding to the Royal Commission of Inquiry on Abuse in Care, design of the new redress system and its interactions with the AC Scheme.
- The previous Minister for ACC asked for a comprehensive review during 2023 of ACC's role in mental health. MBIE are working with an external consultancy on the review's terms of reference, and ACC's role is to support MBIE with scoping and conducting the review.

MBIE can provide you with further information on these at your request.

### ***Maternal Birth Injuries***

Since 1 October 2022, mothers who experience an injury during labour or childbirth are eligible for support from ACC.

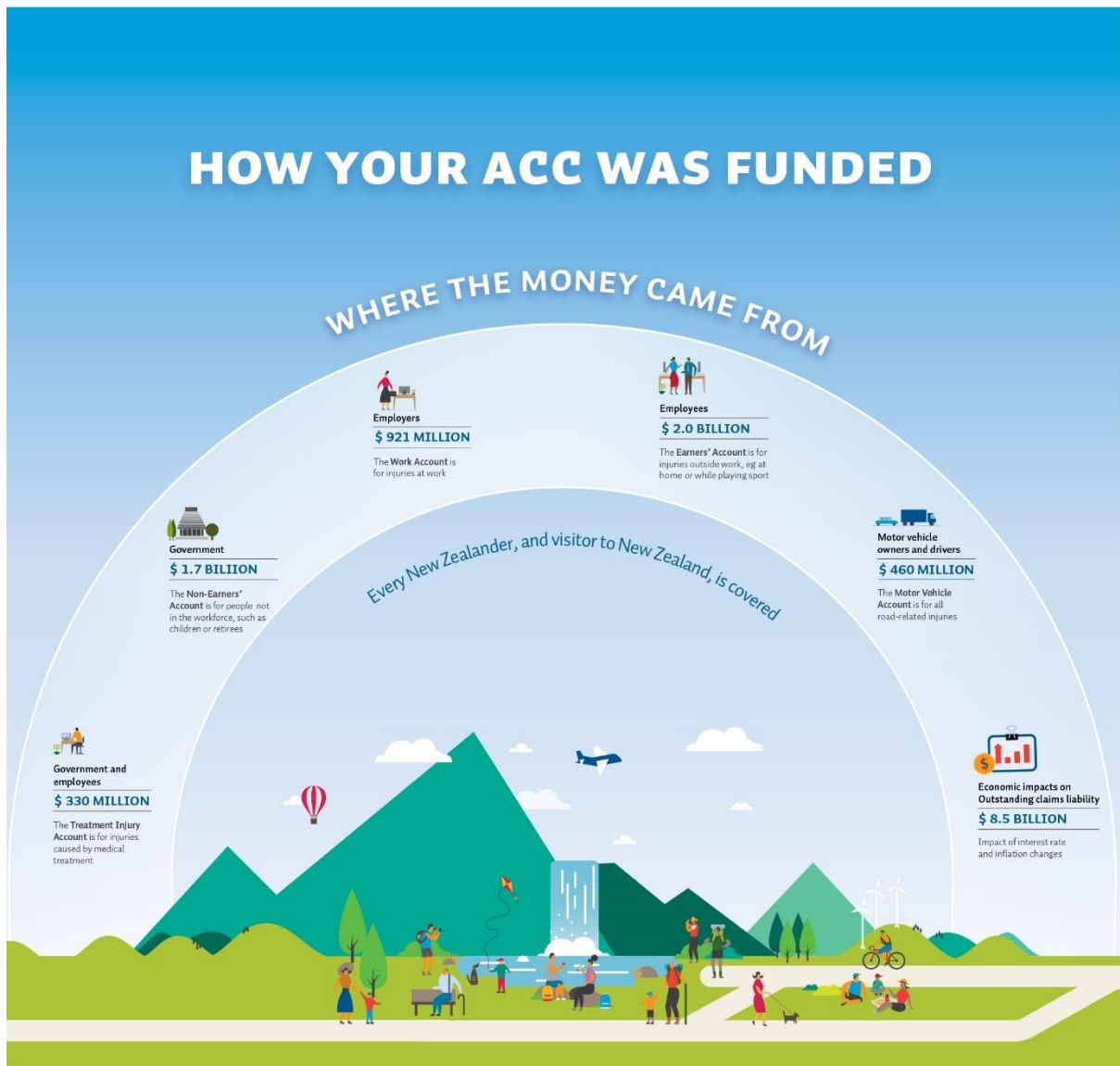
Up to 80% of mothers experience an injury during labour or childbirth. These injuries can have long-lasting effects for them and their whānau, especially if the injury initially goes untreated. Extending ACC cover to maternal birth injuries means injured mothers and their whānau can access the care and support they need, sooner.

Relevant health practitioners, including midwives, can lodge claims. ACC also worked with rongoā providers to design a contract that offers kiritaki with maternal birth injuries access to culturally appropriate services where needed.

ACC has been proactive in raising awareness of maternal birth injuries, to help families recognise when there may have been an injury, and what steps they can take to get support. This work included sharing stories of clients who suffered such injuries (with their consent).

Injury rates are forecasted to be 47,605 per annum, however, it is too early for ACC to identify any trends in the data or measure the impact at this stage. ACC will provide you with updates on injury rates and trends in the data as more claims are received.

# HOW YOUR ACC WAS FUNDED



## WHERE THE MONEY WAS ALLOCATED



**Injury prevention**

**\$ 78 MILLION**

Helping the community understand how to stay safe and healthy



**Treatment and emergency travel**

**\$ 2.2 BILLION**

Includes visits to a GP, X-rays, surgery and associated travel



**Care and support**

**\$ 1.0 BILLION**

Helping people back to independence, eg through having carers or home alterations



**Financial compensation and vocational rehabilitation**

**\$ 2.1 BILLION**

Payments for people who are injured and can't return to work, and helping people back into work



**Other Costs**

**\$ 623 MILLION**

Operating and other costs



**Other changes to OCL**

**\$ 3.4 BILLION**

Additional funds to cover the future costs of claims



**Negative Investment returns**

**\$ 4.5 BILLION**

## Ensuring New Zealand has an affordable and sustainable Scheme

Funding for the Scheme comes from levies and government appropriations, depending on the nature of injuries and injured people's earner status.



The Scheme is split into five accounts covering specific sets of injuries, to ensure an equitable balance between individual and community responsibility for funding entitlements. Within each Account, levy rates do not increase with age or individual health status.

The table below provides a summary of the different Accounts:

*Summary of Accounts*

Account	Funded by	Pays for
Work	Levies on employers and the self-employed	Work-related injuries
Earners'	Levies on earners through PAYE (or invoiced directly by ACC for self-employed people)	Earners' non-work injuries (not including motor vehicle and treatment injuries)
Motor Vehicle	Levies on motor vehicle users through registration fees and users at the petrol pump	Accidents on public roads involving moving vehicles
Non-Earners'	Government appropriation	Non-earners' injuries (not including motor vehicle and treatment injuries)
Treatment Injury	Levies from the Earners' Account and appropriation from the Non-Earners' Account	People injured because of medical treatment

Levies are only required for the Work, Earners' and Motor Vehicle Accounts and are charged to motorists, employers, the self-employed and employees to fund their entitlements. Entitlements for children, retired New Zealanders, and others who are not in employment including overseas visitors, are funded via a government appropriation. The appropriation for the Crown-funded Non-Earners' Account is treated as a forecast adjustment as part of the Budget process each year, while the Treatment Injury Account is funded through the Earners' and Non-Earners' Accounts.

Some account levy rates reflect risk (motorcycle levy), and some reflect potential benefits (high earners pay higher levies to reflect the levels of compensation they would receive in the case of an accident that prevented them from working).

Accounts cannot be cross-subsidised. This means that, if there is a shortfall in one Account, it is not possible to cover the shortfall using funds from another Account or from the government appropriation. The government appropriation is not expected to subsidise levy payers, and shortfalls must be met by increasing the relevant levy. Similarly, any surplus in one of the Accounts must be returned to levy-payers through a reduction in future levies and cannot be used to cross-subsidise other Accounts or to settle Crown liabilities.

Levy and taxpayers, as well as the Government, are kept informed about the cost of ACC claims, and the predicted impacts of changes to volume and services, through public reporting. ACC's Actuarial Services team prepares an annual Financial Condition Report for the Board in relation to levy rates. The Minister for ACC submits this to Parliament, and it is subsequently published. This reporting

ensures there is transparency about the cost drivers and risks to ACC's liability arising from factors such as external economic fluctuations, policy changes, and Court decisions.

### ***The Government Funding Policy Statement and levy-setting process***

The AC Act requires that the cost of all claims under the Accounts be fully funded. To achieve the principles of financial responsibility outlined in the AC Act, ACC must recommend levy rates for each of the levied Accounts to give effect to the Funding Policy Statement issued under the AC Act. The Funding Policy Statement specifies the target level for the funding of each Account and approach to returning to target funding levels over time when those Account balances are under- or overfunded.

Levies are reviewed every three years. The process begins with ACC consulting the public on rates that are consistent with the Funding Policy Statement. Following public consultation, ACC recommends levy rates to the Minister for ACC. Cabinet then makes final levy decisions based on a recommendation from the Minister for ACC. In reaching a decision on levy rates, Cabinet may consider the wider public interest, including the interests of levy payers, claimants, and potential claimants. Cabinet's decision in relation to levies does not need to align with ACC's recommendation.

ACC's Funding Policy Statement was approved by Cabinet in March 2021. Cabinet agreed to maintain the funding target for the levied Accounts at 100% of the outstanding claims liabilities excluding the risk margin. The updated Funding Policy Statement was published in April 2021.

### ***Levy rates for the 2022/23 to 2024/25 period***

In 2021, the Government agreed on levy rates for the 2022/23 to 2024/25 levy period.

The levy rates for 2022/23 to 2024/25 are as follows:

Year	Earners' Account	Work Account	Motor Vehicle Account
	Average levy rate per \$100 of liable earnings (excl. GST)	Average levy rate per \$100 of liable earnings (excl. GST)	Average levy per vehicle
2022/23	\$1.27	\$0.63	\$113.94
2023/24	\$1.33	\$0.63	\$113.94
2024/25	\$1.39	\$0.63	\$113.94

### ***Investments***

The Minister for ACC is not involved in the decision-making process for ACC investments. This is an important feature of the Crown entity model which creates an arms-length relationship between Ministers and Crown entities. This is stipulated under the Crown Entities Act (section 27 "Responsible Minister's role" and section 113 "Safeguarding independence of Crown entities") and is further explained in Chapter 3 of the Cabinet Manual.

The responsibility for managing ACC's investment fund resides with the ACC Board. The Board has delegated this function to a specific subcommittee, and investment decisions are subject to ACC's ethical investment policy.

The Minister of Finance approves procedures in order that ACC can borrow money and give security.

In 1998, legislation was passed to move ACC's Accounts towards full funding. Under this arrangement, the Accounts are intended to have enough investment assets to cover the lifetime

costs (which can go many years into the future) of accidents that have already occurred. Therefore, a portion of the levies collected each year is set aside to provide for future costs and to offset what ACC must collect today. ACC invests these funds to contribute to the future cost of claims effectively balancing its investment fund against the Outstanding Claims Liability.

The purpose of ACC's investment portfolio is to meet the future costs of incurred claims from long-term injuries without the need for any catch-up contributions from future levy payers. In short, ACC invests so Kiwis pay less in levies for accident cover.

As of the end of calendar year 2022, ACC's investment portfolio was worth approximately \$45 billion.

## Working in partnership

### ***Relationship with MBIE***

The division of responsibility between MBIE and ACC reflects ACC's institutional set-up as a Crown agent and allows ACC to focus on the effective delivery of the Scheme. MBIE's focus is on the Scheme's legislative framework and broader direction.

MBIE advises on both the primary legislation and the regulations governing the Scheme, the setting of levy rates, and the Scheme's performance on the delivery of its policy objectives. MBIE also administers the appropriation for the Crown-funded Non-Earners' Account. MBIE and ACC maintain a close working relationship to deliver Scheme outcomes effectively. This means that you will often receive joint briefings (including with the Treasury, from time to time) on matters relating to the Scheme.

### ***Relationship with the Treasury***

The Treasury represents the Crown's ownership interests in ACC. The Treasury:

- advises the Minister for ACC on ACC's performance and governance
- advises the Minister of Finance on the performance and governance of ACC's investment function
- supports the Board appointment and evaluation process, the annual performance cycle, and strategic and performance analysis
- monitors and reports to the Minister for ACC and Investment Ministers on ACC's transformation projects.

The Treasury also provides a more traditional role in providing fiscal, policy and scheme setting advice to the Minister of Finance.

### ***Other key relationships across government***

ACC has an ongoing commitment to work effectively with its partners, and to continue developing and improving mutually beneficial relationships to work collaboratively across government, the wider health sector, and all New Zealanders.

ACC has a broad range of interactions with external parties, and managing these relationships and expectations is integral to its core business.

Some of ACC's core relationships with other government agencies include:

- a. **Whaikaha (Ministry of Disabled People):** As a new Ministry, ACC is working on developing relationships with Whaikaha, including working together on the implementation of the United Nations Convention on the Rights of Persons with Disabilities and the New Zealand Disability Strategy.
- b. **Te Puna Aonui<sup>3</sup>:** Te Puna Aonui is an Interdepartmental Executive Board under the Public Service Act 2020. The Chief Executive of ACC has been appointed an independent advisor to the interdepartmental executive board, as under the Public Service Act 2020, Crown agents cannot be members of interdepartmental executive boards. Te Puna Aonui agencies are collectively responsible for implementing Te Aorerekura – the National Strategy to Eliminate Family Violence and Sexual Violence. Te Aorerekura consists of six key changes or ‘shifts’ and 40 actions. Each action has a lead agency, with ACC leading ten actions.
- c. **Ministry of Health (MOH), Te Whatu Ora and Te Aka Whai Ora (Māori Health Authority):** ACC is working closely with MOH, Te Whatu Ora and Te Aka Whai Ora to give effect to the transformation of the health sector.

ACC and MOH administer the Public Health Acute Services Annual Service Agreement, which is an agreement at the start of each financial year for the purchase of acute and other services for ACC personal injury clients.

ACC and Te Whatu Ora jointly govern and fund the National Ambulance Sector Office, which oversees emergency ambulance services (both road and air).

ACC also collaborates with MOH with regards to injury prevention, including the implementation of a joint programme of work to improve falls and fracture services in New Zealand, and initiatives to reduce treatment injury.

The ACC Chief Executive is a member of the newly established Health & Disability Leadership Forum chaired by the Director-General of Health.

- d. **WorkSafe New Zealand (WorkSafe):** ACC and WorkSafe both have responsibilities for workplace injury and harm prevention and are required to deliver on this through the joint *Reducing Harm in New Zealand Action Plan*. The 2022-23 plan focuses on evolving initiatives, so they continue to meet changing needs of businesses and workers, and address key areas of risk and reduce workplace harm.
- e. **Waka Kotahi NZ Transport Agency (NZTA):** NZTA collects ACC’s Motor Vehicle levies as part of its collection of vehicle licensing (New Zealand Customs collects the ACC petrol levy), along with administering the Motor Vehicle Register, which ACC relies on for vehicle classification information. ACC and NZTA also work together on the national Road Safety Strategy, the DRIVE programme, and Road to Zero.
- f. **New Zealand Police:** In 2016, ACC and NZ Police entered a 10-year injury prevention partnership, with core objectives to promote strong families and resilient communities; reduce crime and victimisation; meet ACC’s objectives for injury prevention; reduce incidence and

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<sup>3</sup> Te Puna Aonui describes the collective of ten government agencies, the board and the team working in the business unit. Partner agencies : ACC, Department of Corrections, Ministry of Education, Ministry of Health, Ministry of Justice, Ministry of Social Development, New Zealand Police, Public Service Commission, Oranga Tamariki, and Te Puni Kōkiri. There are also four associate agencies: Department of the Prime Minister and Cabinet, Ministry for Women, Ministry of Pacific Peoples, and Ministry of Ethnic Communities.

severity of personal injury; and maintain and improve the trust and confidence in ACC and NZ Police.

### ***Customer Advisory Panels***

ACC's Customer Advisory Panels have a long history of supporting ACC to ensure we listen to the voice and stories of people across Aotearoa New Zealand. These Panels provide advice to constructively challenge, support, and enable ACC to improve access, experiences, and outcomes for clients and whānau.

All panellists are experts representing the voices of their communities; this may be through their own lived experience, as a whānau member of, or advocate for injured people, or as an appointed leader and representative of an organization that works with, for, or alongside injured people and whānau.

Customer Advisory Panels regularly meet with ACC to advise on relevant, important, and strategic initiatives, projects, and programmes. Our panels focus on: Sexual Violence, Serious Injuries, Older Persons, continuous improvement of the Scheme (a joint stakeholder reference group of ACC and MBIE), Rongoā Māori, and Tiriti o Waitangi aspirations for Māori (Te Whānau Oranga Pūmau). Additional panels are also being established to support other organisational priorities.



## Appendix 1: ACC's Board

### Chair – Hon Steve Maharey

#### Member of the ACC Board Social Unemployment Insurance Committee

Steve was appointed to the Board in May 2021 and was appointed as Chair in August 2021.

Steve is also chair of:

- Pharmac
- Education New Zealand
- Wellington Science CityProject, MBIE.

Steve is also a member of the FPIM Governance Group, Ministry of Health.

Steve's previous roles include:

- Senior Cabinet minister with portfolios including Education, Social Development and Research, Science and Technology
- Senior lecturer in Sociology, Massey University
- City Councilor, Palmerston North
- Deputy Chair Universities New Zealand
- Deputy Chair of Asia New Zealand Foundation
- Member of the University of South Pacific Council
- Member of the New Zealand Police Audit and Risk Committee.



### Deputy Chair – Dr Tracey Batten

#### Chair of the ACC Board Health Sector Strategy Advisory Committee and Chair of the ACC Board People and Remuneration Committee

Tracey was appointed a Member of the Board in February 2019 and was appointed Deputy Chair from January 2022.

Tracey is:

- a Fellow of the Australian Institute of Company Directors
- a Chartered Member of the New Zealand Institute of Directors
- a director of Medibank Private Limited (Australia)
- a director of Abano Healthcare Group Limited
- on the Board of NIWA.

Tracey's previous roles include:

- Chief Executive of Imperial College Healthcare NHS Trust (UK)
- Chief Executive of St Vincent's Health, the largest charitable hospital group in Australia.



### Bella Takiari-Brame

#### Chair of the ACC Board Risk Assurance and Audit Committee

Bella was appointed a Member of the Board in February 2021.

Bella is:

- Managing Director of her consultancy company Luana Limited
- Chair of The Lines Company
- Director on the Braemar Hospital Board



- Director on Te Ohu Kai Moana
- Director of NZ Healthcare Investments Limited
- A member of the Crown Infrastructure Partners Board.

Bella's previous roles include:

- General manager finance for WEL Networks
- Senior manager with EY Tahiti
- Interim Chief Executive of Maniapoto Māori Trust Board
- Maungai Māori for the finance, and strategic risk and assurance committee for Hamilton City Council
- An independent member of the group Audit and Risk Committee for Waikato-Tainui
- Council member of Te Wānanga o Aotearoa.

## Patrick (Pat) Bowler

**Chair of the ACC Board Social Unemployment Insurance Committee**

**Member of the ACC Board People and Remuneration Committee**

Pat was appointed to the Board in February 2021.

Pat is:

- Director of NewPower Services Limited
- Director of NewPower Energy Limited
- Director of Infratec New Zealand Limited.



Pat is a very experienced lawyer and consultant for Corporate Advisory at Russell McVeagh. He has also held the position of General Counsel at Mobil Oil NZ Ltd before becoming a partner of Russell McVeagh in 1984, and interim General Counsel at EQC for part of 2019.

## Dr Helen Nott

**Member of the ACC Board Risk Assurance and Audit Committee and Investment Committee**

**Member of the ACC Board Social Unemployment Insurance Committee**

**Member of the ACC Board Health Sector Strategy Advisory Committee**

Helen was appointed to the ACC Board in February 2021.

Helen is a:

- Graduate of the Australian Institute of Company Directors
- Director of the QBE Australia Pacific portfolio of entities, and Chair of the Investment Committee
- Director and Member of Australian Unity Limited
- Director of Healthdirect Australia
- Trustee of the MJ Education Trust.



Helen's previous roles include:

- Director and Vice President of Paralympics Australia
- Creator of an insurtech start-up to meet the needs of digital communities
- Group strategy, Insurance Australia Group (IAG)
- Member of the Antidiscrimination Working Group of the Insurance Council of Australia
- Head of strategy, QBE Australia & New Zealand.

## Mark Cross

### Chair of ACC Board Investment Committee

Mark was appointed a Member of the Board in August 2021.

Mark is:

- Director of Chorus
- Director of Xero
- Director of Virsae Group Limited
- Director of Alpha Investment Partners Limited.

Mark's previous roles include:

- Director of Z Energy
- Director of Genesis Energy
- Director of Argosy Property
- Senior Positions in Deutsche Bank in London and Australia.



## David Hunt

### Member of the ACC Board Investment Committee

### Member of the ACC Board People and Remuneration Committee

David was appointed to the Board in September 2021.

David is an economist with extensive public and private sector experience. Since 2006 David has been a consulting director at Concept Consulting Group.

David's previous roles include:

- Chief Executive of Contact Energy Limited
- Senior roles at the NZ Treasury, including Economic Adviser to the Minister of Finance.



## Ali'imuamua (Sandra) Alofivae

Sandra was appointed to the Board in April 2022.

Sandra is:

- Chair of the South Auckland Social Well-Being Board
- Chair of Affirming Works, not for profit social enterprise.

Sandra's previous roles include:

- A Families Commissioner
- Board member of Housing New Zealand.



## Appendix 2: ACC's Executive team

### Chief Executive – Megan Main

Megan started as Chief Executive of ACC in November 2021.

Prior to joining ACC, Megan held leadership roles at the Ministry of Business, Innovation and Employment as Deputy Chief Executive of Managed Isolation and Quarantine, and Deputy Chief Executive of the Corporate, Governance and Information Group.



She was previously Chief Executive at NZ Health Partnerships and Chief Executive of Health Purchasing Victoria (Australia). Before joining the health sector, Megan held senior line management and consulting roles in a range of industries including fast-moving consumer goods, manufacturing, and professional services.

### Tumu Pae Ora – Michelle Murray

Michelle joined ACC in April 2021, bringing a depth of experience in the health system, with a strong focus on kaupapa Māori initiatives.

Before joining ACC, Michelle was the Chief Executive of the Hauraki Primary Health Organisation (PHO) covering the Waikato and Hauraki rohe, and Chief Executive of the Eastern Bay Primary Health Alliance covering the Eastern Bay of Plenty rohe.



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

Andy joined ACC in September 2022 from the Ministry of Business, Innovation and Employment (MBIE), where he was the Deputy Secretary for Managed Isolation and Quarantine.

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



### Deputy Chief Executive, Service Delivery – Amanda Malu

Amanda (Kāi Tahu) joined ACC in September 2022, bringing a wealth of experience in service design and delivery.

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



## Deputy Chief Executive, Prevention and Partnerships – Tane Cassidy

Tane (Ngāpuhi) joined ACC in July 2022. He has a wealth of experience across the health sector and was previously Tumu Whakarae/Chief Executive at Te Hīringa Hauora – Health Promotion Agency, where he championed a prevention first approach to health and wellbeing.

Tane was part of the interim leadership group establishing the new National Public Health Service within Te Whatu Ora/Health New Zealand, is a member of the Ātiawa Toa Hauora Partnership Board, and previously worked in leadership roles at the Health Sponsorship Council and Ministry of Health. He has a strong commitment and passion for Te Tiriti o Waitangi, equity, public health and prevention, and a real interest in building genuine, enduring relationships and partnerships that help improve the quality of life for New Zealanders.



## Deputy Chief Executive, People and Culture – Michael Frampton

Michael joined ACC in April 2022. He is a seasoned human resources leader with over fifteen years executive and industry leadership experience in delivering people strategy, organisational transformation, and service redesign.

Michael previously held the role of Chief People Officer at Sky TV, and prior to that spent eight years at Canterbury DHB, including as Chief People Officer and as the executive lead for the West Coast DHB. He also chaired the 20 DHB Chief People Officer group for four years, and has considerable experience in large-scale, complex public and private sector roles and health environments.



## Deputy Chief Executive, Corporate and Finance – Stewart McRobie

Stewart joined ACC in August 2022. He has vast experience across the private and public sectors in banking, insurance, and government, spanning a broad range of corporate and finance functions.

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



## Chief Investments Officer – Paul Dyer

Paul first joined ACC in 2008 and became Chief Investments Officer in 2019.

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





## **Deputy Chief Executive, Enterprise Change Delivery – Peter Fletcher**

Peter joined ACC in January 2018. He is an experienced technology executive with over 25 years leading technology change, predominantly in financial services.

Prior to ACC Peter was Group Manager, Technology at NZ Post and held Chief Information roles with Westpac New Zealand and BNZ.



## **Executive Lead, New Zealand Income Insurance Scheme – Stephen Crombie**

Stephen joined ACC in June 2022. He is an experienced leader who has a strong background in engaging across the public sector to design and deliver complex programmes of work and major transformations.

Stephen was previously the Deputy Chief Executive of the People and Capability group at the Ministry of Social Development. Prior to that he was the inaugural Chief Executive of Education Payroll, and has held several other senior roles across government, including at NZ Police and the Department of Internal Affairs.



## Appendix 3: Cover and entitlements

### Cover

To establish eligibility for cover, ACC determines:

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

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

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

In most cases, determining eligibility is straightforward. Complexity and needs for support are considered at the front end of a claim and triaged accordingly. Simple claims with little to no required support may be automatically accepted. More complex injuries are considered by specialist teams within ACC to determine eligibility.

Once cover is established, ACC also determines what entitlements a client is eligible for. The following table summarises the different entitlements available.

### Summary of entitlements

TREATMENT	
Treatment costs	Contribution to a range of treatment costs, including visits to general practitioners and other health professionals, for example physiotherapists, dentists, specialists, surgeons, radiologists, rongoā Māori
Prescription medicine	Reimbursement of the costs of certain pharmaceuticals
Ambulance and emergency care	Full payment of ambulance service fees and emergency care at a public hospital
MANAGING AT HOME	
Home help	Help with general housework such as cleaning, vacuuming, laundry
Attendant care	Help with personal care such as showering, bathing, getting dressed
Childcare	Help with care of children, including taking them to and from school

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

## Appendix 4: Snapshot of ACC

