PŪRONGO Ā-TAU

ANNUAL REPORT

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

2023

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

Ngā kōrero o roto | Contents

Pūrongo ā-tau 2023 (our Annual Report)

Highlights our achievements throughout the year and outlines our financial and non-financial performance. It describes our results for 2022/23 and reports on how we performed against our strategic intentions, as set out in our Statement of Intent and Service Agreement.

How to read this report

The overview of this report gives summary performance information, and talks about who we are, what we do, and the key aspects of our operating environment for 2022/23.

The remainder of the report provides more detail about our progress towards our strategic intentions (injury prevention, customer outcomes and experience, and sustainability) and improving our organisational health and capability. It also gives information on our governance, Investment Fund, statement of performance, our financial statements and a report against the recommendations of the Taskforce on Climate-related Financial Disclosures.

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

1. Overview

This section gives key information about our performance and operating context for 2022/23.

2. Performance

This section gives details of our performance this year. It includes key performance results, highlights, and progress on the deliverables for 2022/23. This section is presented in alignment with our strategic intentions, and organisational health and capabilities. Also provided is summary performance information about our Investment Fund.

3.

Governance

This section outlines our governance and risk frameworks.

4.

Statement of performance

This section provides a detailed report on our performance against the measures contained in the Service Agreement 2022/23.

5.

Financial statements

This section presents our audited financial statements.

6.

Appendices

This section provides supporting detail about the content in the report, including a glossary and our detailed investment and climate disclosures.

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

Ā mātou kōrero | Our stories

Michael's story — From the depths of despair to hitting the waves

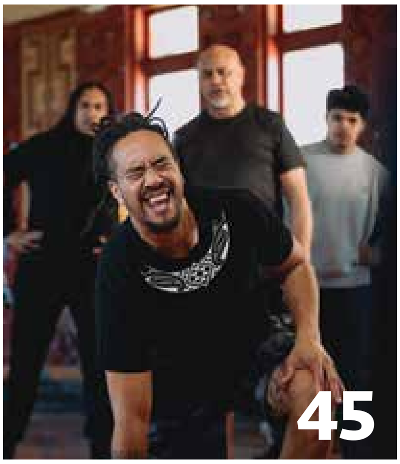
After a back injury, Michael Dixon (Ngāpuhi) returned to surfing and employment with the help of Hāpai, a programme that offers culturally appropriate care.

ACC Up Close — It's what we're doing right now

15-second ads provide glimpses into the lives of New Zealanders over a 24-hour period to build awareness of the services available for all people of Aotearoa.

Kylie's story — The right to belong

Our Māori Health Lead Kylie Bryant (Ngāti Maniapoto) knows more than most about the importance of being treated in a culturally appropriate way.



ACC Up Close — Too hundy in the haka?

Kia Mahea Kia Puāwai (making it clear so we can flourish), ACC's first nationwide campaign targeted specifically to Māori launched in September 2022.

Melissa's story — The impact of a maternal birth injury

Melissa Smith suffered a maternal birth injury (MBI). It greatly affected her, both physically and mentally. She says the change in ACC legislation to cover MBIs is 'amazing' for women around Aotearoa New Zealand.

Trudy's story — Believing in change

After experiencing an MBI, Trudy Pipe had to cope with trauma and pain. As a māmā she didn't want others to have the same experience, so Trudy led the change for everyone.

Carl's story — "Recovering at work kept me sane"

The Recovery at Work programme boosted PE teacher Carl's physical and mental wellbeing. Being at school kept him socially connected and gave him the satisfaction of continuing to contribute.

ACC Up Close — Our journey to a low-carbon future

ACC is one of the largest investors in Aotearoa New Zealand. Since 2019 we have lowered the carbon intensity of our listed equities by 60%. We aim to do more.

ACC Up Close — Workplace award for ACC

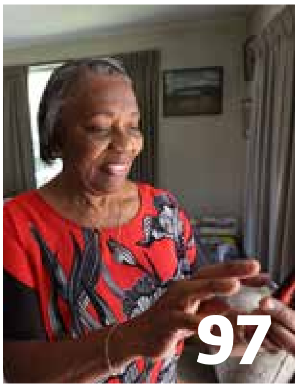
Hybrid working gives our people flexibility and recognises that the world of work has changed, while helping us to keep delivering our best work.

Carla's story — Care pathway helps sports-mad teen bounce back

Teenage footballer Carla Ma'amu Hunt ruptured an Anterior Cruciate Ligament, but was soon back to her best on the field after recovering on an Escalated Care Pathway.

Jamie's story — "If you can't stand up, stand out"

At just 10 years old, Jamie Astwood broke her back in a dune boarding accident. Her positive attitude and the ongoing lifetime support of ACC are helping her lead an independent life and inspire others.



Dorothy's story — Traumatic fall shows need for balance training

Grandmother Dorothy Fitzpatrick suffered concussion from a heavy fall. She's a big advocate of Nymbl, an app launched by ACC as part of our Live Stronger for Longer programme.

Teresa's story — Fulfilling her promise

After her father passed away, Teresa Hart (Ngāti Hine a Hineamaru) returned home to help deliver rongoā Māori (traditional healing) to the people of Northland, fulfilling a promise made to her kaumātua.

ACC Up Close — Amohia Ake

With 800 of our people here delivering services to the whole country, our new base in Kirikiriroa-Hamilton provides lifeblood to Aotearoa New Zealand.

He whakamārama | Overview

Te whāinga roa

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

Our vision

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

Ngā uara

Haumaru Aotearoa

Ka whakahīkaka mātou i ngā tāngata o Aotearoa ki te noho haumaru, ki te mahi haumaru, ki te tākaro haumaru — e tutuki pai ai ngā mahinga katoa i te ao e nōhia ana e rātou.

He hoamahi pai

Ka whakatītinahia ngā hononga ki ō mātou hoamahi i raro i te kaupapa o te kaupare me te manaaki wharanga, waihoki, ko ngā hononga ki ngā ahurea rerekē me te hapori whānui.

He kaitiaki tōtika

Ka mātua whai tikanga te kohikohi me te tuku pūtea e ea ai ngā hiahia o ngā Kiwi o nāianei, o āpōpō hoki.

Ko te tangata i mua i te tukanga

Ka rongo mātou i ngā hiahia o te tinana me te ngākau o ia tangata, kia māmā ai te toro mai ki a mātou.

Te mahi tōtika, he ngākau tuwhera

Ka mahi tōtika mātou, ka pono hoki ki ngā āhuatanga o ia tangata — ka whāi noa i ngā whakatutukinga māmā i ngā wā e tika ana.

Our values

Safe Kiwis

We motivate New Zealanders to live, work and play safely, so they can lead full and active lives.

Good partners

We foster close relationships with our partners in injury prevention and care, as well as within cultural groups and the wider community.

Responsible stewards

We gather and invest our income wisely to meet the needs of today's and tomorrow's Kiwis.

People before process

We are responsive to each person's physical and emotional needs, making it easy for people to engage with us.

Fair and open

We are fair and transparent about a person's situation, applying common-sense solutions when called for.

Tō Mātou Tauākī mō Te Tiriti o Waitangi | Our Treaty of Waitangi Statement

E whakaae ana mātou ko Te Tiriti o Waitangi te tūāpapa o te kāwanatanga o Aotearoa e whakaū ana i te noho ā-motu o tēnei whenua. Ka mahitahi mātou ki a ngāi Māori, hei hinonga o te Karauna, ki te whakatinana i Te Tiriti o Waitangi/The Treaty of Waitangi, ā ka pūmau mātou ki te whakatutukinga o ngā putanga taurite ki te Māori i raro i tō mātou Kaupapa Inihua.

I raro anō i tō mātou tū hei hinonga o te Karauna, ka whai mātou i ngā mahi e hāngai ana ki ngā hiahia o te Māori e kitea ai te ngākau pūmau o te Karauna ki Te Tiriti o Waitangi/The Treaty of Waitangi mā ngā mātāpono e whai ake nei:

- **Ko te tino rangatiratanga** — E whakamana ana i te tūranga nui o te iwi Māori i roto i te whakahoahoatanga, i te whakaratonga me te aroturukitanga o ngā ratonga a ACC ki te Māori, ā, ka tino whaihua tēnei mātāpono mēnā e whakatinanahia ana ngā mahi e ngā hapori Māori.
- **Ko te pātuitanga** — Me mahi ngātahi a ACC ki te Māori ki te whakahaere, ki te whakahoahoa, ki te tuku atu, ki te aroturuki hoki i ngā ratonga a ACC ki te Māori.
- **Ko te whakamaru** — Me whakapau te ACC i tōna kaha ki te whiwhi i ngā putanga hauora taurite mā te Māori. Me tino mārama a ngāi Māori ki te whānui me te āhua o ngā putanga hauora o te Māori me ngā mahi e whāia ana kia taurite ai ngā hua o te ao hauora ki te Māori. Me rongo ngā reo o te Māori, me hāngai ngā momo ratonga ki te iwi Māori ki ngā tirohanga o te Māori ki tōna anō ao.
- **Ko te mana taurite** — Me pūmau ki te whakatutukinga o ngā putanga hauora taurite ki te Māori. Me kaha ki te whakaea i ngā hiahia mō te oranga o te Māori, me mahi ki te whakaea i ngā rerekētanga i waenga i te hauora o te Māori me ētahi atu, waihoki me noho tōmua ngā mahi e whakapiki ake ana i te hauora o te Māori.
- **Ko ngā kōwhiringa** — Me manaaki, me whai rauemi ngā ratonga kaupapa Māori. Me whakamana te whakawhiwhinga o ngā ratonga hauora e whai ana i ngā rongoā Māori, i ngā tikanga Māori hoki rānei.

We recognise that Te Tiriti o Waitangi/The Treaty of Waitangi is a founding document of government in New Zealand and established the country as a nation. We will partner with Māori as an entity of the Crown to give effect to Te Tiriti o Waitangi/The Treaty of Waitangi and commit to achieving equitable wellbeing outcomes for Māori in relation to our Scheme.

As a Crown entity, ACC acts to be responsive to Māori as an expression of the Crown's commitment to Te Tiriti o Waitangi/The Treaty of Waitangi through the following principles:

- **Tino rangatiratanga/Self-determination** — Acknowledges that Māori have a critical role in designing, delivering, and monitoring the services ACC provides to Māori, and this is most effectively exercised through Māori communities.
- **Pātuitanga/Partnership** — ACC and Māori to work in partnership in the governance, design, delivery, and monitoring of services ACC provides to Māori.
- **Whakamaru/Active protection** — ACC to act, to the fullest extent practicable, to achieve equitable health outcomes for Māori. Māori should be well informed about the extent, and nature, of Māori health outcomes and efforts to achieve Māori health equity. The Māori voice needs to be heard and Māori perspectives need to influence the types of services delivered to Māori people.
- **Mana Taurite/Equity** — Commit to achieving equitable health outcomes for Māori. The promotion of Māori wellbeing needs to be approached proactively with active steps to address the disparities in the health of Māori and non-Māori, and with Māori health gain set as a priority.
- **Kōwhiringa/Options** — Provide for and properly resource kaupapa Māori services. Māori need to be seen as having an entitlement to access health services that provide traditional rongoā and/or those that are provided in a manner consistent with tikanga Māori.

Mō mātou | Who we are

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

The purpose of the Scheme is to deliver injury prevention initiatives and no-fault personal injury cover for everyone in Aotearoa New Zealand. Our ~4,000 strong workforce delivers and commissions services under the Scheme. This includes helping prevent injuries and getting New Zealanders and visitors back to everyday life if they have had an accident or personal injury.

ACC exists to provide a fair and sustainable scheme for managing personal injuries that minimises the incidence and impacts of these injuries on the community.

"The purpose of this Act is 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 both the overall incidence of injury in the community, and the impact of injury on the community..."

Accident Compensation Act 2001

The Scheme was established following the 1967 Royal Commission of Inquiry on Compensation for Personal Injury in New Zealand, chaired by the Rt Hon Sir Owen Woodhouse. The 'Woodhouse Report' led to an extension of no-fault accident cover to include all injuries for workers (for both work and non-work injuries) and motor vehicle injuries. The Scheme was then extended to cover those groups of people not previously covered (including students, non-earners, and visitors to Aotearoa New Zealand). The Scheme is managed through five Accounts, with each providing cover for a specific group of injuries.

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

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

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

Kia pūmau ngā taura here, kia tū māia a Aotearoa | Stronger connections. Stronger Aotearoa.

Fifty years on from the legislation that created ACC, we can reflect on how far we have come as an organisation, and a country, and look to our aspirations to guide us into the future.

We celebrate our kaimahi and the work they do in improving the health outcomes for people in Aotearoa New Zealand New Zealand impacted by injury.

We acknowledge the many health providers, community partners and other stakeholders we work with throughout Aotearoa who play a part in keeping New Zealanders free from injury and supporting recovery when accidents happen.

With the strength of these relationships and the experience we share, ACC continues to grow and challenge ourselves in playing our part for a stronger Aotearoa.

Te Kupu Whakataki a te Minita

I te tau 2024, ka whakanui a ACC i te huringa o te 50 tau mai i te tīmatanga o ā rātou mahi. He kaupapa whakahirahira tēnei, ā, kei te mihi au ki a ACC i runga i ā rātou whakatutukinga o mua me ngā kokenga whakamua i tēnei wā tonu.

I te tau 2023, ka oti te rautaki pakihi a ACC mō te ngahuru tau e heke mai ana. Kei te whakatairangahia te rautaki e te kitenga roa, he mea whakatū i runga i te hiahia kia noho taurite, kia whai oranga, kia tū māia hoki ngā tāngata o Aotearoa. Hei tāpiri atu ki tēnā, kua whakatinanahia e ACC tētahi ture matua i whakatūria e te Kāwanatanga.

I te 1 o Oketopa i te tau 2022, i whakatauria kia utua e ACC ngā momo wharanga i te wā o te whakawhānau pēpi. I whakatakotoria te ture mō te whakawhānuitanga ake o te Hōtaka Inihua e Hon Carmel Sepuloni, ā, he kokenga whakamua tēnei ki runga i te ara ki te mana taurite mō ngā wāhine me ngā mātua. Kei te mihi au ki a ACC i runga i te whakatūnga o tēnei ratonga tino whai-kounga i mua tonu i te paunga o tau kotahi. He tohu tēnei o te kaha me te tohunga o tēnei whakahaere ki te whakatutuki i ngā mahi.

Kāore e hapa, me taurite ngā mahi a ACC ki ngā tāngata katoa o Aotearoa. Kua whakatūria te Accident Compensation (Access Reporting and Other Matters Amendment Act 2023) e te Kāwanatanga ki te whakaū i te aronga o ACC ki ngā kaupapa inihua, ki te tuku hua hoki ki ngā tāngata katoa o Aotearoa e pāngia ana e tētahi wharanga. Kei raro i te ture hou me tuku kōrero a ACC i ia tau e pā ana ki te kuhunga atu o ngā momo taupori rerekē ki ngā ratonga nei. Mā konā, ka kitea ngā rerekētanga o te āhei ki te kuhu mai, ā, ka hāpaitia te mahi a ACC ki te whakawhanake i tētahi tikanga whai-taunaki e pā ana ki te mana taurite.

He hikinga wairua te kite atu i te manawanui, i te tere me te hōhonu o te whakautu a ACC ki te arotakenga motuhake mō ngā take tūmataiti. He mahi nui tonu te whakatinanatanga o ngā tohutohu a te arotake i te 12 marama kua pahure, ā, kei te tiro whakamua au i runga i te harikoa ki te kite i a ACC e whanake tonu ana, e ahu whakamua tonu ana hei kaiārahi o ngā tikanga tūmataiti, hei kaitiaki anō o ngā kōrero whaiaro mō te tangata.

Otirā, kei te whakanui au i te ngākaunui o ACC ki tōna tū hei kaitiaki o te taiao. Mai anō i te tau 2019, kua whakaheke te ACC i te nui o ngā mahi whakapau waro a te hōtaka haumi i te 60% – koia anō tētahi o ngā hōtaka haumi nui rawa o Aotearoa – ā, kua heke ngā whakaputanga waro o te kamupene i te 37%. E haere tonu ana ēnei mahi, e hāpaitia ana e te kaha o ACC ki te mahi ngātahi ki te rāngai hauora. I taku tūranga hei Minita, waihoki hei tangata nō Aotearoa tonu, kei te tū whakahīhī ahau ki te kite i a ACC e whakapau kaha ana ki ngā whāinga e pā ana ki te taiao o Aotearoa, pērā i te whāinga kia heke ngā whakaputanga waro ki te kore, kia kore hoki e eke te nui o ngā whakaputanga ki tua o ngā mahi e whakahoki ana i te waro ki te taiao. He ōati nui te whakatutukinga o ēnei tūmahi ki ngā reanga whakatipu, waihoki he taonga anō ki ngā tāngata katoa o Aotearoa.

Hei whakakapi ake, kei te mihi au ki a Hon Carmel Sepuloni i āna mahi rangatira i te wā i a ia e tū ana hei Minita mō ACC (mai i te Hūrae 2020 ki te marama o Pēpuere 2023). He waihotanga nui te ture mō ngā wharanga i te wā o te whakawhānautanga ki ngā māmā o Aotearoa, waihoki he kaupapa whakahirahira i te ao whānui tonu. Me mihi hoki au ki a Hon Willie Jackson, Minita Tuarua mō ACC i tana kaha ki te ārahi i te kaupapa me ōna pūkenga nui ki raro i tēnei hōtaka.

He kupu whakamānawa anō ki a Hon. Steve Maharey rātou ko Tākuta Tracey Batten, ko te Poari o ACC, ko te Rōpū Whakahaere, ko ngā kaimahi anō – neke atu i te 4,000 rātou – i ngā whakapaunga wera i tēnei tau. Kua tautoko rātou i ngā tāngata o Aotearoa me ngā manuhiri, ahakaoa ngā āinga o ngā tau kua pahure. E tiro whakamua ana ahau i runga i te koa ki ā mātou mahi ngātahi ki te whakahaere i tētahi Hōtaka Inihua e tautoko ana, e manaaki ana i ngā tāngata katoa e pāngia ana e ngā momo wharanga.

Hon Peeni Henare
Minister for ACC
Dated 27 September 2023

From the Minister

In 2024, ACC will celebrate its 50th year of operation. This is a significant milestone and I want to acknowledge ACC for all that has been achieved and for the ongoing progress being made.

In 2023, ACC finalised its enterprise strategy for the next 10 years. The vision is elevating and based on equity, wellbeing, and resilience for all the people of Aotearoa New Zealand. Alongside that, ACC has implemented important legislative change enacted by this Government.

On 1 October 2022, injuries that occur during labour or childbirth became eligible for ACC cover (known as maternal birthing injuries). The legislation for this significant extension to the Scheme was introduced by the Hon Carmel Sepuloni and is a major step toward equity for wāhine and birthing parents. I commend ACC for its work to stand up such a well-designed service in less than a year. It is the mark of a responsive and high-functioning organisation.

It is vital that ACC serves all New Zealanders equitably. The Accident Compensation (Access Reporting and Other Matters) Amendment Act 2023 has been put in place by the Government to ensure ACC's focus is on providing cover and entitlements to all eligible injured New Zealanders. It includes a new duty for ACC to report annually on how different population groups are accessing its services. This will identify gaps in access and help ACC develop an evidence-based approach to equity.

I was impressed by the diligence, pace, and depth of ACC's response to the independent privacy review. The implementation of the review recommendations across the past 12 months is a significant piece of work. I look forward to watching ACC continue to mature and step forward as a leader in privacy and care for personal information.

I would like to highlight ACC's deep commitment to kaitiakitanga. Since 2019, ACC has lowered the carbon intensity of its investment portfolio — one of the largest in Aotearoa New Zealand — by 60% and reduced corporate emissions by 37%. This work is ongoing and backed by ACC's proactive collaboration across the health sector. As Minister, but more importantly as a New Zealander, I am proud to see ACC taking such tangible steps towards Aotearoa New Zealand's environmental goals, including the net-zero emissions target and achieving carbon neutrality. The intergenerational promise offered by these actions is a taonga for all the people of Aotearoa.

Finally, I want to acknowledge the exceptional leadership and contribution of the Hon Carmel Sepuloni in her time as Minister for ACC (July 2020 to February 2023). The maternal birthing injury legislation leaves a significant legacy that Aotearoa New Zealand can be proud of internationally. I also want to thank the Hon Willie Jackson, Associate Minister for ACC, for his ongoing leadership and expertise in this portfolio.

I thank the Hon Steve Maharey, Dr Tracey Batten and the ACC Board, the Executive Team and over 4,000 kaimahi for the work they have done this year, and the support they have offered to New Zealanders and visitors to our shores, during what has been a particularly difficult and disrupted few years. I look forward to continuing our work together to deliver a Scheme that supports and cares for all injured New Zealanders.

Hon Peeni Henare
Minister for ACC
Dated 27 September 2023

Nā te Poari

He mea whakahirahira ngā huringa nui o ACC i tēnei tau.

I tēnei tau kua oti i a mātou tētahi rautaki ā-pakihi hou mō te 10 tau e heke mai ana, arā, ko Huakina Te Rā. Ko te aronga nui o tēnei rautaki kia ōrite te āhei o ngā tāngata katoa o Aotearoa ki te toro atu, ki te whai painga, ki te whai oranga hoki i a ACC. Ko tētahi atu kaupapa nui ko te whakatūnga o ngā hapori haumaru, o ngā hapori māia me te whakapūmautanga o te Hōtaka Haumi o ACC mō ngā reanga e heke mai ana. Otirā, hei tūāpapa ō mātou kawenga kei raro i te Tiriti o Waitangi mō ngā mahi katoa.

I tēnei tau i whakatūria e ACC tētahi ratonga matua hou i raro i te ture hou. Mai i te 1 o Oketopa 2022, ka tirohia e ACC ngā tono e pā ana ki ngā wharanga i te wā o te whakawhānautanga o te pēpi. He take whakahirahira tēnei ki Aotearoa, e whakapai ake ana i te noho taurite o ngā wāhine i raro i te Hōtaka Haumi, arā, kua whakawhānuihia ngā momo wharanga a te wahine hei tauotoko mā ACC. I mua i te whakatūnga o te ture, ka tono kōrero a ACC i ngā kaiwhakarato, i ngā mātua me ngā whānau, kātahi ka whakahoahoatia tētahi o ngā ratonga papai rawa o te ao. Ehara i te mea e tino kōrerohia ana ngā wharanga i te wā o te whakawhānautanga, heoi, ka piki ake te mōhio me ngā waiaro mō tēnei take i te takanga o te wā. Nā te whakatūnga o ngā kaupapa tuku mōhiohio me ngā hononga ki ngā kaiwhakarato, ka tere ake te whakawhiwhinga o ngā momo whakamaimoatanga me ngā mahi tautoko ki ngā mātua, kia tere ake ō rātou whakarauoratanga mai.

Me mōhio ngā tāngata o Aotearoa ka manaakitia ā rātou kōrero whaiaro e ACC i runga i te ngākau pono. I whakaputaina tētahi arotake motuhake e pā ana ki te toronga atu me te whakamahinga o ngā kōrero a ngā kiritaki o ACC i te marama o Mei i te tau 2022. Hei tā te pūrongo, e mārama ana ngā kaimahi o ACC ki tō rātou kawenga ki te tiaki i ngā kōrero whaiaro, heoi, me whakawhānui ake te aronga o ACC kia manaakihia, kia whakamarumaruhia hoki aua kōrero. I whakaae mātou ki ngā tohutohu, arā, e 30 te nui, kātahi ka whakatūria tētahi mahere ā-pakihi hei whakaū i aua tohutohu. Ka tutuki i a ACC te whakatinanatanga o te mahere i te marama o Hune i te tau 2023, ā, kua whakaae hoki mātou ki te whakapūmau i tētahi tikanga kia noho tūmataiti ngā kōrero whaiaro katoa hei taonga, ā, ka whakamarumaruhia i runga i te hiranga o te manaakitanga.

Ko te nui o ngā hua mai i ngā mahi haumi, ko te āta pikinga ake o te nui o ngā kerēme hoki ngā kaupapa matua o ACC i te tau 2022/23. He maha ngā piki me ngā heke o te ao ōhanga whānui tonu, ā, he pānga nui o ēnei āhuatanga ki te Hōtaka Haumi. Ka kaha pāngia te tatau o ngā hua o ngā mahi haumi e te utunga rawa, e te nui o te hunga whai mahi me te nui o te hua moni, waihoki ko ngā tatau mō te whakarauoratanga o te hunga whara, ko tō rātou hokinga ki te mahi, ko ngā utu ā-tau mō ngā kerēme me ngā utu tūroa mō ngā mahi e tautoko ana i te hunga kua pāngia e tētahi wharanga kino. Ahakoa ngā taumahatanga ki runga i te ao ōhanga i tēnei tau, i eke te nui o ngā hua o tō mātou hōtaka haumi ki te 7.07% i muri mai i ngā utu, arā, i eke te nui o te moni ki te $1.1 piriona, ki tua o ngā hua e whāia ana. Heoi, i roto i te 31 tau kua pahure koinei anake te wā tuatoru kua heke te tatau o te hōtaka haumi ki raro iho i ngā taumata i whakatūria e te mākete (arā, kia 0.20%), ahakoa te pai o te tatau o ngā hua.

I a mātou e whakamarumaru ana i te tū o te Hōtaka Haumi i te ao ōhanga, ka whai hoki mātou kia tika ngā mahi a tō mātou whakahaere mō te taiao kia whai oranga nui ai ngā reanga e haramai ana. Mai anō i te tau 2019, kua tino heke te nui o te waro e puta atu ana i tō mātou whakahaere me ā mātou mahi haumi. Ka noho taurite te nui o ngā putanga waro a ACC hei te tau 2025. Ka noho ngā mahi utu-waro hei wāhi o tēnei kaupapa, heoi, he nui anō ā mātou whāinga mō te tau 2025 me te tau 2030 hei tautoko i ēnei mahi. Koinei te tau tuatahi ka whakaputa mātou i ā mātou ahunga whakamua hei mema o te Carbon Neutral Government Programme. He pai ki a mātou te whakapikinga ake o ngā tono pūrongo e pā ana ki te taha taiao.

Nō muri mai i tētahi huihuinga mō te iwi whānui i te wāhanga tuatahi o te tau 2022, ka whakawhiwhia a ACC ki tētahi pūtea hei whakatakoto i tētahi mahere i mua i te whakatinanatanga o tētahi New Zealand Income Insurance Scheme (NZIIS). Ko te kaupapa o tēnei hōtaka he tuku moni whakakapi hei utu i te tangata i te poronga o tana tūranga mahi, i tana noho tūroro rānei nā tētahi mate ā-hauora, nā tētahi mate hauā rānei. I te marama o Pēpuere i te tau 2023, ka pānui te Kāwanatanga i tana whakatau kia kore te kaupapa e ahu whakamua tonu i raro i ōna āhuatanga o nāianei. Ahakoa kāore te hōtaka i tutuki, kei te tū whakahīhī mātou i runga i te kaha o ACC ki te kawe i te mānuka. Mai anō i taua wā, kua tautoko te ACC i ngā mahi a te MInistry of Business, Innovation and Employment (MBIE) ki te kimi i ngā whakautu ki ngā take i whakaarahia ake e NZIIS. Ka hāpai tonu mātou i ngā tono e pā ana ki te kaupapa nei.

I tēnei tau, i mihia a Sandra Alofivae i tana wehenga atu i te Poari. Kei te mihi mātou ki a ia, i te whānui o ōna pūkenga, i āna mahi nui me tōna ngākaunui ki ngā mahi whakahaere o ACC.

Hei whakakapi ake, he mea whakahirahira tonu ngā kokenga whakamua o te tau 2022/23. Kei te mihi te Poari ki a Megan Main rātou ko te Rōpū Whakahaere i tō rātou kitenga whānui, i tō rātou kaha ki te ārahi, i ā rātou mahi nui hoki. He mārō te papa mō ngā mahinga rautaki e haere tonu mai ana, nā runga i te manawaroa me te ngākaunui o te Rōpū Whakahaere me ngā tāngata katoa o ACC.

Hon Steve Maharey CNZM
Board Chair
Dated 27 September 2023

Dr Tracey Batten
Deputy Board Chair
Dated 27 September 2023

From the Board

This year was a period of exciting transition for ACC.

During the year we finalised our new 10-year enterprise strategy, Huakina Te Rā. This strategy is focused on equity of access, experience, and wellbeing outcomes for all people in Aotearoa New Zealand. It is also about building safe and resilient communities and ensuring the sustainability of the ACC Scheme for future generations, all underpinned by our commitments under Te Tiriti o Waitangi | The Treaty of Waitangi. Huakina Te Rā.

This year, ACC implemented a major new service in response to legislative change. From 1 October 2022, injuries that happen during labour or childbirth became eligible for support from ACC. This change is a significant milestone for Aotearoa New Zealand and will help improve the gender equity of the Scheme with women now eligible for wider cover than previously. To prepare for the change, ACC undertook wide consultation with providers, birthing parents and whānau and designed a service that is world-leading. Birthing injuries have not been widely spoken about and changes in awareness and attitudes will take time. The proactive information campaigns and provider partnerships ACC has put in place will ensure birthing parents gain rapid access to treatment and support and get on the path to recovery more quickly.

New Zealanders need to be able to trust ACC with their personal information. An independent review of access to and use of client information at ACC was released in May 2022. The review found that ACC employees understand their obligation to protect personal information, but that the organisation's focus could be expanded to be about the care and protection of personal information. We accepted all 30 recommendations and established an enterprise-wide plan to address them. ACC completed implementation of the plan in June 2023, and committed to embedding a proactive privacy culture where all personal information is recognised as taonga and protected with the highest standards of care.

Strong investment returns and subdued but rising claim volumes were key themes for ACC during 2022/23. The wider economic environment is volatile, and these factors impact the Scheme. Inflation, employment levels and interest rates all affect investment returns, rehabilitation and return-to-work rates, annual claim costs and the long-term costs of supporting seriously injured people. Despite the difficult market conditions this year, our investment portfolio returned 7.07% after costs, generating $1.1 billion more income than expected. For only the third time in the past 31 years, the investment portfolio underperformed compared to its market benchmarks (by 0.20%) despite this positive result.

In tandem with safeguarding the economic sustainability of the Scheme, we also ensure that our organisational actions contribute to an environment in which future generations can thrive. Since 2019, we have made significant progress in reducing corporate and investment emissions. ACC will achieve carbon neutrality in 2025. Offsetting will need to be part of this, but we have in place strong supporting targets for 2025 and 2030. This year we are reporting for the first time on our progress as participants of the Carbon Neutral Government Programme. We welcome the ongoing advances in environmental reporting requirements.

Following public consultation in the first half of 2022, funding was provided to ACC to undertake some pre-implementation planning for a New Zealand Income Insurance Scheme (NZIIS). The proposed scheme was designed to provide income replacement for people made redundant or who are incapacitated by a health condition or disability. In February 2023, the Government announced their decision not to progress with the proposal in its current form. Although the scheme was ultimately not progressed, we are proud of the way ACC embraced the challenge. Since this time, ACC has been supporting the Ministry of Business, Innovation and Employment (MBIE) with their ongoing policy work, looking at ways to find solutions for the issues that the NZIIS aimed to address. We will continue to provide support as needed.

This year we farewelled Sandra Alofivae from the Board. We thank her for her broad expertise, hard work and steadfast contribution to the governance of ACC.

Finally, 2022/23 has been a year of remarkable progress. The Board would like to thank Megan Main and the Executive Leadership team for their vision, leadership and hard work. Significant foundations have been established for the next strategic phase and this has been made possible by the dedication and commitment of the Leadership team and all of ACC's people.

Hon Steve Maharey CNZM
Board Chair
Dated 27 September 2023

Dr Tracey Batten
Deputy Board Chair
Dated 27 September 2023

Nā Te Tumu

E tohu ana tēnei Pūrongo ā-Tau i te paunga o taku tau tuatahi hei Tumu Whakarae o ACC. E mīharo tonu ana ahau ki te whānui me te hōhonu o ngā mahi a ACC me te tini o ngā tāngata e hāpaitia ana e tātou. E tū whakaiti ana ahau i ō tātou whakatutukinga ahakoa ngā āinga o te tau.

I tēnei tau, i āwhina a ACC e tata ana ki te rua miriona tāngata i pāngia e tētahi wharanga. I muri atu i ngā karawhiuwhiu o te KOWHEORI-19, i tata tae te nui o te pikinga ake o ngā kerēme hou ki te 10%, ā, i piki ake te nui o te hunga e whakawhiwhia ana ki tētahi momo utu tautoko ā-wiki i te 12% i tērā tau. Kua hoki te tatau o te hunga whara e toro atu ana ki te Hōtaka Haumi ināianei ki te taumata i kitea i mua i te KOWHEORI-19, heoi, kua roa ake te wā o te whakarauoratanga mai i aua wharanga.

Ko tētahi o ngā mahi matua a ACC, he āwhina i te whakarauoratanga ake me te hokinga atu o ngā tāngata o Aotearoa ki te mahi i muri mai i tētahi wharanga. I tēnei tau, i tautoko mātou i te hokinga atu o ngā kaimahi, e 61,000 te tokomaha i roto tonu i te 10 wiki i muri mai i tō rātou wharanga. Ko tētahi wāhi o tō mātou whāinga ki te mahi ngātahi ki ngā kaituku mahi hei tautoko i a rātou me ō rātou kaimahi i te wā o te wharanga, ko te whakarewanga o te hōtaka o Recovery at Work. Ko te kaupapa o tēnei hōtaka, he tautoko i te oranga ā-tinana, ā-hinengaro hoki o te hunga whara kia noho tonu rātou ki tō rātou wāhi mahi i a rātou e whakarauorahia ana.

Ehara i te mea, me whai hoa te ACC mō ngā kaupapa e pā ana ki te hokinga ki te mahi anake. Ka mahitahi mātou ki ngā kaiwhakarato me ngā kaiwhakahaere o ngā wāhi mahi huri noa i te motu ki te āwhina i ngā tāngata o Aotearoa ki te kaupare atu, ki te whakarauora ake rānei i te wharanga. I tēnei tau, i te kimi tonu mātou i ngā momo mahinga auaha hei hāpai i ēnei tūmomo hononga. Hei tauira ko te kaupapa o te ara manaaki, arā, ka tautokona ngā kiritaki e ngā momo mahi a ngā pūkenga hauora kia tino whaihua, kia whakaritea paitia tō rātou whakarauoratanga ake kia ea ai ō rātou hiahia. Ahakoa he kaupapa hou tonu tēnei, he āwhina nui ngā akoranga o tēnei kaupapa hei whakaahua i ngā kaupapa whakarauora e haere mai ana, e pā ana ki te whakawhiwhinga o ngā putanga hauora tōtika.

Mai anō, ko te kauparenga atu o te wharanga tētahi o ngā kaupapa matua o ACC. I te tau 2022/23, i heke te nui o te hunga e pāngia ana e te wharanga i te 16,500 nā runga i ngā mahi a ō mātou hōtaka e āta tohutohu ana i ngā āhuatanga e kaupare atu ana i te wharanga, arā, kua piki ake te tatau i te 33% i te tatau o te tau 2021/22. Kei te haere tonu tō mātou kaupapa pāpāho o 'Have a hmmmm', ā, kei te tuku pūtea tonu hoki mātou ki ngā hōtaka kaupare wharanga nō te ao Māori.

He nui anō ō mātou kokenga whakamua me ō mātou whakapaunga kaha ki te whakatutukinga o ō mātou kawenga ki raro i Te Tiriti o Waitangi. Ko ngā ratonga kaupapa Māori tētahi o ngā kaupapa matua e turaki ana i ngā āhuatanga e haukoti ana i te toronga atu o te Māori ki ACC. Kua hua ake ēnei mahi i ngā mahinga ngātahi ki ngā rohe, kia āhei ngā whānau ki te whiriwhiri i ngā ratonga kaupare wharanga, i ngā ratonga hauora me ngā ratonga whakarauora e tika ana ki a rātou. I te marama o Hepetema i te tau 2022, ka whakarewaina ake a 'Kia mahea, kia puāwai'. Koinei te kaupapa pāpāho ā-motu tuatahi a ACC e hāngai ana ki te iwi Māori, ā, e mea ana ngā urupare tuatahi, e tino whakaae ana te nuinga ki ngā painga.

Kei te tautokona ēnei hōtaka e ā mātou mahi e whakapiki ake ana i tō mātou kaha ki te manaaki i ngā iwi rerekē – kei roto tonu o ACC, kei waenga anō i ō mātou kaiwhakarato. I whakarewa ake mātou i te kaupapa o Te Whānau Māori me Ō Mahi, arā, ko te whakahoutanga o ā mātou kupu ārahi mō ngā kaiwhakarato e pā ana ki ngā tikanga Māori. Kua puta hoki tētahi kaupapa here hou mō ngā kaiwhakarato, ko Kawa Whakaruruhau te ingoa, hei whakaū i ngā mahi tōtika mā ngā iwi me ngā hapori katoa.

Ko ā mātou kiritaki me tō rātou ara ki te ora – he ara tāpokopoko hoki i ētahi wā – te tino pūtake o te mahi a ACC. Kei te mōhio mātou, ahakoa he pai ngā wheako o te nuinga o ngā tāngata kua pāngia e tētahi wharanga, waihoki ka whakawhiwhia rātou ki ngā momo āwhina tōtika hei whakarauora i a rātou, arā atu anō te hunga e taka atu ana i te ara ora. Kei te manawanui mātou ki te whakapai ake i ā mātou mahi hei tautoko i te hunga whara. I te mutunga o te tau 2022, i whakatū mātou i te Rehabilitation Improvement Group hei whakapūmau ake i tō mātou māramatanga ki ngā āhuatanga katoa o te pūnaha whakarauora me ngā hua e whakawhiwhia ana ki ō mātou kiritaki. Nā taua mahi, kua tīmata mātou ki te whakahou anō i ngā āhuatanga o te pūnaha whakarauora hei whakaea i ngā kōrero mai i te huhua o ngā kaimahi, o ngā kaiwhakarato, o ngā kaituku mahi, o ngā kiritaki me ngā whānau o ACC.

I te roanga o tēnei tau, kua toro atu au ki te huhua o ngā tari ā-rohe me ngā kaiwhakarato. Kāore e hapa, ko tētahi o ngā mahi whakahirahira, ko ngā hui ki te taha o ō mātou tāngata me ngā hoamahi ki te whakarongo ki ngā mahi ki roto i te pakihi, ki waenga anō i te pūnaha hauora whānui tonu. Inā kē te nui o ngā mahi e haere ana huri noa i te tari, ā, hei tā te tokomaha o ngā kaimahi, e tino pono ana ō rātou ngākau ki te kaupapa o ā rātou mahi. Ko te mea pai anō ki a au, ko te kitenga atu o te pikinga ake o ngā tatau e pā ana ki ngā mahi whakapāpā o ngā kaimahi i ngā tau e rua kua pahure. Mēnā e mārō ana te taura here o te tangata ki āna mahi, ka kaha ake rātou ki te whakatutuki i tō mātou wawata nui kia whai oranga nui a Aotearoa.

Nō reira, kei te mihi atu te Rōpū Whakahaere ki ngā kaimahi katoa, e 4,000 te nui, mō tō rātou ngākau pūmau, mō tō rātou manawaroa ki ā rātou mahi i ia rā. Nā runga i ā rātou whakapaunga werawera, kei te noho haumaru ngā tāngata o Aotearoa, kei te whakatutukihia ngā mahi, ā, kei te whakamāmāhia ngā taumahatanga o te heipūtanga atu o te wharanga.

Me mihi hoki ahau ki a Stephen Crombie rāua ko John Healy – kua heke rāua tahi i ō rāua tūranga i te tau 2022/23 – i tō rāua tū hei pou ārahi i te wā i a rāua e mahi ana hei mema o te Rōpū Whakahaere.

Hei whakakapi ake, kei te hiahia au ki te mihi ki ō mātou hoamahi. Ehara a ACC i te toka tū moana. Kei te whakawhirinaki atu mātou ki ngā mahinga ngātahi ki ō mātou kaiwhakarato, ki ō mātou kaimahi, ki ngā whare hapori, ki ngā hoamahi nō te rāngai tūmatanui, ki ngā kaitaunaki, ki ō mātou rōpū me ngā māngai kōrero me te huhua anō o ngā tāngata, hei whakapai ake i te oranga o ngā tāngata o Aotearoa.

E tiro whakamua ana a ACC i runga i te ngākau harikoa ki ā tāua mahi ngātahi hei te tau e tū mai ana, kia ora ai tō mātou rautaki hou, arā, ko Huakina Te Rā me te huringa o te tau 50 o ngā mahi a ACC i a mātou e whakapau kaha tonu ana ki te whakapai ake i te noho o ngā tāngata katoa o Aotearoa.

Megan Main
Chief Executive
Dated 27 September 2023

From the Chief Executive

This Annual Report marks my first full year as Chief Executive of ACC. The breadth and depth of ACC's work and the number of people whose lives we touch continues to impress me and I'm proud of the achievements we've been able to make despite the challenges this year has presented.

This year ACC helped almost two million New Zealanders who suffered an injury. After three years of COVID-19 driven volatility, new claims grew by almost 10% and we provided weekly compensation support to 12% more people than last year. The number of injured people accessing the Scheme is now back at pre-COVID-19 levels, while people are taking longer to recover.

A key function of ACC is to help New Zealanders recover and return to work after injury. This year, we supported over 61,000 workers to return to work within 10 weeks of their injury. As part of our intention to work more closely with employers to support them and their workers during injury, we launched our Recovery at Work programme. This programme is to support physical and mental wellbeing by enabling injured people to remain part of their workplace as they rehabilitate.

It's not just in the return-to-work arena that ACC cannot work alone. We work with providers and employers across the motu to help New Zealanders avoid or recover from injury. During the year we continued to look at innovative ways to leverage these relationships. An example is our integrated care pathways model, which supports clients by wrapping a team of health professionals around them to optimise and coordinate the treatment that best meets their recovery needs. Although in the early stages, the lessons we are learning from this model are helping to shape our future service delivery models around procurement of health outcomes.

Injury prevention has always been and remains a core focus for ACC. During 2022/23, 16,500 fewer people were injured because of our targeted injury prevention programmes, a 33% increase on the 2021/22 result. Our 'Have a hmmm' campaign for injury prevention continued, as did our investment in kaupapa Māori injury prevention programmes.

We also made extensive progress in our ongoing work towards meeting our commitments under Te Tiriti o Waitangi/The Treaty of Waitangi. Kaupapa Māori health services are a major initiative to help remove barriers for Māori accessing ACC. These are co-designed regional solutions that ensure whānau can choose injury prevention, hauora (health) and rehabilitation services that feel right for them. In September 2022, we launched 'Kia mahea, kia puāwai'. This is ACC's first national media campaign targeted specifically to Māori and early feedback has been overwhelmingly positive.

We are supporting these programmes with work to lift cultural competence, both within ACC and across our providers. We launched Te Whānau Māori me ō mahi, our refreshed Māori cultural competency guidance for providers, and a new policy for providers, Kawa Whakaruruhau, to ensure appropriate care to people of all cultures and communities.

Our clients and their journey with us, often at extremely difficult times in their lives, remain at the heart of ACC's reason for being. We know that while most injured clients have a positive experience and get the support they need to recover, there are some who do not. We are committed to doing better at supporting injured people. At the end of 2022, we set up the Rehabilitation Improvement Group to deepen our understanding of the end-to-end rehabilitation system and how it serves our clients. As a result of that work, we have begun a re-design of elements of the rehabilitation system in response to what we have heard from a wide range of ACC employees, providers, employers, clients and whānau.

During the year I have visited many of our regional offices and providers. An absolute highlight is meeting with our people and partners and hearing first-hand what is happening in the business and in the wider health system. There is a huge amount of work going on across the organisation and so many of our kaimahi (staff) tell me about the sense of purpose they feel in their work. I have found it especially satisfying to see ongoing uplifts in our employee engagement scores over the past two years. When our people are connected to their work, they are better able to realise our vision for a thriving Aotearoa New Zealand.

On behalf of the Executive Leadership team, I thank our 4,000 employees for the focus and commitment they bring to their roles every day. Their hard work supports New Zealanders to live safe, full lives and eases the impact of injury when it occurs.

I also thank Stephen Crombie and John Healy, both of whom finished during 2022/23, for their leadership and guidance during their time on the Executive Leadership team.

Finally, I would like to thank all those who partner with us. ACC can't do what we do alone. We rely on the collective mahi of our providers, employers, community organisations, public sector colleagues, advocates, our panels and representative voices, and many, many others, to improve New Zealanders' quality of life.

ACC looks forward to working with you in the year ahead, to bringing our new strategy, Huakina Te Rā, to life and to commemorating ACC's 50th year of service as we continue to improve the lives of all people in Aotearoa New Zealand.

Megan Main
Chief Executive
Dated 27 September 2023

From the depths of despair to hitting the waves

Michael's story

A back injury put the working life of Michael Dixon (Ngāpuhi) into doubt and he struggled to cope mentally.

But we supported him through the Hāpai programme, which meets the needs of injured Māori and their whānau in a culturally appropriate way.

Hāpai uses Te Ao Māori principles to guide the care of kiritaki (clients). Te Pihinga (the fledgling) stage of Hāpai involved recovery team members from ACC supporting 275 Māori kiritaki in Whakatane, Tauranga, Rotorua and Gisborne. Insights gained from this phase are being used to expand the service across the motu.

"Without that support, I don't think I'd be working at the moment. I'd probably be sitting around at home and in a bad place mentally," he says.

A keen surfer, Michael lives near some of the best waves in the country in Papamoa and was leading an active life well into his 60s.

But that came crashing to a halt when he suffered a pair of injury setbacks. With the help of ACC, he had only just returned to his job as a concrete layer after recovering from knee replacement surgery when disaster struck again — literally on his first day back on the tools.

Michael was finishing off a concrete floor when he stepped into a post hole and felt a crack in his back.

The official diagnosis was soft tissue damage and a lumbar disc prolapse – not good news for someone with such a physically-demanding occupation.

As part of the Hāpai programme, we provided Michael with physio, counselling and rongoā Māori (traditional healing). We also helped him return to work — but the physical nature of concrete laying proved too taxing as he struggled to recover from his injury.

"I was beginning to wonder if I'd ever be able to work again — that was my biggest fear," he says.

Those worries were eased when he successfully applied for a part-time job at the Te Puke Recycling Centre. ACC supported Michael by helping him get a forklift licence and arranging a trial period, so he could prove he was up to the task.

"In the interviews, he was the best candidate and we didn't want his injury to stop him from getting the job," says Ilze Kruis, Resource Recovery and Waste Team Leader for the Western Bay of Plenty District Council.

Michael is now in a much healthier place mentally and loves his new job.

"I'm free to enjoy the rest of my life," he says.

Ō mātou kiritaki | Our customers

ACC is funded from multiple sources, including business, petrol revenues and wages. We use these funds to help with prevention, care and recovery. When a person is injured in an accident in Aotearoa New Zealand, we provide the care and support that person needs to get back to everyday life.

WE HAVE ACCEPTED	OF THE CLAIMS ACCEPTED	AND OVER
1.97M	**1.61M**	**100K**
New claims this year	Required medical treatment only	Injured people received weekly compensation

WE COVERED	AND CARED FOR	WHILE SUPPORTING
4,000	**315**	**1,400**
Maternal birth injuries	New serious injury people	Claims for fatalities

Every injury comes with its own unique set of circumstances, and everyone who gets injured has their own needs and priorities. Which means we need to tailor our support to each individual who needs our help. Whether an injury is minor or life-changing, we'll work with you to find the best solution and put that plan into action.

WE HELPED INJURED PEOPLE THIS YEAR ACCESS THESE SERVICES:

- GPs **1.2M**
- Physiotherapy **721K**
- Radiology **654K**
- Equipment **116K** eg crutches
- Care & Help **48K** around the home
- Elective surgery **43K**

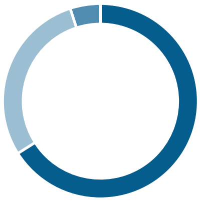
Ō mātou tāngata | Our people

To maintain a diverse, high-performing workforce empowered to deliver great customer experiences and outcomes, we want to increasingly reflect the diversity of Aotearoa New Zealand in our own workforce. This will allow us to listen, respond to and anticipate our customers' needs more effectively.

ALL STAFF

4,247
Permanent and temporary staff

GENDER



67% Women
28% Men
5% Gender diverse / Prefer not to say

ETHNICITY PROFILE OF OUR PEOPLE VIA SURVEY*

72%	European	7%	Pasifika
13%	Māori	2%	Middle Eastern/ Latin American/African
15%	Asian	6%	Other ethnicity

PEOPLE INDICATED A DISABILITY
15%
by survey

MEDIAN GENDER PAY GAP
19.4%

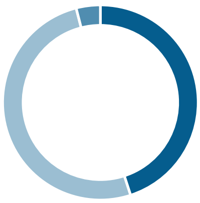
AVERAGE AGE OF OUR PEOPLE
40.8
Years

AVERAGE LENGTH OF SERVICE
6.16
Years

TIER 1-3 MANAGERS

59
Permanent and temporary staff

GENDER



45% Women
51% Men
4% Gender diverse / Prefer not to say

ETHNICITY PROFILE OF OUR PEOPLE VIA SURVEY*

86%	European	6%	Pasifika
14%	Māori	2%	Middle Eastern/ Latin American/African
4%	Asian	6%	Other ethnicity

PEOPLE INDICATED A DISABILITY
14%
by survey

Ethnicity sums to more than 100% as employees were able to select more than one ethnicity

It's What We're Doing Right Now

Public campaign highlights ACC services across prevention, care, and recovery

'It's What We're Doing Right Now', a series of six video stories showing ACC's services across prevention, care and recovery, launched in November 2022.

Developed based on research and focus groups, the ads are designed to show the diverse range of ACC services available for an increasingly diverse Aotearoa New Zealand. The campaign is looking to build broad public awareness of the range of help available and support access by highlighting that ACC is there for everyone in Aotearoa.

The 15-second ads provide glimpses into the lives of New Zealanders over a 24-hour period, to show the range of support ACC provides in:

- the Live Stronger for Longer strength and balance programme
- returning to independence after an injury
- the Ride Forever motorcycle skills programme
- access to rongoā Māori healing
- rehabilitation and returning to sport after an injury
- providing life-long support for clients.

The ads can be seen and heard on TV, on demand, digital billboards, social, radio, Spotify, and podcasts. 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 channels.

Those people who have seen the ads have greater awareness of our services across prevention care and recovery and 80% agree that ACC is supporting people across Aotearoa every day.

Te Poari o ACC | ACC Board

ACC is governed by a Board of up to nine non-executive members, each appointed by the Minister for ACC for up to three years. The Board has the authority to exercise ACC's statutory powers and perform its functions. For further information on our Board members and governance (see page 99-103).

ACC Board (from left to right)

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

Hon Steve Maharey CNZM Chair (from August 2021)	Appointed May 2021 Committees: Social Unemployment Insurance (Until April 2023)
Dr Tracey Batten Deputy Chair (from January 2022)	Appointed February 2019 Committees: People and Culture (Chair), Health Services Strategy Advisory (Chair)
Sandra Alofivae	Appointed May 2022, Resigned 13 June 2023 Committees: Risk, Assurance and Audit
Pat Bowler	Appointed February 2021 Committees: People and Culture, Social Unemployment Insurance (Chair) (Until April 2023)
Mark Cross	Appointed August 2021 Committees: Investment (Chair)
David Hunt	Appointed September 2021 Committees: Investment, People and Culture
Dr Helen Nott	Appointed February 2021 Committees: Risk, Assurance and Audit, Health Services Strategy Advisory, Social Unemployment Insurance (Until April 2023)
Bella Takiari-Brame	Appointed February 2021 Committees: Risk, Assurance and Audit (Chair)

Te Rōpū Whakahaere o ACC | ACC Executive

Led by the Chief Executive, the Executive Team has collective responsibility for the leadership and performance of ACC. For further information on the make-up of the team (see pages 106-109).

ACC Executive (from left to right)

Paul Dyer, Michelle Murray, Stewart McRobie, Michael Frampton, Andrew Milne, Megan Main, Tane Cassidy, Peter Fletcher and Amanda Malu.

Megan Main Chief Executive	Joined November 2021 Sponsor of Te Aka Wāhine | Women's Network
Tane Cassidy Deputy Chief Executive, Prevention and Partnerships	Joined July 2022 Sponsor of Te Tira Mārama | Cross-Cultural Network
Paul Dyer Chief Investment Officer (from 2019)	Joined 2008
Peter Fletcher Deputy Chief Executive, Enterprise Change Delivery	Joined January 2018
Michael Frampton Deputy Chief Executive, People and Culture	Joined April 2022 Sponsor of Te Whānau Uenuku ki ACC | Pride@ACC
Amanda Malu Deputy Chief Executive, Service Delivery	Joined September 2022 Sponsor of Moana Pasifika Network
Stewart McRobie Deputy Chief Executive, Corporate and Finance	Joined August 2022 Sponsor of Wairua o te Hinengaro | The Mind Network
Andrew Milne Deputy Chief Executive, Strategy, Engagement and Planning	Joined September 2022 Sponsor of Te Whānau āhei ki ACC | Ability@ACC
Michelle Murray Tumu Pae Ora (Chief Māori and Equity Officer)	Joined April 2021 Sponsor of Te Kōtuitui Tāngata | ACC Māori Network

ACC ACCOUNT SUMMARY 2022/23

MOTOR VEHICLE ACCOUNT

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

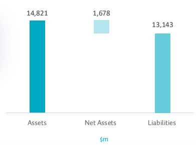
How funds were provided?
Levies sourced from motor vehicle. Registration and petrol tax

Levy contributions

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

What is the position of the fund?

Funding ratio **130.6%**



How funds are spent?

	$m
Levy revenue	474
Claims paid	762
Claims handling costs	55
Changes to the Outstanding Claims Liability	(64)
Total claims incurred	753
Other	10
Deficit from underwriting activities	(289)
Net Investment income	867
Net surplus	578

Number of claims
51,700

Average claim cost
$12,726

This excludes Public Health Acute Services costs

New year claims cost gap shortfall $(297m)

WORK ACCOUNT

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

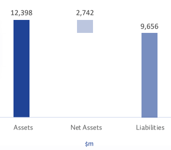
How funds were provided?
Levied from employers and the self-employed

Levy contributions

Employer	Self-employed	Accredited Employer
83% ($852m)	11% ($109m)	6% ($64m)

What is the position of the fund?

Funding ratio **137.2%**



How funds are spent?

	$m
Levy revenue	1,025
Claims paid	1,076
Claims handling costs	112
Changes to the Outstanding Claims Liability	165
Total claims incurred	1,353
Other	79
Deficit from underwriting activities	(407)
Net Investment income	575
Net surplus	168

Number of claims
338,400

Average claim cost
$3,369

This excludes Public Health Acute Services costs

New year claims cost gap shortfall $(296m)

EARNERS' ACCOUNT

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

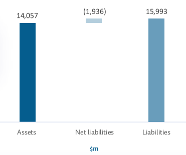
How funds were provided?
Levied from employees and the self-employed

Levy contributions

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

What is the position of the fund?

Funding ratio **101.6%**



How funds are spent?

	$m
Levy revenue	2,294
Claims paid	2,342
Claims handling costs	239
Changes to the Outstanding Claims Liability	969
Total claims incurred	3,550
Other	18
Deficit from underwriting activities	(1,274)
Net Investment income	888
Net deficit	(386)

Number of claims
943,200

Average claim cost
$2,268

This excludes Public Health Acute Services costs

New year claims cost gap shortfall $(515m)

TREATMENT INJURY ACCOUNT

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

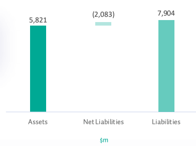
How funds were provided?
Levied from employees and the self-employed plus appropriations

Levy and appropriation contributions

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

What is the position of the fund?

Funding ratio **99.1%**



How funds are spent?

	$m
Levy & Appropriations	363
Claims paid	363
Claims handling costs	50
Changes to the Outstanding Claims Liability	229
Total claims incurred	642
Other	6
Deficit from underwriting activities	(285)
Net Investment income	389
Net surplus	104

Number of claims
26,200

Average claim cost
$13,581

This excludes Public Health Acute Services costs

New year claims cost gap shortfall $(115m)

NON-EARNERS' ACCOUNT

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

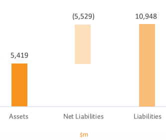
How funds were provided?
Government appropriation

Appropriation contribution

Government appropriations
100% ($1,798m)

What is the position of the fund?

Funding ratio **55.0%**



How funds are spent?

	$m
Appropriations	1,798
Claims paid	1,648
Claims handling costs	123
Changes to the Outstanding Claims Liability	(34)
Total claims incurred	1,737
Other	28
Surplus from underwriting activities	33
Net Investment income	414
Net surplus	447

Number of claims
1,109,100

Average claim cost
$957

This excludes Public Health Acute Services costs

New year claims cost gap surplus $9m

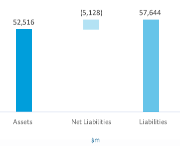
ACC TOTAL

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

Funding contributions

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

What is the position of the fund?



How funds are spent?

	$m
Levy & Appropriations	5,954
Claims paid	6,191
Claims handling costs	579
Changes to the Outstanding Claims Liability	1,265
Total claims incurred	8,035
Other	141
Deficit from underwriting activities	(2,222)
Net Investment income	3,133
Net surplus	911

Number of claims
2,468,600

Average claim cost
$2,169

This excludes Public Health Acute Services costs

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

Ngā āhuatanga o ngā whakahaere | Operating environment

After difficult global and local events in recent years, 2022/23 has been a year of strengthening and establishing important foundations for future delivery.

There has been declining performance in key measures such as short-term rehabilitation rates over many years. With Huakina Te Rā, the new 10-year enterprise strategy, in place and completed investments in modern, core-enabling technology, there is a strong focus on performance by the Board and Senior Leadership Team. A dedicated programme of work to understand and address the system-level drivers of rehabilitation performance for injured clients is in place and close oversight at the Board- and Executive-levels has been established. With ongoing growth in claims volumes each year, it is more important than ever that we focus on providing the right supports at the right time for clients and that we partner as effectively as possible with other parts of the rehabilitation system.

Claims volumes

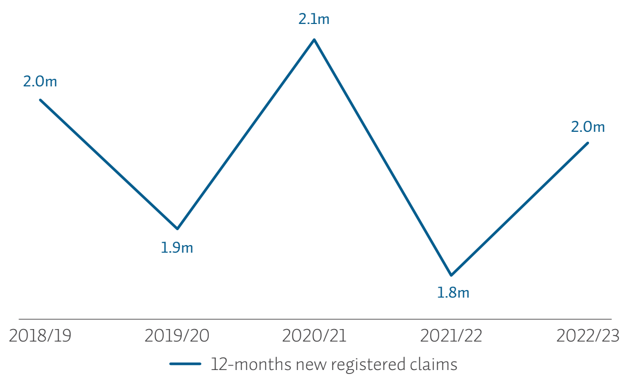
ACC handled two million claims during 2022/23. The majority of these were resolved quickly and approximately 5% became managed claims which require additional layers of care from ACC.

We know that the number of injured people presenting to primary care (and subsequently registering a new claim with ACC) is traditionally correlated with general measures of economic activity, purchasing power and wealth accumulation. We use this correlation to help forecast demand for the Scheme.

Following the past two COVID-19 impacted years, the numbers of injured people accessing the Scheme for the first time are back to the levels experienced before the pandemic. Compared to the COVID-19 impacted 2021/22, this year there was 9.3% growth in new claims registered, and 12.5% growth in injured people accessing weekly compensation support.

Economic forecasts suggest further growth should be expected. As we turn our focus to realising equity of access for all people in Aotearoa New Zealand, there will be more injured people accessing the Scheme. We must therefore rely on the success of our injury prevention initiatives to minimise the incidence and severity of injury.

CHART 1: NEW CLAIMS REGISTERED (12 MONTHS)



Rehabilitation performance

In 2022/23 ACC supported 61,000 people to return to work within 10 weeks of their injury. Over 6,000 injured people who had been receiving weekly compensation were also supported back to work or independence in the year. These results were positive, however, we experienced significant challenges in the second half of the year. Our short-term rehabilitation results measures were stabilising or improving during the first two quarters, but progress was slowed by the need to shift resources and support to clients and staff impacted by the Auckland floods and Cyclone Gabrielle.

This year, we established a Rehabilitation Improvement Group to further support rehabilitation performance. The Group will build understanding of the drivers of performance to target more effective interventions. To ensure the long-term sustainability of the Scheme, a focus on short-term rehabilitation performance is required to sustain improvements in longer-term rehabilitation performance.

New Zealand Income Insurance Scheme

Following public consultation in the first half of 2022, funding was provided to ACC to undertake some pre-implementation planning for the New Zealand Income Insurance Scheme (NZIIS). The proposed scheme was designed to provide income replacement for people made redundant or who are incapacitated by a health condition or disability. The preliminary work investigated how to deliver a new scheme alongside the Accident Compensation Scheme. Further work was started to establish the systems and operational processes for the proposed scheme. In February 2023 the Government decided to pause the proposed scheme.

Maternal birth injuries

In October 2022, the Scheme was extended to cover maternal birth injuries (MBIs). ACC welcomes the inclusion of MBIs as a progression in equity of care. Up to 80% of birthing parents experience an injury during labour or childbirth. While many of these resolve with standard maternity care, or require only low-level support, a portion require more significant treatment and care.

As at 30 June 2023, we have accepted almost 4,000 MBI claims. This does not include the treatment provided within hospitals at the time of the birth. In planning for the new cover, birthing parents and whānau told us that it can take time to recognise an injury is not a normal consequence of birth and to find the means — emotionally, logistically, and economically — to seek help. Our focus is on building awareness, delivering comprehensive cover, and removing barriers to access. We want to ensure birthing parents and whānau recognise injury and can get the support and treatment they need.

Privacy

An independent review of access to and use of client information at ACC was released in May 2022. The review, which was commissioned following two privacy incidents in 2021, found that ACC employees understand their obligation to protect personal information, but that the organisation's focus was too narrow.

We accepted all 30 recommendations and established an enterprise-wide plan to address them. This included developing systems and processes to minimise the possibility of privacy breaches and working to foster a strong, values-based privacy culture that is easily understood by all our people.

We completed implementation of the plan in June 2023 and have begun to embed a proactive privacy culture where all personal information is recognised as taonga and protected with the highest standards of care.

More information about this is contained in the Information section on page 90.

A new hub in Kirikiriroa-Hamilton

In April 2023, ACC moved into new premises in Kirikiriroa-Hamilton. The new building brings together two existing offices and is a blueprint for a modern, safe, and environmentally friendly office space for our people and customers. The building is designed around the values of kaitiakitanga (guardianship) and is the culmination of ACC's partnership with Waikato-Tainui. It is constructed to Aotearoa New Zealand's current sustainability, seismic, and environmental standards and encourages active and sustainable transport options with 82 bicycle parks, end-of-trip facilities and 12 charging stations for electric vehicles.

You can read more about the building on page 219.

Severe weather events

ACC provides a range of support to anyone in Aotearoa New Zealand in the aftermath of any event where people are injured or lose their lives. Many people in Aotearoa New Zealand were affected by severe weather events during 2023. Events such as Cyclone Gabrielle highlight the role that ACC can play in responding to community needs.

In the days before Cyclone Gabrielle, our teams reached out to our most vulnerable and high-risk existing clients to check they were prepared and supported. We continued to prioritise those clients as the cyclone unfolded, setting up a specialist support team and ensuring our clients were safe and had help in place. ACC focused on reducing the potential for financial concerns adding to clients' stress. We did this by extending entitlements for clients in cyclone-affected areas so weekly compensation payments continued, and by increasing ACC's financial contribution towards doctor and allied health visits. We also coordinated with other agencies to source replacement equipment, such as wheelchairs and bespoke beds that had been damaged by the cyclone.

ACC also received over 1,700 new injury claims related to the cyclone and provided a range of compensation and support services.

Climate planning

This year, ACC joined a working group to develop climate change scenario analyses specific to the health sector. This work will create a shared picture of future factors that will impact the health sector. ACC will use this to form our own climate risk plans and to understand how our service design may need to change in the future in response to climate influences.

Information on our risk framework, including the eight priority risks for ACC in 2022/23, can be found on page 110.

Te anga rautaki | Strategic framework

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

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

ACC's vision and values reflect the organisation that we want to be and the vision established by Sir Owen Woodhouse.

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

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

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

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

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

2022/23 has been an important year for ACC. Over the course of the year we reviewed and refreshed ACC's strategy to be fit for the future. The strategy builds on the last 50 years and sets the organisation up for the next 50 years. On 1 July 2023, we launched our new enterprise strategy Huakina Te Rā. It will be the guiding document for ACC decisions and direction for the next five to 10 years. As a result, we published a new Statement of Intent in July 2023.

Long term
Enduring

Vision

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

Outcomes

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

Reduce the incidence and severity of injury in New Zealand.

Rehabilitate injured people in New Zealand more effectively.

Ensure that New Zealand has an affordable and sustainable Scheme.

Values

Safe kiwis
Good partners
Fair and open
Responsible stewards
People before process

Medium term
Four years

Intentions

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

20 key measures for 2022/23
59 initiatives for 2022/23

Injury prevention
Increase the success of our injury prevention activities.

Customer outcomes and experience
Improve our customers' outcomes and experiences.

Sustainability
Improve the sustainability of the Scheme.

Organisational health & capability

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

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

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

Short term
One year

Our outputs

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

49 performance measures for 2022/23

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

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

Investment management
Serious injuries will require ongoing expenditure for decades into the future, so a portion of levies collected each year is set aside to provide for future costs. We invest these funds to meet the future costs of claims.

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

The right to belong

Kylie’s story

Our Māori Health Lead Kylie Bryant (Ngāti Maniapoto) knows more than most about the importance of being treated in a culturally appropriate way. This is her story.

Growing up in 1980s Aotearoa New Zealand, I never felt culturally safe – anywhere.

As someone of dual whakapapa – Māori and Pākehā – I didn't feel like I fitted into any space, and it left me wondering, ‘Where do I fit?’

Back then, as a country we were only starting to look at cultural safety, with nurse Irihapeti Ramsden (Ngāi Tahu, Rangitāne) leading the way.

As a consumer of health and other services, there was no one to guide me on what a culturally safe experience could, and should, look like.

That’s why our cultural safety mahi at ACC really resonates with me.

Since 2021, we’ve been looking at what culturally safe care looks like across the services we fund.

We’ve looked at the experience of kiritaki Māori (Māori clients) and their whānau as Te Tiriti o Waitangi/Treaty of Waitangi partners, and took the opportunity to refresh our Māori cultural competency guidance for providers.

The updated guidance, Te Whānau Māori me ō mahi, was written by cultural safety experts Mauri Ora Associates and launched in October 2022.

We’ve also developed a new policy for providers, Kawa Whakaruruhau, which was released in April 2023.

Through this, we want to ensure a consistent experience for our kiritaki and whānau, and support the movement across Aotearoa New Zealand to deliver appropriate care to people of all cultures and communities.

This mahi is reinforcing what’s already happening in the sector with providers who have existing competency standards in place.

We’ve been grateful for the support of regulatory and professional bodies in developing our policy.

We’re looking to these partners to bring the knowledge of their own market and guide us in this space.

My role in all this is to support those people who really want to do well for our kiritaki and their whānau, but actually don't know where to turn.

I haven’t come across anyone in the sector that doesn’t want to do better and do the best job they can for the people in their care.

Mauri Ora Associates founder Dr Peter Jansen explains cultural safety beautifully.

“Cultural safety isn’t just about doing one specific thing to meet the needs of patients – it’s about understanding your culture and how that impacts on your approach to people,” he says.

“The key is not so much about running off and finding out about other cultures. It’s about finding out about yourself – where are my blind spots, where are my weaknesses that I need to work on in terms of understanding how I interact with other people.”

When we’ve reflected on our own biases, we’re more receptive to understanding others’ needs and what questions to ask them in order to give them a culturally safe healthcare experience.

For example, with both Māori and non-Māori whakapapa, someone shouldn’t make assumptions that I want everything to be delivered to me in a kaupapa Māori way.

Ngā whakatutukinga | Performance

Whāia Te Tika

Whāia te whānuitanga me te hōhonutanga o te mātauranga

Ko te Tiriti o Waitangi tētahi o ngā tuhinga taketake a te kāwanatanga o Aotearoa e whakapūmau ana i te kotahitanga o ngā iwi o tēnei whenua. Kei te tautoko mātou i te Karauna me āna hononga i raro i te Tiriti o Waitangi. Ka mātua whai mātou i ngā ara mahi e whakawhiwhia ai te iwi Māori ki ngā hua ōrite i ā mātou ratonga. Ko te whāinga matua o te rautaki Māori o ACC arā, o Whāia te Tika, ko te whakapūmautanga o ngā wheako me ngā putanga pai ki a ngāi Māori i raro i ngā pou e toru e whai ake nei, arā, ko Te Arotahi Kiritaki, Kia Hiranga te Mahi Ngātahi me Whakawhanaketia.

I te tau kua pahure, kua whakapau kaha tonu mātou ki te whakatutuki i ēnei putanga:

- kia heke te nui o ngā wharanga a te Māori
- kia whakakorengia ngā āhuatanga e haukoti ana i te āhei o te Māori ki te toro atu, ki te whakapāpā atu hoki ki ngā ratonga, kia heke iho ngā rerekētanga, ā, kla piki ake hoki te mana taurite
- kia whakawhiwhia ngā kiritaki Māori ki ngā mahi tautoko tōtika, kia tika hoki te whāngaitanga atu o aua mahi ki a rātou ko ō rātou whānau.
- kia āta rongo atu mātou, kia mārama ki ngā matea, ki ngā hiahia me ngā wawata o te Māori i te wā e whakapā mai ana rātou ki a ACC, ā, me mātua whakautu mātou i a rātou.
- kia mahitahi mātou ki a ngāi Māori (arā, ki ngā hapū, ki ngā iwi, ki ngā whakahaere, ki ngā ratonga hauora me ērā atu hinonga) ki te whakahoahoa, ki te tuku atu i ngā rawa me ngā ratonga e āta whakatutuki ana i ngā hiahia o te Māori, e whakapai ake ana hoki i ngā putanga ki a rātou

Kua tata te pae tawhiti, whakamaua kia tīna

I te marama o Hūrae i te tau 2022, i hui te Minita Tuarua mō ACC, a Willie Jackson rātou ko te Poari me te Rōpū Whakahaere o ACC ki ngā kaiārahi o ngā iwi o te motu ki te marae o Ngā Whare Waatea ki Tāmaki Makaurau. Ko te aronga matua, kia taurite ngā hua o te ao hauora ki te Māori. I whakatakoto mātou i te aronga o te Enterprise Strategy o ACC, ā, ka wānangahia te kaupapa. I whakatakoto hoki mātou i ngā whakatutukinga o te mahere mahi i whārikihia ki te hui tuatahi o te Minita i te marama o Maehe i te tau 2020. Ko te kaupapa nui hoki, ko te whakarewanga o te anga putanga o Te Kāpehu Whetū. Kua tāpirihia mai ngā whakamārama mō Te Kāpehu Whetū ki ngā kōrero nei.

He hui whakahirahira tēnei ki a ACC, kia whakarongo, kia mārama ai mātou me pēhea te whakatinana i ngā kōrero mō tētahi ara hou. Ko te mana taurite tētahi o ngā pou o te Tiriti, waihoki, he aronga matua anō ki a ACC. Hei pou ārahi anō ngā kupu i tāpaea e ngā rangatira o tēnā iwi, o tēnā iwi ki runga i te marae o Ngā Whare Waatea e kite ai mātou i te ara whakamua mō te rautaki pakihi a ACC mō te ngāhuru tau e haere mai ana.

Hei tā ngā rangatira o ngā iwi ki a ACC i tēnei hui, 'Kua tata te pae tawhiti, whakamaua kia tīna'. He pai ngā ahunga whakamua o ACC ki te whakapikinga ake o ngā hua taurite ki te Māori, arā:

- Kua whakarewaina te ratonga rongoā Māori, kua utua kia 15,000 ngā huihuinga tae noa ki tēnei wā
- Kua whakarewaina ngā Ratonga Hauora Kaupapa Māori
- Kua pai ake tō mātou kaha ki te manaaki tika i ngā tāngata i raro i te kaupapa o Hāpai
- Kua whakatakotohia ngā paearu o te kaupapa o Raranga, arā, kia manaakihia ngā tikanga ā-iwi
- I raro i te kaupapa o te kauparenga atu o ngā wharanga, ko te aronga matua kia taurite te nui o te pānga me te kino o ngā wharanga a te Māori ki ērā ō ētahi atu.
- Kua tuku pūtea mō te whakatūnga o tētahi pūnaha hauora matua hei kaupare atu i ngā wharanga. He kaupapa tēnei e whakatikatika ana i ngā momo āhuatanga e kōkiri ana i te tūkino taitōkai, ka whai wāhi hoki ngā whakautu nō te ao Māori.
- Nā ngā kaupapa pāpāho, kua whakapiki ake te mōhio o ngā Māori ki ngā momo ratonga o ACC. Ko te whānau me ngā tamariki te aronga matua.

Kei te wāhanga o Ngā Whakatutukinga kei roto i tēnei pūrongo ngā whakamārama mō ēnei tū kaupapa.

Whāia te Tika — Ko te whakapapa o Huakina Te Rā

Mai i te tau 2016, kua whakatakotohia te aronga o te rautaki o ACC e pā ana ki te whakapikinga ake o ngā putanga ki a ngāi Māori mā te kaupapa o Whāia te Tika. Hei te tau e tū mai nei, ka tīmata te ngahuru-tau hou a te rautaki nei. Ka tutuki ngā mahi motuhake a te rautaki o Whāia te Tika, heoi, ka haere tonu ngā mahi. Ka noho ngā whāinga me ngā kaupapa o Whāia te Tika ki roto i tō mātou rautaki pakihi hou o Huakina Te Rā.

I runga i tō mātou hiahia ki te whakaū i ngā hononga kia tū kaha ai a Aotearoa whānui, ā, nō tō mātou whanaketanga ake hei hoamahi i raro i te Tiriti, kei te hiahia te ACC ki te whakaū i ngā tirohanga Māori ki roto i tō mātou rautaki ā-pakihi, kaua ki roto i tētahi tāpiringa kē. Ko tō mātou whāinga matua, kia takahi ngā tāngata whenua me ngā tāngata Tiriti i te ara kotahi i raro i tō mātou whāinga roa mō ACC.

Kei te whai a Huakina Te Rā i ngā tapuwae o Whāia te Tika, waihoki e mihi ana mātou ki te mahi nui i tutuki i a ACC i raro i taua kaupapa. Ko ngā wawata o Whāia Te Tika te ngako o te ara hou e whāia ana e Huakina Te Rā e whakaohooho ana i te mauri o ACC, kia āia mātou ki mua ki te tautoko i ngā whānau ki te whai oranga mō rātou anō.

I whakarewaina a Huakina Te Rā i te 1 o Hūrae i te tau 2023. Kei te wāhanga o Te Tauāki Koronga 2023–2026 ngā whakamārama mō tēnā rautaki.

Te Kāpehu Whetū

Ko Te Kāpehu Whetū tā mātou anga hou mō ngā putanga Māori, he mea whakawhanake hei whakapiki ake i ngā hua taurite ki te Māori. E whai ana Te Kāpehu Whetū i ngā mahi 'pai' e ai kī te tirohanga o ngā kiritaki Māori, ā, kei te inea te kaha o ACC ki te hāpai i te oranga o te whānau. He mea hoahoa tēnei kaupapa ki runga i ngā kōrero a ngā kiritaki Māori me ō rātou whānau, ki tētahi wāhi hāneanea, haumaru hoki ki a rātou, e puta atu ai ngā kōrero mō ō rātou wheako me ō rātou hiahia mai i ngā ratonga e kaupare atu ana, e whakamaimoa ana, e whakarauora ana i ngā wharanga. E whakatairanga ana Te Kāpehu Whetū i ngā reo o te Māori, kia aro atu tēnei whakahaere ki ngā putanga mā rātou. I whakarewaina Te Kāpehu Whetū i te marama o Hūrae i te tau 2022 ki te marae o Ngā Whare Waatea ki Tāmaki Makaurau. Mai anō i taua wā, kua whakahaere mātou ngā papamahi motuhake mā ngā kaimahi o ACC, neke atu i te 450 te nui. Kua whakatū mātou i tētahi rōpū tara ā-whare o ngā Haumi me ngā Toa o Te Kāpehu Whetū ki te whakapūmau i ngā akoranga, i ngā mōhiotanga me te whakatinanatanga o Te Kāpehu Whetū.

E whakamahi ana i te raraunga hei hāpai i te mana taurite

Kua whakawhanakehia te huinga raraunga o tēnei whakahaere e te Rōpū Pae Ora, ā, kei te āhei a ACC ki te ine i ngā putanga mahi mā te anga o Te Kāpehu Whetū. E mau ana ngā raraunga i ngā kōrero mō te hauora o te Māori me te pānga o te whakaratonga atu o ngā mahi a ACC ki tāna toronga atu ki ngā ratonga, ki ōna wheao me āna putanga.

Kua whakatū hoki te Kāwanatanga i tētahi ture hou e hāngai ana ki te mātāpono o te mana taurite. Kua paku whakahoutia te Accident Compensation Act e te Accident Compensation (Access Reporting and Other Matters) Amendment Act 2023, kia pūmau te aronga o ACC ki ngā utu e tika ana mō ngā tāngata katoa o Aotearoa kei raro i tēnei kaupapa.

Kua whakatūria tētahi mahi hou mā ACC ki raro i te Ture, arā, kia āta whakatakotohia te ara e whāia ana e te Māori me ngā momo taupori motuhake ki ngā ratonga o ACC. He āwhina tēnei kia mārama ai mātou ki ngā rerekētanga, ki ngā ara anō hei whakapiki ake i te āhei ki te toro mai, i ngā wheako me ngā putanga o ngā mahi.

Kia kāpuia

He mea nui ki a ACC ō mātou hononga ki te Māori ki raro i te Tiriti, ā, kei te hiahia mātou ki te whakapiki ake i te whānui o ō mātou hononga, kia pai ake te whanaungatanga ki ō mātou hoamahi.

Kei te whakapāpā atu mātou ki ngā tangata me ngā whakahaere Māori hei hāpai, hei ārahi rānei i ngā kaupapa e whakapiki ake ana i te kuhunga mai o ngā Māori ki te hōtaka o ACC, kia pai ake ō rātou wheako me ngā putanga. Hei tautoko i tēnei whāinga, kua whakatū mātou i tētahi mahere whakapāpātanga e kitea ai ngā wāhi me whai hoa hou me ngā hononga hei whakapakari ake i ō mātou hononga. Kei te tūhonohono hoki tēnei mahere i ngā kaimahi o ACC ki te whakapiki ake i ō mātou hononga, ā, kia kitea hoki ngā kōrero e tika ana kia tino whaitake, kia tino whai kounga hoki ō mātou hononga i raro i te Tiriti.

E whakapakari ana i ngā tikanga me te reo Māori

I whakatūria tētahi akoranga motuhake mō te reo me ngā tikanga Māori mō ngā kaimahi Māori i raro i te kaupapa o Pae Ora. Ko te aronga matua o Tuku Reo, he whāngai i te reo me ōna tikanga ki ngā kaimahi kia māia rātou ki te mahi ki raro i ngā kaupapa Māori.

Whānau Oranga Pūmau

Ko Whānau Oranga Pūmau tētahi rōpū mātanga e tautoko ana i a ACC ki te aro tuatahi atu ki Te Tiriti o Waitangi kia piki ake ngā putanga taurite ki te Māori. He huhua tonu ngā pūkenga o ngā mema o te rōpū o Whānau Oranga Pūmau, arā, he rangahau, he kaiwhakahaere ā-iwi, he kaiwhakahaere ki roto i te rāngai tūmataiti me te rāngai hauora. Kei reira anō ngā kaiwhakahaere o ngā momo ratonga, waihoki ko ngā kiritaki e whai mōhiotanga ana ki aua ratonga. I tēnei wā, kei te whakapau kaha a Whānau Oranga Pūmau ki te kimi māramatanga mō ngā tirohanga me ngā wheako o ngā hapori Māori kia whai a ACC i ngā ara tōtika me ngā ara whaihua ki ngā hapori Māori.

Te anga mahi mō ngā iwi o Te Moananui-a-Kiwa

Ki te hiahia rātou ki a ACC, kei te hiahia mātou kia whakapā mai ngā iwi o Te Moananui-a-Kiwa ki a mātou, engari kei te mōhio mātou kei reira anō ngā ārai. I tēnei wā, kua eke te nui o ngā tāngata nō ngā motu o Te Moananui-a-Kiwa e noho ana ki Aotearoa ki te 8%, heoi e 6% anake te nui o ngā kerēme o tērā hunga i ia tau, ā, e 5% anake te nui o te utu ki aua kerēme.

I tēnei tau i whakatūria te Pasifika Advisory Panel hei ārahi i te whakawhanaketanga ake o ngā ratonga o ACC mā ngā iwi o Te Moananui-a-Kiwa. Ka hāpai ngā pūkenga o taua rōpū i ā mātou mahi, kia tautokona ngā iwi o Te Moananui-a-Kiwa:

- ki te whiwhi i ngā momo mahi tautoko, i ngā ratonga tōtika kia tū motuhake ai rātou
- ki te manaaki i ngā tikanga o ngā iwi o Te Moananui-a-Kiwa i ngā momo whakapāpātanga atu ki a rātou
- ki te tuari, ki te taunaki, ki te whakatairanga i ngā tikanga ā-iwi o Te Moananui-a-Kiwa hei puna auaha e puta ake ai ngā mahi hou ki ACC.

I whakawhanake mātou i tētahi tauira anga mahi me tētahi ara mahi e hāngai ana ki ngā kitenga o ngā kaimahi nō Te Moananui-a-Kiwa me ngā fono (huihuinga) ā-hapori ki waho atu o te whare o ACC. Ināianei, kei te whakapāpā atu mātou ki ngā rōpū nō Te Moananui-a-Kiwa e whai pānga ana ki ā mātou mahi kia mārama ai mātou ki ngā whāinga tōmua a tēnei anga mahi.

Whāia Te Tika

Whāia te whānuitanga me te hōhonutanga o te mātauranga

Pursue the breadth and depth of knowledge

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

Whāia Te Tika, our Māori strategy, aimed to create better ACC experiences and outcomes for Māori through Te Arotahi Kiritaki (a strong customer focus), Kia Hiranga Te Mahi Ngātahi (partnering for excellence), and Whakawhanaketia (developing capability).

Over the past year we have continued our work towards these important outcomes:

- Māori New Zealanders are injured less often
- barriers to access and engagement for Māori are removed, reducing disparities and improving equity
- Māori customers receive the right support delivered in the right way for them and their whānau
- we engage with, understand, and respond to the needs, expectations, and aspirations of Māori when they interact with ACC
- we partner with Māori (hapū, iwi, entities, organisations, health providers, and other agencies) to design and deliver products and services that meet Māori customer needs and improve outcomes.

We've come too far not to go further

In July 2022, Associate Minister for ACC, Willie Jackson, ACC's Board and Executive met with iwi leaders from across the motu (country) at Ngā Whare Waatea marae in Tāmaki Makaurau Auckland. The focus of the hui (meeting) was equitable health outcomes for Māori. We presented the future direction of ACC's enterprise strategy and workshopped feedback. We reported on progress on the action plan set out at the first Minister's hui in March 2020. Most importantly, we launched the new Te Kāpehu Whetū, our Māori outcomes framework. More detail about Te Kāpehu Whetū is included later in this section.

This was an occasion of great importance for ACC and a chance to listen and understand more about how to effect change. Equity for Māori is a fundamental Te Tiriti/Treaty commitment and a central focus for ACC. The guidance provided by iwi leaders at Ngā Whare Waatea marae was pivotal in the development of ACC's new 10-year enterprise strategy.

At the hui, iwi leaders told ACC, "We've come too far not to go further." There has been good progress in how ACC is increasing equitable outcomes for Māori including:

- Launching the rongoā Māori service and funding over 40,000 sessions to date.
- Launching Kaupapa Māori Health Services.
- Improving our culturally responsive approach to case management with the Hāpai programme.
- Setting ACC's cultural safety standards through the Raranga project.
- Injury prevention's focus on achieving equity in the incidence and severity of injury for Māori.
- Investment in establishing a fit-for-purpose primary prevention system. This is to address the drivers of sexual violence and includes kaupapa Māori approaches.
- Increased awareness of ACC services for Māori through engagement campaigns. These have focused on support for whānau (family) and tamariki (children).

We speak about these initiatives throughout this Performance section of this report.

Whāia te Tika — the whakapapa for Huakina Te Rā

Since 2016, Whāia te Tika has provided the strategic direction for how ACC improves outcomes for Māori. In the coming year, we begin a new 10-year strategic cycle. Whāia te Tika, as a separate strategy, will finish but the work continues. The intentions and initiatives of Whaīa te Tika will be embodied within our new enterprise strategy, Huakina Te Rā.

As part of building stronger connections for a stronger Aotearoa New Zealand, and as we evolve in maturity as a Te Tiriti/Treaty partner, ACC wants to ensure Māori perspectives are expressed within our enterprise strategy, rather than as an adjoining 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.

Huakina Te Rā 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 into a future where we enable our communities to achieve oranga whānau (family wellbeing).

Huakina Te Rā was launched on 1 July 2023. You can read about the strategy in our Statement of Intent 2023-2026.

Te Kāpehu Whetū

Te Kāpehu Whetū, our new Māori outcomes framework, has been developed to help us improve equity for Māori. Te Kāpehu Whetū defines what 'good' looks like from the perspective of Māori clients and considers the role of ACC in contributing to oranga whānau (family welfare).

The design process was based on kōrero with Māori kiritaki and their whānau in settings where they felt comfortable and safe to voice their own experiences and explain what they need from injury prevention, treatment, and recovery services. Te Kāpehu Whetū privileges the voice of Māori to guide ACC to become an outcome-focused organisation.

Te Kāpehu Whetū was launched in July 2022 at Ngā Whare Waatea marae in Tāmaki Makaurau Auckland. Since then we have delivered bespoke implementation workshops to over 450 ACC kaimahi (staff). We have also formed an internal community of practice for Allies and Champions of Te Kāpehu Whetū to consolidate learning, understanding, and the application of Te Kāpehu Whetū.

Using data to realise equity

Rōpu Pae Ora has led the development of an organisation-wide data set that enables ACC to measure performance outcomes through the Te Kāpehu Whetū framework. The data provides narratives about Māori wellbeing and how ACC's services and delivery impact on Māori access, experiences, and outcomes.

The Government also enacted new legislation that speaks to the principle of equity. The Accident Compensation (Access Reporting and Other Matters) Amendment Act 2023 refines the purpose of the Accident Compensation Act 2001 to ensure that ACC's focus is on providing cover and entitlements to all eligible injured New Zealanders.

The Act includes a new duty for ACC to report annually on how Māori and identified population groups are accessing its services. This will help us to better understand disparities and how to support improved access and outcomes.

Connecting for strength

Te Tiriti-led partnerships with Māori matter to ACC, and we want to continue to grow in this space by increasing the range of our relationships and becoming closer and more connected partners.

We are engaging with Māori individuals and organisations to support or lead kaupapa with the aim of improving Māori access to the ACC Scheme, experiences of the Scheme and outcomes. To support this, we have developed a strategic engagement programme that maps where new relationships are needed and where existing connections can be strengthened. The programme also connects ACC kaimahi internally to support our growing network of relationships, and provides the information necessary to enable meaningful and intentional Te Tiriti-led partnerships.

Building capability – tikanga and te reo

We have in place a bespoke te reo Māori course for kaimahi Māori that provides reo and tikanga learnings. The Tuku Reo course is specifically focused on providing te reo Māori me ona Tikanga to support kaimahi to work comfortably and effectively in Māori-focused spaces.

Whānau Oranga Pūmau

Whānau Oranga Pūmau is an expert advisory panel that supports ACC to prioritise Te Tīriti o Waitangi and deliver improved equitable outcomes for Māori. Members of Whānau Oranga Pūmau have a range of backgrounds in research, management, and governance within iwi, and in the private and public health sectors. The panel also includes service providers and people with lived experience as customers. Whānau Oranga Pūmau are currently working to better understand the views and experiences of Māori communities so that ACC can engage with them in the ways that work for them.

Pacific Peoples strategy

We want Pasifika to engage with ACC when they need us, but we know that barriers exist. Currently, Pasifika make up over 8% of Aotearoa New Zealand's total population, but account for only 6% of ACC claims lodged annually and 5% of total claims costs.

This year we created the Pasifika Advisory Panel to guide the development of ACC's delivery of services for Pasifika. The collective expertise of the panel will help us to support Pasifika fanau by:

- enabling Pasifika to access their full entitlement of support, service, and independence
- engaging Pasifika in culturally responsive and respectful ways
- sharing, advocating, and promoting Pasifika culture as a source of innovation and creativity at ACC.

With the support of the panel, we developed a draft Pasifika framework and roadmap based on insights from our kaimahi Pasifika (staff) and community fono (meetings) outside of ACC. We are now consulting Pasifika stakeholders to understand the priorities within the framework.

Nationwide campaign targets Māori access to ACC

ACC's first nationwide campaign targeted specifically to Māori launched in September 2022

Kia Mahea Kia Puāwai (making it clear so we can flourish) was developed using research into barriers to Māori accessing ACC, Māori focus groups, and in a collaborative 'by Māori, for Māori' approach. The campaign, featuring people well known to Māori, shares practical information about the services and support available to whānau following an injury. The ads click through to further information on ACC's website setting out how to access services.

The campaign was created by and features well-known Māori journalist and social media influencer, D'Angelo Martin. The call to action is — 'Don't tough it out — Taihoa ake, and get help'.

The ads can be seen or heard on social and digital channels, Whakaata Māori TV, iwi (in te reo) and commercial radio, and outdoor billboards and posters. Social media influencers, Tyla Nathan Wong and Anika Moa, were used to reach a wider Māori audience with content created by them for their social channels. The campaign is supported by content created in-house for ACC's own channels and website, including client stories highlighting ACC services for Māori, such as rongoā Māori. The campaign is also used as a backdrop to ACC's presence at community events such as Te Matatini.

Early results are encouraging. At the end of June, 88% of Māori said they would take some action after seeing the ads, such as getting help following an injury, or encouraging whānau to seek help. Those Māori who have seen the ads are more likely to think ACC is fair, for everyone and easy to deal with.

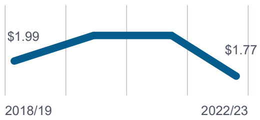
Increase the success of our injury prevention activities

Return on investment: 0 to 20 year programmes

$1.77:$1

TARGET: $2.12:$1

NOT ACHIEVED



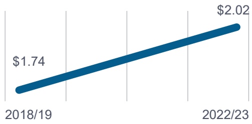
TREND

Return on investment: Workplace programmes

$2.02:$1

TARGET: $1.65:$1

ACHIEVED



TREND

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

16,500

fewer people made a claim for their injury as a result of our targeted injury prevention investments.

Improve our customers' outcomes and experiences

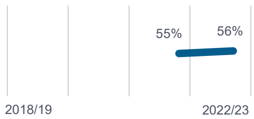
Public trust and confidence

56%

TARGET: 58%

IMPROVING

Change in methodology, refer page 116



TREND

The way the public views ACC is a useful indicator of how effectively we have communicated the value ACC delivers, and demonstrated this in our interfaces with customers.

ACC ranks

7TH

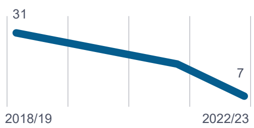
out of the 27 agencies surveyed

Client net trust score

+7

TARGET: +28

NOT ACHIEVED



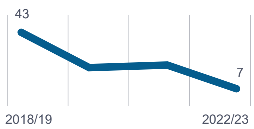
TREND

Māori client net trust score

+7

TARGET: +27

NOT ACHIEVED



TREND

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

66%

of clients surveyed indicate they trust ACC

68%

of Māori clients surveyed indicate they trust ACC

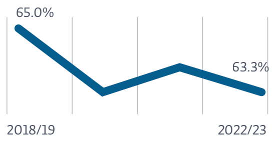
Improve our customers' outcomes and experiences

Return to work within 10 weeks

63.3%

TARGET: 64.6%

NOT ACHIEVED



TREND

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

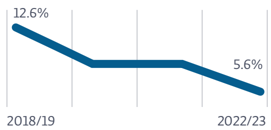
61,000
people were supported to return to work following an injury within ten weeks

Growth rate of the long-term claims pool

5.6%

TARGET: 6.4%

ACHIEVED



TREND

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

6,184
long-term clients supported to return to independence

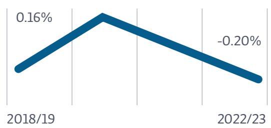
Improve the sustainability of the scheme

Investment performance after costs relative to benchmark

-0.20%

TARGET: +0.15%

DETERIORATING



TREND

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

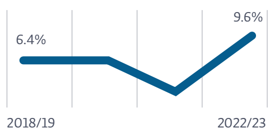
$1,572
value of $100 invested since 1992

Change in average treatment cost per injury

9.6%

TARGET: ≤12%

ACHIEVED



TREND

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

$681
on average paid to cover costs for medical treatment and elective surgery

Te Kaupare Wharanga | Injury prevention

Reducing the incidence and severity of injury is one of our core purposes. Most injuries are preventable, but we cannot do this important task alone. Our connections with partners are vital to helping us design and deliver well-integrated injury prevention programmes. These connections extend into communities across Aotearoa New Zealand, helping us to deliver programmes that improve the safety of New Zealanders of all ages and in all settings.

In 2022/23, we invested $62 million in injury prevention initiatives to reduce the economic, social, and personal impacts that arise for people and communities following accidents.

This year we began working to ensure that the needs of our future customers are met by shifting our emphasis from a focus on injury to a focus on prevention and the whole person and their interactions across the system.

We are connecting and working with non-government organisations, community groups, and other government agencies so activities and funding are effective. This coordination role is as important as directly funding injury prevention interventions.

Preventing falls

Falls are the most common cause of injury in Aotearoa New Zealand. They account for approximately 28% of all new ACC claims in a year.

In 2022/23, we introduced the Nymbl app, designed to help older adults stay steady on their feet. The app encourages users to complete dual tasks by combining simple body movements with easy brain games to challenge both the brain and body.

We also agreed to further invest in the continued delivery and expansion of Taurite Tū. This is an evidenced-based kaupapa Māori Strength and Balance programme encompassing mātauranga Māori (Māori knowledge) to empower kaumātua Māori to remain strong as they age.

The programme was designed and trialled through Te Rūnanga o Ōtākou in 2018, with partial funding from ACC. Since it started with three providers, it has gone from strength to strength. The programme has now expanded to nine providers, and with our additional funding, another 14 providers will be added in 2023/24.

This is the first time that we have invested in a kaupapa Māori injury prevention initiative focused on supporting kaumātua hauora. This is an intentional step towards reducing inequity. Fall-related claims for Māori have doubled over the past five years and have an average cost 30% higher compared to non-Māori.

Our performance ambitions

This year we achieved the following performance ambitions:

- Return on investment: workplace programmes: $2.02: $1

Performance improved in the year but there were challenges to delivering this ambition:

- Rate of serious injury: workplace programmes: 0.21

There were challenges to delivering these ambitions in 2022/23:

- 0- to 20- year programmes:
  Return on investment: $1.77:$1
  Rate of serious injury: 12.6

Connecting across the prevention system

Throughout 2022/23, we continued to strengthen our injury prevention connections with other government agencies.

We remain a committed member of the Te Aorerekura strategy to prevent family and sexual harm, and the Waka Kotahi-led Road to Zero strategy.

In the health sector, we helped deliver education modules to reduce harm caused by surgical mesh, and developed and delivered Aseptic Technique resources. As part of the Neonatal Encephalopathy Taskforce, we also helped update clinical guidelines for managing small-for-gestational-age pregnancies.

We continue to work closely with WorkSafe and other partners to create safer and healthier workplaces by driving system-level responses that will significantly reduce worker harm in Aotearoa New Zealand.

The fourth round of our injury prevention workplace grants programme awarded $3.9 million to five organisations. We continue to partner with the Mental Health Foundation and Farmers Mutual Group to deliver Farmstrong, the highly successful rural wellbeing programme that is reducing injuries among farmers and farm workers.

Reducing the impact of concussion

Last year we reached agreement on national concussion guidelines, introducing a consistent 21-day return-to-sport approach, post-medical clearance for those diagnosed with concussion. This was achieved through support from medical representatives from the main sporting codes.

Strategic investing

As part of our desire to work differently to achieve change, we developed the Manini Tua Injury Prevention Theory of Change and waka hourua practice. Manini Tua uses a Te Tiriti-led primary prevention approach. Our goal is to lift wellbeing across Aotearoa New Zealand through a range of initiatives, and to establish a national network of primary prevention providers. We are already partnering with Le Va (a Pasifika provider in Tāmaki Makaurau), kaupapa Māori design panels, Safekids (a national childhood injury prevention partnership), the whānau wellbeing initiative Ngā Tini Whetū, and a Tairāwhiti-based iwi and hapū-led injury prevention initiative.

In 2022/23, we focused on five injury prevention priorities. Our progress on the deliverables planned against the priorities is detailed below.

TABLE 1: 2022/23 INJURY PREVENTION ACHIEVEMENTS

What we set out to achieve	Result
1. We use analytics to target our injury prevention investments and increase the impact of our efforts	
We will use data, insights and evidence to understand the root causes of injury to better target and focus interventions, thus maximising returns from investment.	Ongoing
We will explore and review appropriate measurement of our injury prevention investment while considering our evolving investment approach.	Ongoing
We will continue to make Treatment Safety information more accessible, through the Health Quality and Safety Commission online health system quality dashboard and via other online channels.	Ongoing
2. We increase injury prevention effectiveness by partnering with capable, like-minded organisations	
We will have continued to evolve our existing injury prevention partnerships while developing new partnerships, where appropriate. Together with our partners, we will have designed and delivered initiatives in the areas that have the greatest impact on reducing injuries.	Ongoing
We will have continued to evolve our injury prevention partnership with WorkSafe NZ to design and deliver initiatives that have the greatest impact on reducing injuries in the Aotearoa New Zealand workplace.	Ongoing
We will continue to work alongside the Joint Venture Business Unit agencies to lead and support the delivery of Te Aorerekura actions in the elimination of family and sexual violence.	Ongoing
3. We extend our reach by working closely with communities	
We will continue to increase our investment in approaches designed by Māori, for Māori to injury prevention that will improve wellbeing outcomes and help reduce the incidence and severity of injury for Māori.	Ongoing
We will work with communities to develop and deploy effective injury prevention programmes to a cross-section of the Aotearoa New Zealand population using a broad set of channels.	Ongoing
ACC will continue to deliver an injury prevention grants and subsidies programme investing in businesses to stimulate the adoption of initiatives to reduce harm in Aotearoa New Zealand's workplaces.	Ongoing
We will support Healthy Aging in Aotearoa New Zealand with a specific focus on Falls Prevention.	Ongoing
4. Our injury prevention investments contribute to a reduction in the OCL	
We will apply an investment approach that balances benefits, costs, and risks and, where appropriate, assess the social and economic returns from our investment.	Ongoing
5. We design for New Zealanders, creating sustained behaviour changes and large-scale, long-term, sustainable societal change	
We will use Preventable (our national behaviour change programme known to the public as 'Have a hmmm') to constructively challenge Aotearoa New Zealand to take action to avoid injury and keep themselves and their whānau, friends, and community safe and well.	Ongoing
We will consider the customer, not just the injury, as the basis for investment. Our investment in prevention will be based on a range of factors that reduce the risk of injury and promote factors that protect against the risk of harm.	Ongoing
We will establish a Te Tiriti-led primary prevention system to protect the wellbeing of children, tamariki, and young people. We will enable community approaches and shifts across the system to influence attitudes and change behaviour at scale.	Ongoing


TO CALL NZ
1986

The impact of a maternal birth injury

Melissa's story

A mother-of-two from Taranaki, Melissa Smith suffered a maternal birth injury (MBI) when her daughter was born.

It greatly affected her, both physically and mentally, so she says the change in ACC legislation to cover MBIs is "amazing" for women around Aotearoa New Zealand.

Since her harrowing experience, Melissa has become a healing birth practitioner. She helps parents who have been through a traumatic birth experience.

"What I went through shouldn't have happened and I really struggled to get support," she says.

"I wanted to be part of changing that."

That change is now here. An amendment in the law from October 2022 means ACC can now cover specific injuries that birthing parents experience from the beginning of labour through to delivery of the pēpi (baby).

ACC can also help if birthing parents have other mental or physical injuries that are caused by a covered birth injury.

"I've been quite vocal about this, but I've never done this for me," Melissa says.

"This is for our future. I'm doing this for my daughter, for my nieces. Women in New Zealand now know they have protection and support."

Modelling indicates up to 80% of birthing parents will experience an injury during labour or delivery.

Many of these will be resolved with standard maternity care or require low-level support. But some will require more significant treatment and care.

"This is the biggest legislative change to our scheme for many years," says Megan Main, ACC Chief Executive.

"Extending our cover to maternal birth injuries means injured birthing parents and whānau can access the care and support they need earlier. This gets them on the path to recovery quicker and lessens the chances and impact of related injuries in future.

"It will make a huge difference to thousands of birthing parents and their whānau every year, while helping to improve equity of access to ACC for women.

"With an estimated 80% of birthing parents suffering an injury during labour, the cover of maternal birth injuries is a significant step towards improving gender balance, fairness, and equity in the Accident Compensation Scheme."


Photo credit: Jessie Maree Co

Believing in change

Trudy's story

After experiencing an MBI, Trudy Pipe had to cope with trauma and pain. As a māmā she didn't want others to have the same experience, so Trudy led the change for everyone.

"No-one really talked about the extent of the injuries I'd suffered. I assumed my experience was 'normal'. I believed I simply needed to suck it up and pretend everything was okay. So, for a long time, that's what I did. I felt embarrassed, scared, and ashamed. The worst part was that bonding with baby was hard.

"When I heard ACC was looking for someone to lead the implementation of expanding cover to include maternal birth injuries, I thought — not me! I wanted to protect myself.

"But over the summer break I couldn't shake the feeling I was shirking my responsibility to make a difference for so many. On my return, I volunteered to champion the mahi. For my friends, my whānau, and my beautiful girls.

"I'm thankful to the brave māmā and whānau who shared their experiences of living with birth injury. They taught us so much about how ACC can remove some of the burden in the journey to recovery.

"Maternal birth injuries can have long-lasting effects so it's important to get treatment and support early on. To the māmā out there, you're the best judge of how you're feeling, so please talk to someone if things aren't quite right.

"Through this mahi, I've learned to better accept my own experience. I know now that I'm not alone. There are many māmā who suffer as I did, and worse, often in silence — generations of wāhine!

"I always knew that my team would do great things, but the spiritual healing I received throughout my involvement was an unexpected and most welcome gift."

Ngā putanga me ngā wheako o ngā kiritaki | Customer outcomes and experience

ACC does all it can to prevent injury happening, but once someone sustains an injury we know that their health and wellbeing will be significantly improved with a rapid return to independence. This improvement extends to their whānau and community.

Many people partner in each person's recovery. Strong connections with providers enable the right treatment at the right time. ACC is committed to ensuring the delivery of services reflects the rich diversity of our communities.

Access for all people in Aotearoa New Zealand

Making it easy to connect

We want to make it easy for customers to connect with ACC when they need to. Our focus on high-quality customer experiences and a responsive range of digital and online options has driven a large shift to digital connection. We now serve two-and-a-half million phone contacts and 15 million digital interactions each year.

In May 2023, we automated the abatement calculation process for injured people who are in part-time work. Clients are now able to submit their earnings information through MyACC resulting in automatic calculation of the adjusted weekly compensation. This removes manual intervention and results in faster payment times for our clients.

Affordability of mobile data plans is a barrier to access for some clients. ACC has partnered with all major data plan providers in Aotearoa New Zealand to implement zero-rated data for all our websites. This means injured people and whānau can freely access our websites. ACC had previously partnered with the Government to offer zero-rated data access through a government landing page. By working with data providers, we have made it possible for injured people to access our sites without the need to be aware of the government landing page.

Maternal birth injuries

Legislation passed by Parliament in September 2022 enables us to cover specific MBIs and therefore provide injured parents the care they need earlier. This gets them on the path to recovery quicker and lessens the chances of related injuries in the future.

ACC worked with representatives from professional bodies, kaupapa Māori health providers, client advocate groups and experts, as well as birthing parents and their whānau, to ensure ACC's new service would work for birthing parents, their whānau, and practitioners. ACC set up systems to enable claims to be assessed in a timely manner and has a team that specifically supports clients with this new type of cover.

Parents with covered injuries can choose rongoā Māori practitioners to provide traditional and holistic healing and rehabilitation rooted in tikanga Māori, mātauranga Māori, and te reo Māori.

ACC is monitoring claims to identify injury trends and measure the impact of the new service. While the current number of accepted claims (nearly 4,000 from 1 October 2022 to 30 June 2023) is lower than projected, ACC always considered it might take time for awareness of cover to become established and translate into claim volumes.

Our performance ambitions

This year we achieved the following performance ambitions:

- Growth rate in the long-term claims pool: 5.6%

Performance improved in the year but we did not meet our ambitions:

- Public trust and confidence: 56%

There were challenges to delivering these ambitions in 2022/23:

- Return to work within 10 weeks: 63.3%
- Return to independence for those not in the workforce: 79.4%
- Net trust scores:
  Client: +7
  Māori client: +7

Evolving support for sexual violence survivors

While previous initiatives have significantly enhanced the way in which survivors of sexual violence are able to access support and services, there is still room for improvement.

Throughout 2021, clients expressed concern about our management of sensitive claims, including our determination of cover and increased waiting times for support. ACC acknowledged this feedback and began work to improve services. We consulted extensively across the sexual violence sector, including with our Customer Advisory Panel and government partners, and with survivors and providers, to identify opportunities to evolve and improve. Most of these sessions took place face-to-face and we received close to 560 responses.

Participants provided feedback on four key areas for improvement:

- a new 'front door' entry point for survivors to access ACC support
- a streamlined assessment process
- a more flexible service offering to better meet the needs of survivors
- opportunities to uplift the cultural capability of providers

We are working on a service redesign and aim is to have the refreshed contract implemented in December 2024.

Family violence

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.

In 2022, ACC launched our Family Violence Workplace programme. This programme supports our own kaimahi who are impacted by family violence to feel safe to reach out for help and support at work. In time, we will use the learnings from this programme to extend our frontline capability to support better outcomes for our clients.

Part of the programme includes having Family Violence Contact People (Contact People) available at ACC. The Family Violence Contact Person is a first point of contact for employees impacted by family violence, and for leaders or hoamahi (colleagues) who are concerned about others in the workplace. They may also provide ongoing workplace support when needed. Our contact people have been trained to provide appropriate workplace support and workplace safety planning, as well as help access specialist external family violence agencies when necessary.

Resolving issues

We have made it easier for customers to understand how to raise issues with ACC. A landing page on our website now gives people information about the complaint and review process, Navigation Services, and Alternative Dispute Resolution. Clients can speak to the right person from the beginning, saving their time and increasing their agency. Over the past year, almost 20% of issues have been resolved without the need for a formal review application.

Improving experiences and outcomes for Māori

ACC is continuously working to improve knowledge and awareness across the business to ensure staff can best support kiritaki in accessing treatment, services, and entitlement.

Kaupapa Māori solutions

ACC continues to partner with Māori specialists to design regional kaupapa Māori solutions that meet the needs of whānau. In 2022/23, we widened the scope of this mahi to include Oranga Whakapapa wellbeing initiatives, as well as the existing health and rehabilitation services.

Design is progressing concurrently in three rohe (regions) with a further nine design panels to be appointed. In October 2022, our Tainui waka rohe panel delivered a draft service design model, Taurima Te Marae, to support local kiritaki with complex and high-level needs. Refinement and testing of the model will take place before the service can be commissioned.

In April 2023, we appointed a further two panels who have started designing services for Te Tai Tokerau (Northland) and Tāmaki Makaurau (Auckland).

Hāpai

Our commitment to partnership through the development of the Hāpai programme continues. Hāpai aims to create a more culturally responsive case management experience for Māori clients and their whānau.

Hāpai is a unique, culturally responsive partnership between kiritaki, whānau, and kaihāpai, focused on improving access, experience, and outcomes that support their journey to oranga. It is a reciprocal partnership that is grounded in tika, aroha, and pono and seeks to restore mauri, provide manaaki, and enhance the mana of whānau. By using Te Ao Māori principles to inform our interactions with kiritaki, we ensure clients receive support when they need it, and in ways that work for them.

This approach was initially trialled in four locations — Rotorua, Tauranga, Whakatane, and Gisborne — and the Hāpai Team engaged with Māori clients to review the evaluation framework, Te Pihinga.

The review has been used to inform the expansion of Hāpai and the next stage is the impending roll-out into the Waikato region. ACC aims to have Hāpai implemented and available across the motu by June 2024.

Kaupapa Māori navigation service

Our kaupapa Māori navigation service went live on 1 July this year. The service was co-designed with providers and aims to help Māori customers to receive the right support in the right way for them and their whānau.

Launching a kaupapa Māori navigation service is about creating greater access, equity, and hauora outcomes for our Māori clients and whānau, creating a more equitable ACC for Māori and all New Zealanders.

Thirteen Māori-owned and led organisations have been chosen as navigators because of their cultural competency, the connection to their communities, and their experience with health-related services. ACC will help with technical training and support where needed.

We aim to provide this service across the motu. Stage one of implementation provides coverage in Te Tai Tokerau (Northland), Tamaki Makaurau (Auckland), Waikato, Te Moana a Toi (Bay of Plenty), and Tairawhiti (Gisborne).

Rongoā

ACC's rongoā Māori service celebrated its third birthday earlier this year, with emphasis placed on growing our network of practitioners to enable greater access to this tikanga-aligned rehabilitation option for whānau.

In 2022/23, the number of ACC-registered rongoā practitioners jumped 40% to 152, while claims volumes more than doubled, with the service supporting the recovery of some 6,000 kiritaki from Kaitāia to Rakiura (Stewart Island).

A Rongoā Māori Advisory Panel of mātanga rongoā (rongoā experts) continues to support the development of the service and ensure it is tika (correct) and sustainable.

Strengthening our providers

Provider engagement

Our engagement with providers continues to evolve, with social media channels now providing more communication flexibility for our providers. An ACC YouTube channel established in July 2022 offers 30 videos covering what we do, how to work with us, what we cover, as well as specific videos for different provider groups. Our intention is to make it easier for providers to conveniently access helpful information. The channel has had over 16,500 views suggesting that it works well for providers, although we will continue to listen closely to provider feedback to ensure we are meeting their needs.

Campaigns on LinkedIn and Facebook have also extended the accessibility and convenience of our resources. We mix paid and organic social media posts to ensure we reach target audiences with vital content. We monitor access to help us understand how well various channels work for providers. Measures indicate LinkedIn is highly useful to providers (1.9 million impressions, 168,376 video views, and over 8,500 clicks to our website).

The monthly Provide Update newsletter is also an important channel. We know our providers and suppliers receive a lot of information on a regular basis. To help with this, we have broken the update into segments, so providers only receive information relevant to them. This e-newsletter goes to 33,000 subscribers and has an average open rate of 50%. This is consistent with industry standards and with the support of the social media channels, we hope that providers can access information in the way that works best for them.

Raranga — cultural safety

Alongside work to deliver kaupapa Māori solutions, we have been striving to ensure all ACC services deliver culturally safe care to our kiritaki and whānau. In April 2023, we launched the Kawa Whakaruruhau (Cultural Safety) policy, which applies to everyone providing ACC-funded health and rehabilitation services.

Developed in consultation with the sector, Kawa Whakaruruhau aligns with current approaches to cultural safety. It draws on mātauranga Māori, the principles of Te Tiriti o Waitangi/The Treaty of Waitangi, and guidance from Whakamaua: Māori Health Action Plan 2020-2025. It supports a meaningful and sustainable advancement towards cultural safety across health services in Aotearoa New Zealand, with a particular focus on the delivery of culturally appropriate care to Māori as Te Tiriti partners.

The policy is designed to be read with its companion document, our updated cultural competency guidance Te Whānau Māori me ō mahi: Guidance on Māori Cultural Competencies for Providers. The guidance, which launched in October 2022, outlines our expectations for suppliers and providers supporting kiritaki Māori, whānau, and hapori (communities).

Improving the ‘on-boarding’ experience for new health providers

Each year, around 1,500 new health service providers register with us. These are the critical partners — health experts, wellbeing practitioners, and carers — we depend on to get injured people better following injury. To support them properly, we need to provide clear and accessible information on how to work with ACC.

This year we improved our offering by adding a ‘Getting Started’ hub and a new provider landing page on ***acc.co.nz***. These give providers all the information and resources they need to get started with us quickly and to remain updated with news and developments. The resources include videos and webinars that cover how to work with us, the responsibilities of health providers, an overview of scheme cover, and guides on how to lodge claims. Early indicators show strong uptake by providers. The 13 ‘Getting Started’ videos have had 11,500 views, and there have been 8,400 downloads of the quick guides. More than 5,000 providers registered for 12 educational webinars ACC hosted on the Getting Started hub this year.

Connecting with businesses and employers

Teamwork makes recovery work

Research shows that recovering at work following a minor injury has many positive impacts — including higher recovery success rates and better physical and wellbeing outcomes for the injured person, and greater productivity for their workplace and employer.

However, a successful recovery in the workplace requires the input of everyone involved — the injured person, their whānau, their boss, the health providers, and of course ACC. Depending on what hat you’re wearing, it isn’t always clear what your role is in this recovery journey. In response, we created a programme of education and engagement activity, initially focused on the role of the employer.

Through a targeted campaign, our relationship managers talked to over 1,000 employers about the importance of recovery to the wellbeing of their people and their business. Over 70% said they could identify actions to take which would improve rehabilitation outcomes for their staff. The campaign also included the development of resources and tools for employers to help improve their support of injured employees. Around 16,000 resources were downloaded from our website between August 2022 and June 2023.

At the end of May 2023, we expanded this engagement campaign to include injured employees, whānau, and health providers. The ‘Teamwork makes recovery work’ programme includes a new website hub on ***acc.co.nz***, hosting educational materials and guidance around how to make recovery at work a success for everyone involved. The approach is based on evidence and research, educating audiences about their role and obligations, providing practical information and tools, and creating awareness of the benefits of recovery at work.

During June 2023, we achieved around 40,000 website page views, and 214,000 views of our campaign video content. Content has been shared widely by sector partners, including leading the ***Business.govt.nz*** e-newsletter, with a distribution of ~870,000.

Accredited Employers Programme improvements

ACC is also working with Accredited Employers and other sector representatives to implement changes to the Accredited Employers Programme (AEP). AEP was developed to allow large employers to 'stand in ACC's shoes' to make cover and entitlement decisions and manage their employees' claims for work injuries and occupational illnesses. In return for taking on this financial liability, Accredited Employers receive a substantial reduction in the employer levy they pay to ACC. Over 450 large employers participate in AEP currently, and they cover over 20% of the workforce. The changes aim to strengthen the programme by tightening standards, enhancing the monitoring of Accredited Employers and their performance rating, and improving worker experience of the programme. The new AEP Framework is due to be introduced on 1 April 2024, with Accredited Employers required to be meeting the obligations by 1 April 2025.

Invoicing

We have made improvements to the accuracy of our levy invoices and helped business customers to prepare earlier for their levies. We have also made it easier for business customers to access information they need and make payments on time through digital channels, including MYACC for Business. The number of enquiries made by businesses to ACC fell 20% this year. The reduction included queries about levy invoices (for example, calculation details, or copies of invoices), along with requests to update contact information, change job classification or close accounts.

Rehabilitation

Integrated Care Pathways

We are moving closer to provider-led recovery approaches for our kiritaki. ACC Board's has approved an Integrated Care Pathways Musculoskeletal service, to start in 2024. The pathways model makes kiritaki outcomes the basis of how we purchase services and is the first step towards providers taking a more active role in meeting clients' rehabilitation and recovery needs.

The main benefit of a pathway is that it wraps a team of health professionals around an injured person, who all work together to provide the right type of treatment, at the right time. It also helps the client stay engaged by using a 'health navigator' — a person who helps the client with queries about their treatment and understanding the options available to them.

The Integrated Care Pathways model is based on a four-year pilot involving over 12,000 kiritaki since December 2019. The pilot identified a financially sustainable model that improved client outcomes, as well as opportunities to reduce variability in care, to minimise barriers to access and to ultimately enhance the outcomes and experiences of our injured clients. Of kiritaki involved in the pilot, 88% reported improved health outcomes, and 95% reported positive patient experiences.

Improving rehabilitation outcomes

COVID-19 changed the health and employment environment in Aotearoa New Zealand, impacting service delivery across many sectors. ACC's effectiveness in managing rehabilitation performance hinges on the capacity and capability of our workforce, timely and effective case management activities, and the number and composition of claims being managed. Recently wider external factors (such as health system pressures, economic factors, and cyclones and weather events) have also affected rehabilitation performance.

ACC is aware that there is work to be done to improve rehabilitation performance and ensure the best outcomes for its clients.

In May 2022, ACC began a Rehabilitation Performance Programme (RPP) as part of its continuous improvement approach to claims management. This programme is based on capability streaming, which matches clients with the individuals, teams, and services that will deliver the best possible rehabilitation journey and outcome. The programme optimises capacity and grows the capability of frontline staff in supporting client rehabilitation.

In December 2022, ACC established a broader Rehabilitation Improvement Group to further support rehabilitation performance. The Group will build a current understanding of the drivers of performance to target and more effective interventions. The group is focusing on three workstreams:

- Rehabilitation Delivery — looking for ways to evolve vital services, grow system capacity, and create and retain capability in frontline teams.
- System Design Team — fully understanding the current experience ACC customers have with the rehabilitation system to inform improvements.
- Performance reporting — creating a clear enterprise-level picture of rehabilitation performance results; what is working well, and how the results have been affected by external factors in the wider system.

Innovation Fund

In 2022, we launched an Innovation Fund to support new approaches that help injured people recover faster and make life easier for our healthcare partners. Last year we provided six grants to develop technological ideas; all of them are now being deployed to the sector or tested at scale. Although the benefits are designed to be mainly non-monetary, we are seeing financial benefits over a year on.

Our 2023/24 Innovation Fund will help innovators develop ideas that help injured people stay connected with their workplace and recover at work, where appropriate, after an injury.


DYNASTY
BAYLEYS
St Peter's
Cambridge
NEW ZEALAND

Recovering at work kept me sane

Carl's story

When PE teacher Carl Perry ruptured his Achilles tendon, he was worried about taking time off work. But going on a Recovery at Work programme helped him stay on top of his tasks and remain socially connected, giving his physical and mental wellbeing a boost.

"If I hadn't been able to come to work, I would have been in a dark place — it definitely kept me sane," he says.

"I didn't need to stress about keeping on top of everything, who would teach my classes or who was going to do my admin."

That was a relief as Carl has a lot on his hands.

As well as teaching classes and serving as Director of Rugby at St Peter's School in Cambridge, he also coaches the First XV and is Assistant Director of the senior boarding house.

At home, he has three young girls — all under the age of six — to look after with wife Anna.

So he was grateful for the support he received from ACC, which included funding his physio, covering some other medical costs, and providing a moonboot and knee scooter.

"They made sure I was getting all the physio I needed and, after I tried to be a hero on crutches, the knee scooter was a game changer. It made getting around the school so much easier."

Carl's experience is in keeping with what we know about the importance of recovering at work.

Research shows it can be good for an injured person's physical and mental wellbeing, and can help them get better, sooner.

In 2022/23, we focused on four customer outcomes and experience priorities. Our progress on the deliverables planned against the priorities is detailed below.

TABLE 2: 2022/23 CUSTOMER OUTCOMES AND EXPERIENCE ACHIEVEMENTS

What we set out to achieve	Result
1. We deliver high-quality and effective treatment and rehabilitation services for our clients to enable a return to independence	
We will have implemented the changes required to support the Accident Compensation (Maternal Birth Injury and other Matters) Amendment Bill.	Achieved
We will have improved employers' ability to engage in the recovery of workers by providing access to claims information and resources.	Achieved
We will have enhanced customers' recovery journeys by matching customers with teams, individuals, services, and pathways based on capability and capacity.	Achieved
We will be developing a more sustainable service to support a better experience for victims of sexual violence.	Ongoing
The Māori Health Outcome and Measurement Framework is progressing, with the goal to inform and align with ACC's whānau-centred Kaupapa Māori Health Service and delivery.	Ongoing
We have tested the capture of a global Patient Reported Outcome Measures (PROMs), and are ready to design for the capture of PROMs at scale for appropriate clients.	Achieved
2. We partner with providers, businesses, government agencies, iwi, hapū, whānau, and communities to enable improved value for our customers	
We will have redesigned the Accredited Employer Programme to enable a streamlined experience for participating employers, ensuring improved experience and rehabilitation outcomes for their employees.	Achieved
We will have improved business customer experience through the provision of digital notifications, targeted campaign communications and a focus on recovery at work. We will have transitioned most of our business customer experience onto digital channels, with a focus on customer experience.	Ongoing
We are testing and enabling clinical pathways which, at scale, will service most of the medium to high complexity clients.	Ongoing
To deliver better outcomes for patients, providers, and ACC we have engaged with the health sector and increased value for money in our health care spend.	Ongoing
3. We actively make it easier for our customers and others to work with us	
We will have enabled providers access to additional functionality through the Provider Hub and continued to integrate with the health system, allowing providers to interact with us through their technology of choice.	Ongoing
We will have delivered the key components (provider portal and provider registry) to enable transition from our legacy health provider payment system.	Ongoing
We will have simplified our transactional engagements with businesses to provide more time for them to engage in value-add activities.	Ongoing
We will have improved access, usage, and straight-through automation of MyACC, creating an enhanced digital experience for clients.	Achieved
Through public engagement programmes, we will increase awareness in ACC, build trust, and demonstrate the value we offer to Aotearoa New Zealand and our customers.	Ongoing
We will have developed and implemented a new organisational strategy that defines our strategic intentions now and into the future which supports our decision-making and the way we work with our stakeholders and customers, and is developed and delivered in a manner consistent with the principles of Te Tiriti o Waitangi.	Achieved
We will deliver a high level of service through our Contact Centre, with a focus on first call resolution and customer experience.	Partially achieved
We will be developing a Pacific Peoples strategy and implementation plan.	Achieved
4. We achieve improved access, experiences and outcomes for Māori	
We will have improved the experience and outcomes for Māori clients using Hāpai case management.	Ongoing
We will be monitoring and reporting on a vital set of organisational Māori outcome measures.	Ongoing
We will be implementing the Māori Outcomes Framework to drive ACC's performance toward achieving equitable outcomes for Māori.	Ongoing
We will have established Māori client and Pacific Peoples knowledge expert panels to enable a customer focus for ACC.	Ongoing
We will be developing and delivering a strong strategic iwi Māori engagement function externally while maintaining internal relationships to join up other iwi engagement programmes across ACC.	Ongoing

Te ao tūroa | Sustainability

To ensure the longevity of the Scheme for future generations, we need to be considerate of environmental, social and financial sustainability.

Our careful stewardship of the Scheme will ensure we can continue to provide the high-quality services our clients need, while not simultaneously imposing a burden on future levy payers, including the Government.

Mokopuna and the intergenerational legacy we are creating are two of our most important concerns. Oranga whānau is a basic human aspiration and a commitment of the Crown as a Te Tiriti partner. At the population level, oranga whānau is also a dynamic that underpins resilience and positively impacts recovery and rehabilitation.

The Scheme is managed to ensure that it is sustainable for future generations. As kaitiaki and responsible stewards, we ensure that the financial resources entrusted to us are invested and spent for optimal return. We also ensure that future generations do not bear the economic burden of injuries that occurred to earlier groups of people.

Our climate actions are another expression of stewardship and kaitiakitanga. It is not enough that we safeguard the economic capacity of the Scheme. We also need to ensure that our organisational actions contribute to an environment in which our mokopuna can thrive.

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

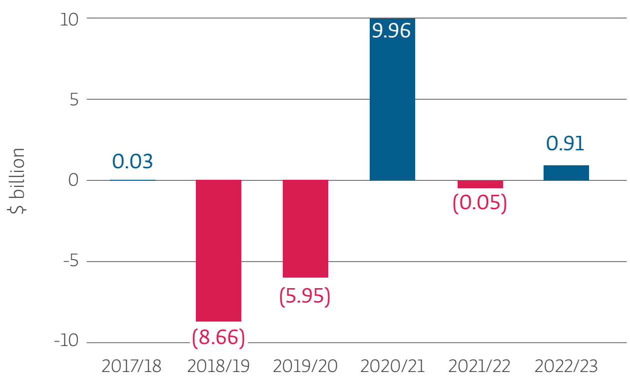
Our Investment Fund generated $3.3 billion of income, a 7.07% return (after costs). While this return did not outperform benchmarks, it represents the excellent performance of the investments function.

This year, an increase in interest rates reduced today's value of the future costs of accepted claims — the Outstanding Claims Liability(OCL).

The Scheme and its investments are deliberately structured to consider both the OCL and the need to maximise the use of our investment assets.

Economic volatility will continue to impact both the Investment Fund and the OCL, the impact of which has been a primary driver of large swings in the recent financial performance.

CHART 2: HISTORICAL SURPLUS / (DEFICIT)



Our performance ambitions

This year we achieved the following performance ambitions:

- Change in average treatment cost per claim lower than budget: +9.6%

Real performance improved in the year but there were challenges to this ambition:

- Investment performance after costs relative to benchmark: -0.20%

There were challenges to delivering these ambitions in 2022/23:

- Average care hours per serious injury claim: 1,437
- Actuarial movement: +1.9%

Achieving appropriate outcomes

We carefully consider the costs of the services we offer. We want to achieve the most appropriate outcomes and best value for our customers, while supporting clients to achieve effective rehabilitation and independence outcomes. This year claims costs increased 15% to $6.2 billion but remained within our budget expectations. There has been significant volatility in the cost of providing services for injured people over the past three years from the impact of COVID-19.

The cost of providing compensation, treatment, and rehabilitation services to injured people has three main drivers:

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

Claim and treatment volumes were subdued for most of the year. This lowered the cost of providing treatment and compensation. Lower weekly compensation claims volumes were partially offset by an increase in the average cost of each compensation claim. This was driven by higher-than-expected wage inflation and lower rehabilitation performance.

Although treatment volumes (and costs) remain below budgeted levels, allied health service volumes are recovering. The primary care sector has been especially impacted by workforce shortages this year.

Elective surgery costs were lower than expected and driven by lower volumes. We are actively monitoring surgical queues and extended durations to surgery to ensure injured people can receive it in a timely manner.

The cost of Vocational Rehabilitation services has grown 28% on the year before. Average costs per claim are higher than budget, but volumes remain lower than expected. Appropriate use of vocational rehabilitation should lead to sustained outcomes for injured people.

Home and Community Support Services continue to see higher-than-expected costs per claim and higher volumes, driving increases in the OCL.

Since the introduction of the legislation in 2022, the number of MBI claims (nearly 4,000) is lower than projected. We expect access to the Scheme to increase as awareness of the available cover grows.

Managing liability growth

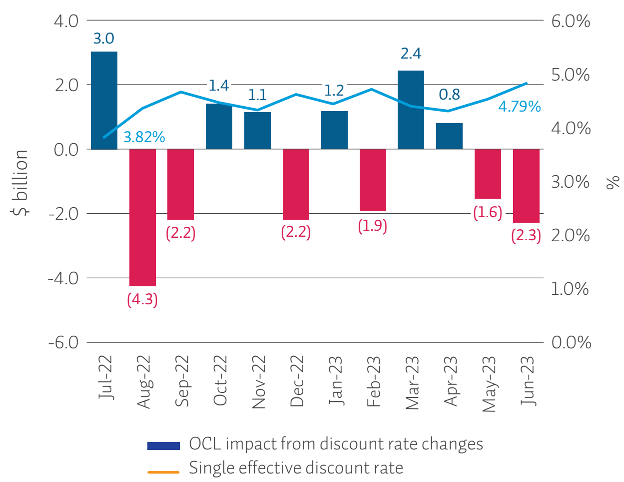
Some injured people with serious injuries will require ongoing support for decades to come. The OCL is the net present value[1] estimate of how much money we need in today's terms to support already injured people for as long as they need it.

This year, the Outstanding Claims Liability increased by $1.3 billion to $51.5 billion, following a $10 billion reduction over the previous two years. External economic factors can drive significant movements in the value of the liability.

External impacts on the OCL

In 2022/23 the greatest movement was driven by a 61 basis point increase in interest rates. This movement reduced the OCL by $4.4 billion. The following chart highlights the significant reductions in the OCL as interest rates increased over the year.

CHART 3: MONTHLY DISCOUNT RATE IMPACT ON OCL VALUATION



Inflation movements partially offset the interest rate impacts. Increases in medium-term inflation rate projections increased the OCL by $2.2 billion.

The value of the OCL is significant, so the Scheme will continue to be affected by the volatility of these external economic factors. In perspective, as at 30 June 2023, if interest rates were 1% higher, the OCL would have been a further $6.5 billion lower. Conversely, a 1% decrease in interest rates would have added $8.7 billion onto the OCL[2].

1 *The net present value is calculated using the Treasury discount rates that are generated from underlying government bond yields.*
2 *Note 6.3 d (ii), page 167 of the financial statements provides full analysis of the sensitivities of key OCL valuation assumptions.*

The maturing Scheme impacts on the OCL

Each year more injured people enter the Scheme than leave, the population grows, and inflation increases the costs of services. The effect of this growth towards Scheme maturity in 2022/23 was $2.6 billion.

Claims experience impacts on the OCL

Every year we update our future cost models to reflect the experience of injured people accessing the Scheme. This includes reflecting the number of clients accessing it, the average cost of providing the services needed, and how long those supports are required. In 2022/23, the OCL increased $0.9 billion to reflect claims experience.

This year, most of the increase in the OCL from claims experience is influenceable. This movement includes the areas where management action could, at least partially, improve outcomes for injured people. In turn, this would lead to reduced costs for levy payers. Of this influenceable portion of the increase, the largest drivers were from:

- **Care for seriously injured people**: contributed $742 million. Driven by the increase in costs and the use of residential care and higher-than-expected levels of attendant care hours, particularly for more recent injuries.
- **Weekly compensation**: contributed $212 million. Driven by an increase in the Earners' Account from deteriorating rehabilitation performance. Note that there has been a decrease in the Motor Vehicle Account from improved rehabilitation performance and a reduction in the volume of new claims.
- **Sensitive claims**: contributed $77 million. Driven by increases in people accessing weekly compensation in the Earners' Account. This trend is expected to continue.
- **Internal operating costs** (claims handling expenses): contributed $262 million. This has been driven by higher operating costs combined with a methodology change for how our Integrated Change Investment Portfolio costs are classified.

Of the non-influenceable increase from claims experience, $380 million was for actual or expected future increases to care rates for seriously injured people. Most relates to increases in residential care rates, and attendant care rates and the costs of travel.

Refer to page 163 for the full breakdown of the movements in the OCL.

Maintaining investment performance to reduce levy payer impact

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

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

This year our investment portfolio returned a weighted average return of 7.07% after costs, generating $1 billion more income than expected. For only the third time in the past 31 years, the investment portfolio underperformed compared to its market benchmarks (by 0.20%).

In 2022/23, the significant increase in inflation and steady increase in interest rates was generally detrimental to our longer-term investments. These investments act as a partial hedge to the OCL, and should be considered in the context of the interest rate-related decrease in the liability. The increase in inflation positively affected our substantial inflation-indexed bonds holdings. This was supplemented by strong returns from our global equities.

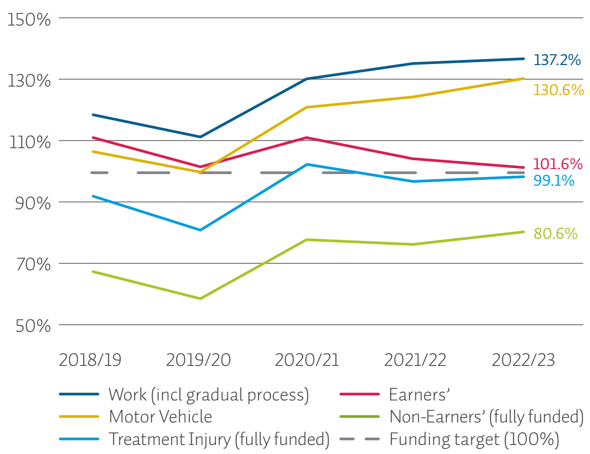
Every $100 invested in 1992, is now worth $1,572 and our investment portfolio is now $47 billion, an increase from $45 billion last year. For more details on our investment performance, refer to our Investments information on pages 71 and 207.

Ensuring intergenerational fairness

We must be mindful of the role we play in maximising intergenerational fairness. Through our responsible stewardship of the Scheme, we are reinforcing the fully funded model. Funding for the Scheme comes from levies, appropriations, and investment income. This means that future generations of levy payers do not carry the cost burden of injuries that occurred in earlier years.

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

CHART 4: FUNDING RATIOS BY ACCOUNT



While we do expect some volatility in the funding ratios, if Accounts are underfunded for too long it can be difficult to get them back to target. This threatens intergenerational fairness and sustainability, and could mean future generations will have to pay higher levies to cover the costs of the prior generation's accidents.

To understand the financial sustainability of the Scheme we must consider the individual performance of each of ACC's five Accounts. Each Account, by design, has different drivers and dynamics.

Today, three of the five Accounts are above their funding target of 100%. However, levies are not currently set at a sustainable level as claim costs for each levied Account are more than what we are collecting. Without ongoing increases in levy rates and appropriations, all Accounts will eventually dip below the target funding ratio of 100%.

The Government has decided to set levy rates every three years to provide more stable and predictable levies for levy payers. This means responses to changes in funding ratios happen over a longer period of time. Aotearoa New Zealand will next have the opportunity to provide input to our levy-setting process through the 2024 levy consultation. This Consultation will cover proposed levy rates and other levy-related proposals for the 2025/26 to 2027/28 levy period.

The gap between the expected revenue using current levy rates and the new year cost, by Account, is shown below.

TABLE 3: NEW YEAR CLAIMS COST GAP – LEVY YEAR 2023/24

New year claims cost gap surplus / (shortfall)	As at 30 June 2023
Motor Vehicle	($297m)
Work	($296m)
Earners'	($515m)
Treatment Injury Earners'	($115m)
Non-Earners' including Treatment Injury Non-Earners' [3]	$9m
Total	**($1,215m)**

Our investment portfolio can partially offset some movements in our liabilities. However, the long-term nature of the Scheme means that it is not possible to fully match its assets to total claim liabilities.

We do, however, have areas (including injury prevention and rehabilitation) where sustained performance improvements will alleviate some of the pressure in the Scheme.

3 *The Non-Earners' (including Non-Earners' portion of the Treatment Injury Account) is based on 30 June 2023 assumptions.*

Reducing our environmental impact

Through our climate change actions we aim to reduce our corporate emissions by 21% by 2025 and 42% by 2030, and to reduce the carbon intensity of our global equity investment portfolio 60% by 2025 and 65% by 2030. These reduction targets are compared to 2019 levels. Our reporting on the Task Force on Climate-related Financial Disclosures (TCFD) and Carbon Neutral Government Programme (CNGP) is included in Appendix 2 on page 220.

We have reduced our corporate-related carbon emissions (scopes 1, 2, and 3) by 37% as at 30 June 2023 from our 2018/19 baseline and are on-track to meet our 2030 target. We have reduced our portfolio carbon intensity by 60% as at 30 June 2023 compared to the 2018/19 baseline.

37%

Reduction in tCO_2-e 2022/23

EMMISSIONS TOTAL - 2022/23: **5206** tCO_2-e

2018/19: 8,227 tCO_2-e | Target of 21% reduction in total corporate emissions by 2025

60%

Reduction in portfolio carbon intensity

(including emissions embedded in investees fossil fuel production)

CARBON INTENSITY - 2022/23: **226** tCO_2-e / US $1m revenue

2018/19 carbon intensity: 562 tCO_2-e / US$1m | Target of 65% reduction in portfolio carbon intensity by 2030

In 2022/23, we focused on four sustainability priorities. Our progress on the deliverables planned against the priorities is detailed below.

TABLE 4: 2022/23 SUSTAINABILITY ACHIEVEMENTS

What we set out to achieve	Result
1. We carefully consider the costs of the services we offer to achieve the most appropriate client outcomes and best value for our customers	
We will continue to refine our performance management approach to ensure we manage the dual focus on the costs and outcomes of the services we provide while increasing our overall effectiveness.	Ongoing
2. We manage cost and liability growth	
We will continue to develop our understanding of which drivers of cost and volume changes we can most influence. This will inform the actions we can take to improve customer and financial outcomes.	Ongoing
3. We maintain investment performance above benchmarks to reduce the impact on levy payers	
We will continue to manage our investments, seeking to outperform investment return benchmarks over the long term while minimising unexpected mismatches between investment income and growth in the outstanding claims liability.	Ongoing
We will continue to invest with purpose through the Health and Safety Impact Fund (to improve health, safety and wellbeing in Aotearoa New Zealand) and the Climate Change Impact Fund (supporting our transition to a lower carbon economy).	Ongoing
4. We are committed to Aotearoa New Zealand's environmental goals, including for the net zero emissions target and in achieving carbon neutrality	
We will continue to deliver on our public commitments to Aotearoa New Zealand's environmental goals.	Ongoing
We are tracking and reporting on our progress to reduce carbon emissions.	Achieved

Te Pūrongo Haumi | Investments report

ACC's Investment Fund is designed to meet the future costs of accidents that have already occurred. Our investments reduce the risk that future levy payers will have to pay for past injuries.

Intergenerational equity is an underlying objective of the ACC Scheme. In essence, this means that each year's levy income should be sufficient to meet the ongoing costs of accidents occurring in that year, including costs that are paid out over time. Future levy payers would end up having to pay these ongoing costs if investment returns were less than expected, or if there were unanticipated rising costs such as unexpected inflation.

7.25 % 2022/23 return (before costs)

-9.21 % 2021/22 return

9.31 % p.a. Investment returns since 1992

8.05 % p.a. Benchmark returns since 1992

$1,572 Growth of $100 since 1992

0.18 % Management expense ratio

$47.1 billion Balance of ACC investments on 30 June 2023

-0.20 % 2022/23 investment performance after costs relative to benchmark

Message from the Chief Investment Officer

Investment returns in 2022/23 were much better than in 2021/22. Overall, the Investment Fund returned 7.25% (before costs).

Dominant features were a surge in inflation and, consequently, a steady lift in interest rates from central banks. This environment was generally harmful to longer-dated fixed interest investments.

The Fund returned 7.07% (after costs), slightly behind the benchmark of 7.27%. In large part this reflected a mismatch between the Fund's benchmarks and how the mandates were set for the Fund's external managers. The external equity managers outperformed the benchmarks set for them but underperformed for the overall Fund benchmark. This mismatch was a deliberate choice by ACC's Investment Team but did not pay off in 2022/23.

ACC has longer duration within its portfolios than is typical of other balanced funds due to the long duration of its liabilities. With our holdings of longer-dated bonds acting as a partial hedge to ACC's OCL, looking at fixed interest returns in isolation is misleading. The change in value of our fixed interest investments needs to be set against the reduction in ACC's claims liabilities on the other side of its balance sheet.

A bright spot within our portfolio in 2022/23 was our significant holdings of inflation-indexed bonds. With inflation rising, this portfolio returned a little over 5.5% for the year.

Equity returns were more than satisfactory over the year. Each of our New Zealand large cap equities, Australian equities, and listed infrastructure provided double-digit returns in stark contrast to the losses in the previous year.

The strongest returns overall were from global equities, with a total return of 18.2%. The only word of concern is that the gains, especially in the US, were thinly spread. A small number of large stocks, mainly tech-based, accounted for much of the gain. How sustainable these returns prove to be will only be apparent with time.

ACC's private or unlisted asset returns were mixed. Private equity had yet another year of returns above 10%. Against this, both directly held infrastructure and property suffered from rising discount rates.

The weakness in property extended to listed property, where returns were close to zero for the year. This was a disappointing outcome given that most of our portfolio managers added value. However, across equities generally this was offset by differences between our Fund benchmarks and some of the benchmarks adopted by our managers. Usually, this difference would not be large but in 2022/23 it was a major drag on performance.

Given ACC's relatively conservative risk profile, the return of 7.25% (before costs) was satisfactory and slightly above what we would expect long term. To have delivered this while continuing to lower the Fund's carbon footprint was a pleasing outcome.

Highlights of 2022/23

Carbon reduction	The carbon intensity of our total listed equities has reduced by 60% compared to the 2018/19 baseline. This is two years ahead of our first interim target and ensure we are well placed to meet the projected 65% reduction by 2030. To ensure we remain on-track on our journey to net zero 2050, we have shifted our equity investments to low-carbon benchmarks. The changes cover about $17 billion of equity investments across ACC's global, Australian, and New Zealand portfolios. We have teamed up with the NZ Superannuation Fund, the Government Superannuation Fund Authority, and the National Provident Fund to use our collective influence to engage directly on climate change with New Zealand's largest companies. We supported the External Reporting Board in the development of mandatory climate-related disclosure standards for major New Zealand companies that came into effect this year. While not bound by the standards, ACC intends to report its own progress in line with the regime. Assurance provided on the carbon footprint of the Investment Fund by EY audit.
Private Markets Team	The Private Markets Team is supporting critical infrastructure in Auckland with funding for University of Auckland student accommodation. The loan to Ergon Properties will finance the investment phase for Stage Three of the University's Carlaw Park Student Village. Stage Three is a 10-storey, 203 apartment building with a long-term lease to the university. The Pūhoi-to-Warkworth motorway opened, marking the second successful roading Public Private Partnership that ACC has invested in after Transmission Gully, which opened in March 2022. We exited solarZero in a sale to BlackRock, the world's largest asset manager, with global expertise in the sector. The transaction provided ACC with a strong return on our original investment. Blackrock can provide solarZero with the capital it needs to reach its potential.
Impact Investments	We invested in Lodestone Energy, which is developing solar farms across five sites in the upper North Island. The solar farms will produce about 400 GWh of daytime, renewable energy, enough to power 50,000 New Zealand homes — or a city the size of Kirikiriroa Hamilton. We teamed up with the Simplicity Private Equity Fund to invest in The Pure Food Co, which provides densely nutritional food for older people. Our support will help Pure Food expand beyond New Zealand and Australia and into Europe. The investment makes a meaningful impact on the lives of older people while generating returns that will help support the ACC Scheme. Market interest and the pipeline of potential investments for ACC's impact investing remains strong.
Kiwi Group sale	The Crown's offer to take direct control of Kiwi Group Holdings, the owner of Kiwibank, was an opportunity for ACC to exit the investment on commercial terms. The bank's assets had grown almost 50% since ACC first invested in 2016. The $464 million raised from the sale of our 22% stake will be reinvested to generate returns that help meet the cost of injuries in New Zealand and ensure levies are lower than they would otherwise need to be.

Our journey to a low carbon future

Our journey to a low-carbon future isn't going to be achieved by pulling one big lever. It is about many small steps. We made measurable and pleasing progress in 2023. The carbon intensity of our listed equities has fallen 60% from the 2019 baseline, a level we had targeted to reach by 2025.

This is an important milestone in reducing our carbon emissions. We are taking steps to stay on-track through to our next interim target for a 65% reduction in emissions by 2030. While this is only an additional 5% from where we are now, our experience shows carbon reduction doesn't necessarily travel in a straight line. Carbon intensity will fluctuate as it trends down with the emissions profiles of investee companies.

In 2023, we switched to low-carbon benchmarks for our listed equities — about $18 billion of our investments. We also impose portfolio carbon limits, or caps, which portfolio managers have to operate within. These are reviewed annually and generally lowered, and have the effect of squeezing the carbon out of our portfolios over time.

Divestment and exclusion are only part of the answer. Engagement is increasingly important because companies are more likely to raise their climate ambitions if held to account by responsible investors such as ACC. In 2023, we teamed up with the NZ Superannuation Fund and the other Crown Financial Institutions to use our collective influence engaging directly with Aotearoa New Zealand's biggest companies on climate change.

Our impact portfolio, which has a focus on climate change as part of our commitment to a measurable reduction in greenhouse gas emissions, invested in Lodestone Energy, a developer of grid-scale solar farms across the North Island.

Some may ask why we don't just exit fossil fuel producers now. Our answer is that the response to climate change involves all of us and reducing the overall carbon intensity of our investments means we hold users of fossil fuels to account as much as producers. Our strategy recognises that the burning of fossil fuels across business sectors — including utility companies, manufacturing, industry and transportation — is the largest single source of global greenhouse gas emissions. Signalling to these companies that they need to lower their carbon emissions is an important part of our strategy.

Climate change engagement is becoming increasingly important as we work with our investee companies and ratchet down the carbon emissions of the Fund. As a responsible investor, we can't be complacent.

How we invest ethically

Our ethical investment policy

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

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

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

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

ACC recognises that significant numbers of New Zealanders may believe that various other activities are unethical (for example, involvement in gambling, fast food, sugary soft drinks, alcoholic beverages, or factory farming). However, ACC would be unlikely to impose a blanket exclusion on investing in these activities unless New Zealand's Parliament passed laws to ban these activities in this country.

When New Zealand's Parliament does ban an activity, ACC will presume that the decision reflects the majority view of the New Zealand public. In addition to avoiding investments in companies that engage in activities that are contrary to New Zealand law, we will never make any form of investment that is illegal under this law.

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

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

Climate change and carbon reduction

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

ACC is a signatory to the Crown Responsible Investment Framework and the Net Zero Asset Owner Commitment, and is committed to reporting progress on transitioning to net zero emissions by 2050 in line with government policy and the Paris Agreement.

ACC has achieved a 60% reduction in the carbon intensity of listed equities, compared to a June 2019 baseline ahead of its 2025 interim target, and is well placed to reach a 65% cut by 2030. We have cut the carbon intensity of our listed equities by exiting thermal coal miners, switching to low-carbon benchmarks, and imposing a carbon cap on portfolios that reduces over time.

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

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

Activities that we will not invest in

- ACC avoids investing in entities that engage in activities that are illegal in New Zealand or that most New Zealanders would regard as unethical. Our exclusions list is continually reviewed in these areas:
- Production or sale of anti-personnel land mines that are not compliant with the Anti-Personnel Mines Prohibition Act 1998.
- Production, design, testing, assembly, or refurbishment of nuclear explosive devices.
- Production or development of cluster munitions.
- Processing of whale meat.
- Production of automatic or semi-automatic firearms for civilian use.
- Coal-mining companies that get more than 30% of revenues from thermal coal.
- As a health-focused agency, ACC avoids investing in tobacco production. We recognise that while tobacco is still legal in New Zealand it is also greatly discouraged by public policy.

Production or supply of recreational cannabis or supply of unlicensed medicinal cannabis.

Investing in New Zealand

Iwi partnerships

Māori iwi have many characteristics in common with ACC Investments. Iwi are focused on Aotearoa New Zealand, representing a broad part of our community, and often have a long investment horizon and a broad mandate to invest. Investments are an important component of delivering on Huakina Te Rā, our 10-year strategy, and both ACC and iwi aim to improve wellbeing outcomes for Māori. As a Te Tiriti o Waitangi partner, ACC is committed to working with whānau Māori to achieve leadership. This makes us natural co-investment partners where there is a demonstrated commercial return. Examples of our iwi partnerships include:

- A joint venture with Ngāi Tahu Property to develop Ōtepoti, a state-of-the-art office building that will house ACC's Dunedin-based operations.
- Teaming up with Te Kawerau a Maki to buy land at four school sites across Tāmaki Makaurau Auckland with the Ministry of Education as tenant.

New Zealand financial markets

ACC is one of the largest investors in New Zealand companies. ACC owns about 2.8% of the market capitalisation of the New Zealand sharemarket. This rises to about 4.5% of the available shares if we exclude strategic shareholding blocks, such as the Government's shares in the gentailers (electricity generators and retailers) from the calculation.

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

ACC's investments in individual companies or securities are generally too small to significantly affect total investment returns in a single financial year. ACC holds six equity investments that individually represent more than 0.5% of the Reserves Portfolio (that is, greater than $233 million).

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

ACC's 20 largest listed equity investments	$NZ million
Microsoft	420.0
Alphabet	326.2
Infratil	322.4
Auckland International Airport	295.6
Spark New Zealand	257.4
Contact Energy	254.4
Meridian Energy	231.9
Fisher & Paykel Healthcare	228.6
Apple	204.2
Goodman Property	173.6
Transurban	162.7
Fletcher Building	155.8
Precinct Properties New Zealand	154.3
EBOS	150.9
Mercury NZ	146.1
BHP	142.0
Chorus	141.5
Kiwi Property Group	141.4
Mainfreight	134.5
a2 Milk	121.0

Governance

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 New Zealand corporate governance standards.

Over 2023, attention has been focused on the representation of shareholders' interests in NZX reviews on capital raising settings, director Independence and the issue of waivers for major and material transactions with related parties.

ACC continues to fully meet its fiduciary obligation as a New Zealand shareholder — including voting all proxies in the interests of our levy payers and actively working with boards to represent our interests. Representations about the appropriate alignment and disclosure of executive remuneration continue to be a focus.

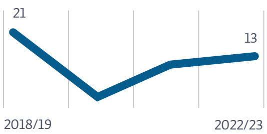
Maintain a diverse, high-performing workforce empowered to deliver great customer experiences and outcomes

Employee net promoter score

+13

TARGET: +12

ACHIEVED



TREND

Equipping our people with the right tools and capabilities enables them to be high-performing employees, proud of their organisation.

1,362

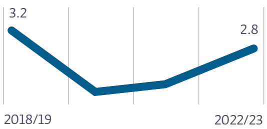
of our people would recommend ACC to family and friends as a great place to work

Total recordable injury frequency rate

2.8

TARGET: <3.5

ACHIEVED



TREND

We keep our people safe, healthy and well, enabling them to arrive home in the same mental and physical condition as when they left for work.

20

of our people experienced a recordable injury at work

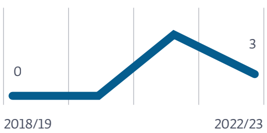
Improve the way we use, protect and share information

The number of category 3, 4 and 5 privacy breaches

3

TARGET: <3

NOT ACHIEVED



TREND

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.

30

recommendations (all) from the Independent Review addressed

Support ACC business outcomes with modern, reliable and secure information technology

Overall operational system availability

99.9%

TARGET: 99.5%

ACHIEVED

TREND

Our systems need to be available so we can deliver the services our customers expect

100%

of our people have mobile technology enabling hybrid working


Jabra

Hybrid working

Hybrid working

ACC's hybrid working framework provides most of our kaimahi with flexibility in their hours, location, and days of work, including up to three days working from home a week. It makes work better for our people, while continuing to improve lives every day for the people we serve.

Hybrid working is about having flexibility and recognising that the world of work has changed very rapidly over recent years, while maintaining the connections that make us effective team members and the high standards of service we deliver to our customers.

The success of the framework has been demonstrated through continued improvement in eNPS scores in the annual Engagement Survey and winning the Future of Work category at the 2023 Human Resources New Zealand (HRNZ) Awards. This award is confirmation that our approach to hybrid working is the future of work, and flexible working will continue to be an integral part of working here at ACC.

Our people have continued to provide positive commentary about ACC's hybrid approach through our engagement and Pulse surveys. Responses from these surveys over the last 12 months indicate that hybrid working has provided:

- Better balance between work and home life,
- Improved health and wellbeing, and
- More effective use of time and resources.

While hybrid working has had a largely positive impact for our people, there is still work to do. Our next steps will include a focus on more equitable access to remote working, further measures to increase flexibility, and continued progress on team connection.

Ngā tāngata | People

Supporting injured people in Aotearoa New Zealand depends on the culture and capabilities of our people. We are focused on developing and nurturing high-performing customer-focused teams. Aotearoa New Zealand's diversity is increasingly being reflected in our workforce. Diversity allows us to listen, connect, and respond to our clients more effectively.

A workforce that reflects our customers

We are committed to creating a diverse and inclusive workplace at ACC. Diversity strengthens our connection with our customers, attracts great employees, and engages our workforce.

We received the Accessibility Tick again this year in recognition of our ongoing commitment to accessibility.

A third cohort of emerging and aspiring Māori leaders from across the organisation started on our Māori Leadership programme, Te Hihiri. We are committed to growing great people from within and to ensuring representation of Māori in leadership roles within ACC.

Women are under-represented in leadership at ACC. They make up 67% of our workforce but just 45% of our Tier 1,2,3 leaders. We are working to balance and monitor the number of women, wāhine Māori, and Pasifika women at each level of the organisation.

Analysis of job applicants compared to appointments indicates low levels of bias in our recruitment processes. While this is positive, we recognise that bias can arise unconsciously and in unanticipated ways. As part of our Kia Toi Poto commitment, we continually screen our data to ensure we are doing all we can to guard against bias in our recruitment process.

Three members of Te Whānau Uenuku ki | Pride@ACC attended the Annual Carn Conference in Christchurch in June 2023. They returned with a four-year plan to improve the experiences of all rainbow kaimahi. We will be working with the network to achieve those goals.

Embracing hybrid working

Hybrid working is embedded in our organisation. Our employees can work up to three days remotely, depending on the role. Much thought and evaluation has gone into its design and there are a range of supports available to our people and their leaders.

Hybrid working gives our employees flexibility to balance their work and life commitments. Improved wellbeing for our kaimahi ultimately means an engaged workforce and even better care for our clients and partners. We were pleased this work was recognised by the Future of Work category at the 2023 HRNZA.

Improving health, safety, and wellbeing

We prioritise the health, safety, and wellbeing of our people. Our total recordable case frequency rate was better than the target this year. In line with other leading organisations, we are reviewing the measures we use for monitoring the health, safety, and wellbeing outcomes of our people. We are developing further health, safety, and wellbeing improvements to be included in our work programme covering the next four years. Critical risk management and staff wellbeing will be key focus areas.

Our performance ambitions.

This year we achieved the following performance ambitions:

- Total recordable injury frequency rate: 2.8
- Employee Net Promoter Score: +13

Employee networks

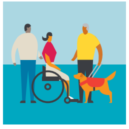
We continued with our support of the goals and activities of six existing employee-led networks. The new Moana Pasifika network was launched, supporting the professional and personal growth of all Pasifika peoples at ACC.

The networks are a strong and purposeful presence at ACC. An estimated 20% of our people are now connected into one or more networks. With the changes in our Executive Team this year we have taken the opportunity to match new Executive sponsors to each network, and provide opportunities for our network leads to engage with our Executive.

Te Whānau Uenuku ki

Pride@ACC | Approx. 90 members

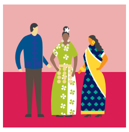
To ensure LGBTQIA+ people are safe, visible and valued at ACC.



Te Whānau āhei ki

Ability@ACC | Approx. 30 members

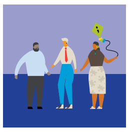
To ensure disabled people are safe, included and valued, personally and professionally at ACC.



Te Tira Mārama

Cross-Cultural Network | Approx. 100 members

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



Wairua o te Hinengaro

The Mind Network | Approx. 160 members

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

Te Aka Wāhine

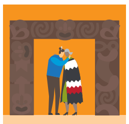
ACC Women's Network | Approx. 510 members

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

Moana Pasifika

Moana Pasifika Network | Approx. 160 members

The purpose of our Moana Pasifika Network will be to provide a safe and encouraging space for Pasifika ACC employees to connect, communicate, and celebrate our unique and diverse contribution to the organisation.



Te Kōtuitui Tāngata Kaimahi

Māori Network | Approx. 300 members

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

Proud to be part of ACC

We had our highest number of responses to our annual Engagement Survey this year. With 87% of our people participating we can be confident the results are reflective of the views of those in the organisation.

In 2022, our results showed engagement was improving in key areas. This trend continued in 2022/23, with further improvement in all our key measures.

Our Employee Net Promoter Score increased by three points. This is the highest result since 2017 (except for the 2020 COVID-19 survey results). The Employee Net Promoter Score is a measure of how likely our people would be to recommend ACC as a place to work.

Reducing our gender and ethnic pay gaps

Our Pay Gaps Report and Action Plan 2022-2023,[4], published in December 2022, found the mean and median gender pay gaps were 17.8% and 19.4%, respectively. For Pasifika and Asian women these gaps were greater at 22% and 23% (median gaps, respectively). Pay gaps were not found for men of any ethnicity, disabled people, or on the basis of age. Our horizontal pay gaps (within job sizes) remain low at less than 5%.

Last year we committed to reduce pay gaps at ACC through our published plan. This is a priority for ACC and we have made good progress towards our targeted actions throughout the year.

4 *https://www.acc.co.nz/assets/corporate-documents/gender-pay-gap-report-2022.pdf*

Papa Pounamu

Papa Pounamu was established in 2017, to bring together diversity and inclusion practices across the public service and to support Chief Executives to meet their diversity and inclusion obligations and goals. The Papa Pounamu work programme has five priority areas of focus. The following table shows how we are delivering these priorities across ACC.

Priority Area 1: Cultural competence	• We are refreshing our Māori Cultural Capability Roadmap to align with the strategic goals and outcomes outlined in ACC's new strategy, Huakina Te Rā.
Priority Area 2: Addressing bias	• Our rongoā Māori service for employees enables access to Māori health providers and healing from July 2022. This is alongside the Employee Assistance Programme (EAP). • An Accessibility Hub, developed for our intranet, provides information and resources for anyone disabled or needing accommodations. • We are finalising the development of guidelines for employees who are transitioning gender and for managing menopause in the workplace. This will be released in 2023/24.
Priority Area 3: Inclusive leadership	• Te Hihiri, our kaupapa Māori leadership programme for kaimahi Māori, will continue to support more Māori into leadership roles within ACC. • Diversity and equity were actively considered when appointing newly created leadership roles in People and Culture this year.
Priority Area 4: Building relationships	• We have streamlined, through the Accessibility Toolkit, how our people access equipment and other supports to enable them to be successful at work. • We are providing free period products in bathrooms at several sites. The impacts will be measured as we consider expanding beyond the trial sites.
Priority Area 5: Employee-led networks	• We have seven employee-led networks, all with an Executive sponsor.

Good employer activities

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

Leadership, accountability and culture	• Organisational values and behaviours are reinforced through our induction and leader-led conversations to support ACC's culture. • Regular Engagement Surveys provide leaders with feedback from their people on their team or organisational effectiveness. • Talent management processes to review leadership effectiveness and identify opportunities to develop further capability and increase diversity in leadership. • Performance Development Cycle enables the setting of clear objectives for all employees each year, with regular feedback on progress. This was reviewed during the year to further improve effectiveness.
Recruitment, selection and induction	• Robust recruitment and selection processes are in place to attract capable applicants and to ensure consistent decision-making. • Recruitment processes adapted during COVID-19 restrictions have enabled ACC to genuinely deliver on their hybrid working arrangements and to extend our talent pool outside of the main centres. • Use of broad assessment and selection tools to encourage and support diversity in age, ethnicity, gender, and disability. • Partnerships to support the recruitment of Māori and people with disabilities, including an internship programme. • Diversity statement on our careers website and in job advertisements. • Effective on-boarding through standardised e-learning material and leader toolkit.

Employee development, promotion, and exit	• Performance development and remuneration framework in place with tools and resources to support employees and leaders. • Opportunities for our people to gain graduate or postgraduate qualifications through ACC sponsorship, with a focus on support for disadvantaged groups. • Comprehensive range of learning and development programmes available to employees. • Grow@ACC portal allows employees to create their own development plans and access curated learning content on a wide range of relevant topics. • Accessibility guidelines in place with our Learning Team to ensure employee development programmes are accessible to all employees. • Internal promotion opportunities, with roles and secondment opportunities advertised internally. • Reviewing employee turnover trends and reasons for exit to identify improvement opportunities.
Flexibility and work design	• Hybrid working is embedded in the organisation. This includes the establishment of up to three days of remote working for employees, depending on role and a range of hybrid working supports for our people and leaders. • We have ensured that hybrid working has been designed to create flexibility for our people, while also maintaining ACC services, including front of house for people to come to a site. • We retain a strong focus on diversity and inclusion, including inclusive work practices.
Remuneration, recognition, and conditions	• Our people have access to a range of financial and non-financial recognition options through our recognition system. • Transparent and equitable job evaluation and remuneration practices. • Actively enabling staff participation in contractual arrangements as part of collective bargaining with the Public Service Association, the Association of Salaried Medical Specialists, and Allied Scientific and Technical. • Monitoring gender and ethnic pay equity and ensuring equity within pay bands.
Harassment and bullying prevention	• Employee Code of Conduct and relevant policies available at all times. • We actively seek and encourage employee feedback and participation in all equal employment opportunity (EEO)-related matters, particularly as part of collective bargaining. • One of ACC's four core behaviours is 'inclusive'. It sets an expectation of a respectful and collaborative work environment. • A communication campaign was run to remind people of the various ways to raise concerns. • Our guidelines align with Te Kawa Mataaho Public Service Commission guidelines on bullying and harassment prevention.
Safe and healthy environment	• Strong employee representation and involvement in health and safety committees and initiatives. • Strong culture of reporting near misses and incidents so that learning and prevention can occur. • Health and safety learning modules for all employees, with ongoing safety alerts, recognition, and initiatives to support a safe and healthy environment. • Physical site health and safety checks completed by centralised team to ensure practices and environments are safe. • 'Safe Kiwis' awards reward individuals and teams for outstanding health, safety and workplace behaviours and the introduction of new safety initiatives. • Small innovation grants for teams to implement new health, safety, and workplace initiatives. • Effective management of key health, safety, and wellbeing risks through a structured approach to identification, control, and monitoring. • Comprehensive wellbeing programme, which has been tailored to our environment throughout the year, including: – flu vaccinations and health checks – Employee Assistance Programme and professional supervision support programme – rongoā Māori services for staff and families – ergonomic workstation assessments (both in the office and for remote working locations) and sit/stand desks across ACC – support for employees with disabilities and other needs.

In 2022/23, we focused on five people priorities. Our progress on the deliverables planned against the priorities is detailed below.

TABLE 5: 2022/23 CUSTOMER OUTCOMES AND EXPERIENCE ACHIEVEMENTS

What we set out to achieve	Result
1. Our workforce reflects Aotearoa New Zealand's diversity	
We will support ACC's Whāia te Tika strategy through building the cultural capability of our leaders and people and increasing the representation of Māori employees within our workforce.	Ongoing
We will have developed and be commencing implementation of a new five-year strategy and approach for Diversity and Inclusion at ACC.	Ongoing
2. We have highly motivated capable leaders	
We will have updated our core leadership development suite.	Achieved
3. We ensure the work we do and direct is healthy and safe for all involved, and the wellbeing of our people is supported	
We will continue to mature our Health, Safety and Wellbeing culture by progressing actions in our 2019-2022 Health, Safety and Wellbeing strategy and will develop a refreshed Health, Safety and Wellbeing strategy for the period beyond 2022.	Achieved
We will continue to mature our Health, Safety and Wellbeing culture by developing and implementing an updated Health, Safety and Wellbeing strategy.	Ongoing
4. Our people are capable and proud to be part of ACC	
We will support our people to adopt new capabilities, technology and ways of working to deliver our key organisational initiatives.	Ongoing
We will continue to improve employee engagement through initiatives that reinforce inclusion, development, wellbeing and our ACC Purpose.	Ongoing
5. Our organisational design and our practices facilitate high performance now and into the future	
We will continue to implement key components of our new Human Capital Management system to streamline our people processes.	Partially achieved
We will continue to mature our ability to align our change activity to our organisation's change capacity.	Ongoing


NIKE

Care pathway helps sports-mad teen bounce back

Carla's story

Teenage football player, Carla Ma'amu Hunt suffered a ruptured Anterior Cruciate Ligament (ACL), but was soon back to her best on the field after recovering through the Escalated Care Pathways (ECP) programme.

ECP was introduced by ACC for a four-year pilot phase in 2019 and benefits people with certain complex injuries by providing a smoother, simpler, and faster recovery journey.

As part of the pathway, Carla's surgeon worked closely with Sarah Fanuatanu, a physiotherapist at Physio Rehab Group, to get her ready for surgery and then help her recover.

"It was about providing no barriers for Carla to come in, she could just turn up and focus on her rehab," Sarah says.

As highlighted with Carla's case, the ECP service wraps a team of health professionals around an injured client, who all work together to provide the right type of treatment at the right time.

ECP promotes equity of access by fully funding co-payments for treatment, thus removing financial barriers and making treatment even more accessible.

It also supports Māori and Pasifika patients to stay engaged in the pathway through a 'navigator' model.

The role of the navigator differs between supplier group but is generally someone who helps a client with queries about their treatment and understanding the options available to them.

They can also assist with tasks like booking appointments, organising transport, and advocating on behalf of the client.

"Without that support, I would've just been sitting around and might never have returned to sport," Carla says.

Lessons from the ECP pilot are now being applied to our new Integrated Care Pathways for Musculoskeletal Injuries.

Ngā pārongo | Information

We collect and use personal, confidential, and sensitive information from a large number of people and entities. That information is used to make decisions on people's individual circumstances, and in some cases we need to share it with others. New Zealanders must have the confidence in our commitment to the principles of kaitiakitanga (stewardship) in relation to their personal information.

Caring for Aotearoa New Zealand's personal information and privacy

ACC is the steward of a wide range of personal information. The safe and effective management of this information is essential to maintaining the trust of New Zealanders. Fundamental to maintaining this trust is our customers' confidence that we are collecting their personal information appropriately, storing it securely, and are only disclosing it with proper authority. Our customers also need confidence they can access and correct their information when needed.

In 2022/23, our people have increased their understanding of trusted use of personal information, and we have strengthened our commitment to the principles of kaitiakitanga of personal information.

Systems for learning

We have a long-established process for recording breaches and near misses. We complete a root-cause analysis of every breach to understand what improvements should be made to prevent further occurrences.

Breaches are assessed against the Government Chief Privacy Officer's five-level privacy impact matrix and the new Privacy Act 2020's breach reporting regime.

The Government Chief Privacy Officer's five-level privacy impact matrix gives impact ratings from Category 1 to Category 5 based on several criteria. These include whether it was a systemic issue, the number of impacted individuals, the level of harm to the individual, the harm to the agency, and the sensitivity of the information.

This year, we had three breaches with an impact rating of 3 or above. Two of these breaches occurred more than five years ago. Due to the way incidents are logged, these incidents are captured at the time they are reported and not when they occurred.

We continue to focus on privacy education and awareness which enables a desirable increase in reporting of incidents. We may see an increase in reported breach numbers as we continue to shift our culture and the way we embed care of personal information within our systems and processes. We believe this change positively reflects a greater awareness and embedding of proactive privacy practices.

This categorisation of breaches is differentiated from what are considered notifiable breaches to the Office of the Privacy Commissioner under the notifiable breach scheme (Privacy Act 2020, Part 6).

Notifiable breaches

Where breaches cause or have the potential to cause serious harm to an individual, they are notifiable to the Office of the Privacy Commissioner under the Privacy Act 2020. In 2022/23, we notified the Privacy Commissioner of eight events. Three of these were downgraded to non-notifiable (no potential for serious harm) after investigation. A number of these events were reported this year but relate to historic incidents occurring up to 10 years ago. Due to the way incidents are logged, the historic incidents are included in this year's results.

Our performance ambitions.

Performance improved in the year but there were challenges to delivering this ambition:

- Number of category 3, 4 and 5 privacy breaches and near misses: 3

Actioning the Independent Review

This year our efforts have been largely focused on the Independent Review of Access to and Use of Client Information at ACC by Linda Clark (Independent Review) that was released in 2022, see ***acc.co.nz/privacy/our-privacy-framework/***.

In June 2022, the Independent Review made 30 recommendations highlighting opportunities to rigorously review the systems, processes, and culture supporting our care of personal information. All 30 recommendations were accepted, and a 57-point action plan was established in response. Implementation of this action plan is now complete.

Privacy maturity

With the end of our formal response to the Independent Review it is important for us to acknowledge our pursuit of continuous improvement and that genuine privacy maturity will not have an end date. By its nature it will be constant and iterative. As an organisation we will continue to prioritise care of personal information and privacy to ensure we are best positioned to enable our strategic aspirations in the future. Our achievements have begun to set the strong foundations we need ensure to our success.

We want to have a trusted partnership with our customers. To achieve this, we must proactively build a healthy privacy culture into every area of our organisation. Further privacy maturity initiatives will be carried on by our continuous improvement programme, ensuring our commitment to the care of personal information is sustainable and maintainable well into the future.

In 2022/23, we focused on four information priorities. Our progress on the deliverables planned against the priorities is detailed below.

TABLE 6: 2022/23 INFORMATION ACHIEVEMENTS

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

If you can't stand up, stand out

Jamie's story

At just 10 years old, Jamie Astwood's life was turned upside down. She broke her back in a dune boarding accident, becoming paralysed from the chest down.

But her positive attitude and the ongoing lifetime support of ACC are helping her lead an independent life, setting an inspirational example for others.

"Knowing we've got ACC to help us has been such a blessing," her mum Jo says.

"As soon as the accident happened, they threw a team together with physios, occupational therapists, psychologists and a building team to support Jamie and our family.

"The support has been amazing and I don't know how we would have done it without them."

ACC covered all of Jamie's medical costs during her rehabilitation and some home modifications, as well as paying for Jo to be her primary caregiver.

Now 21, Jamie works as an administrator for Te Tari Pūreke Firearms Safety Authority in Hamilton, responsible for reviewing firearms applications.

She is also an ambassador for the CatWalk Spinal Cord Injury (SCI) Research Trust, which raises funds to support research into paralysis.

A water lover, Jamie has bought a ski boat and is aiming to master sit-skiing.

"I always try to put a smile on my face. People would rather be around someone who is positive, smiling, and looking for the good in every situation," she says.

"I want to show people that, yes, my situation is not the greatest, but I'm super positive and grateful for living life."

"It's great to be able to inspire others. If I can make a difference to someone else's life, then that's an opportunity I'll always look to take."

Te hangarau | Technology

In this changing environment, we need to ensure our organisation, our clients, and our providers are supported by reliable, responsive, and secure information technology. Our technology needs to offer our people, partners, and communities more choice and less effort in how they interact with us and the utmost assurance of safety.

Our technology platform is stable and secure

This year, maintaining our system stability and availability (99.9%) enabled us to continue to deliver services to clients, customers and providers. Continued work in our monitoring space allowed us to proactively remediate issues before impacting our core services.

Technology maintenance has continued to ensure our systems and platforms remain stable and available. To keep up with the growing cyber threat landscape, specific cyber security initiatives were delivered which increased our overall security posture.

Our technology platforms are interoperable and scalable

This year we have been focused on the strategic platform adoption programme, enabling us to migrate most of our on-premises systems to the cloud.

To support modern ways of working and increase resilience, we completed a nationwide upgrade of all network infrastructure and wireless.

This year, we undertook foundational mahi to enable our aspirations of being customer-led. Integrated platforms are valuable and underpinned by customer need. The Salesforce Roadmap is well positioned to deliver a connected platform to enable our people to listen to, engage with, and act upon our customers' needs. This ecosystem will enable a centralised view of our customers and a holistic view of interactions to enrich user experience.

Improved customer experiences and better outcomes

In early 2022, we were looking for a cloud-based unified communications platform to support us in delivering omni-channel outcomes for our customers to replace legacy systems. The selected platform was successfully rolled out to 1,800 staff with minimal disruption. It is integrated with our Salesforce platform and is now supporting our client-facing teams to provide faster service.

Over the coming year we will continue to evolve this platform and deliver more automation. This will continue enabling better customer experiences across all our channels.

Continuous delivery

Continuous Delivery remains the main vehicle for change across the organisation. There are 10 delivery streams (Agile Release Trains) working to better integrate and manage change across the business.

Our performance ambitions.

This year we achieved the following performance ambitions:

- Overall operational system availability: 99.9%

Hybrid working and collaboration made easier with technology

We are supporting our people to have the technical capability to work fully from home. Our people have access to a work from home technology bundle, mobile computer devices, remote access, and virtual desktop solutions.

To support hybrid ways of working and provide a better experience to our people, we focused on two large initiatives this year:

- Ensuring our people can collaborate seamlessly no matter where they are working from is a priority. To enable this, we are implementing a new meeting room technology platform, which has been rolled out to sites around the country with more to come this year. We introduced the new technology to our new Kirikiriroa Hamilton site alongside new smart lockers.
- Providing a better experience for staff working at home and improving the security was a key driver to our shift of management of Windows 10 to the cloud. Over the last 12 months, we have upgraded our Windows 10 solution called Desktop 2.0 to 96% of our staff.

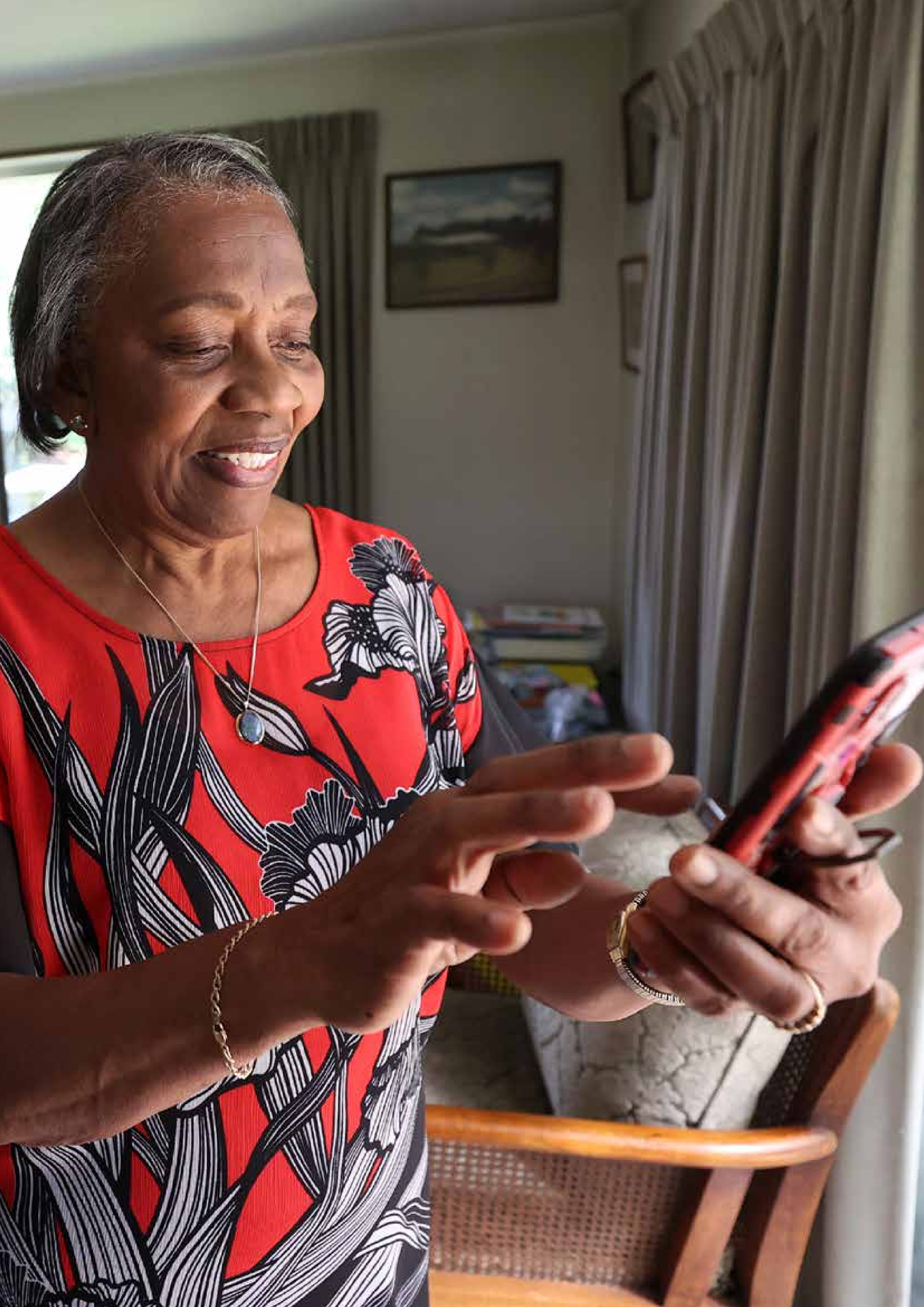
Cross-government collaboration

We continue to work with government agencies and the wider health sector to better integrate and support new technologies, including digital identity framework solutions, data sharing, Application Programming Interface (API) services, provider services and payments, and Microsoft 365.

In 2022/23, we focused on four technology priorities. Our progress on the deliverables planned against the priorities is detailed below.

TABLE 7: 2022/23 TECHNOLOGY ACHIEVEMENTS

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



Traumatic fall shows need for balance training

Dorothy’s story

Grandmother Dorothy Fitzpatrick knows how important maintaining your balance is after she suffered concussion from a heavy fall.

So Dorothy’s a big advocate of Nymbl, an app launched by ACC as part of our older people’s programme, Live Stronger for Longer, which is focused on preventing falls and fractures.

The 78-year-old from Whangārei was walking through her front door when she tripped and went crashing down in a heap onto concrete tiles.

“I remember going down and it was a terrifying feeling,” says Dorothy, who hails from Jamaica.

Luckily, her son and husband were home. They helped her up and took her to Accident and Emergency.

“It was a really scary experience,” she says.

It took three months for Dorothy to recover, which ACC supported through physio, doctor appointments, specialist advice, and home help.

Dorothy is among the many people who hurt themselves from falls every year — it’s the leading cause of injury in Aotearoa New Zealand. We accepted nearly 750,000 claims for fall-related injuries in 2022.

Those worrying statistics were behind the launch of Nymbl, which is designed to help seniors stay steady on their feet. It uses dual tasking, combining simple body movements with easy brain games, like trivia, to challenge both the brain and body.

“We want to dispel the idea that falling over is part of the ageing process,” ACC Injury Prevention Leader James Whitaker says.

“Most falls are preventable. We want to help New Zealanders stay on their feet, enjoying their independence and living the life they want to live.”

Dorothy says you can’t afford to take your balance for granted and finds the Nymbl app very helpful.

“When I’m not using the app, I tend to stumble a bit more when I change direction or turn quickly, and that means I’m much more likely to fall over.”

Ngā mahi whakahaere me ngā whakaritenga mō ngā take mōrearea | Governance and managing risk

Ngā mahi whakahaere | Governance

ACC Board and governance framework

ACC is committed to excellent corporate governance processes and practices.

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

Minister for ACC

ACC Board

Risk Assurance and Audit Committee | People and Culture Commitee | Investment Committee | Health Services Strategy Committee | Social Unemployment Insurance Committee

Chief Executive

Executive

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

Board members are accountable to the Minister of ACC for the performance of their duties.

The Board's governance role is largely governed by the provisions of the Crown Entities Act 2004 and the Accident Compensation Act 2001. These Acts include the following elements:

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

Board committees

ACC has three standing Board committees to enhance the Board's focus in key areas and during 2022/23 disestablished two ad hoc committees. Each committee operates under its own Terms of Reference, which set out the roles and responsibilities of the committee and its members.

Risk, Assurance and Audit Committee

Assists the Board to fulfil its responsibilities in relation to financial, investment and operational service delivery controls, performance, monitoring, and reporting. The committee has delegated authority to oversee, review, monitor, and provide recommendations to the Board on its responsibilities.

Members: Bella Takiari-Brame (Chair), Dr Helen Nott, Sandra Alofivae (resigned 13 June 2023), and Fred Hutchings (independent member).

Investment Committee

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

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

People and Culture Committee

Assists the Board to review, approve, and make recommendations to the Board on people and culture matters, including diversity and inclusion, health, safety, and wellbeing, and recognition, reward, and remuneration. The Board has delegated to this committee authority to approve the appointment of the Executive Team, approve gender, ethnic and pay gap reporting, and monitor the operations of Shamrock Superannuation Limited.

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

Health Services Strategy Advisory Committee

This committee was disestablished on 18 July 2023.

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

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

Social Unemployment Insurance Committee

This committee was disestablished on 19 April 2023.

This ad hoc temporary committee assisted the Board by overseeing the strategic, governance, and operational work of management that supports input into, and implementation of, a government proposed income insurance scheme and any implications for the ACC Scheme.

Members: Pat Bowler (Chair), the Hon Steve Maharey, Dr Helen Nott, and Sharon Shea (MNZM) (independent member, resigned December 2022).

ACC Board

2022/23 movements

There were no new appointments to the ACC Board in 2022/23. Sandra Alofivae resigned on 13 June 2023.

From left to right:

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

Chair – The Hon Steve Maharey (CNZM)

APPOINTED MAY 2021, CHAIR FROM AUGUST 2021

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

Deputy Chair – Dr Tracey Batten

APPOINTED FEBRUARY 2019, DEPUTY CHAIR FROM 1 JANUARY 2022

Tracey is an experienced non-executive director. She is a qualified medical practitioner and holds a Master of Business Administration from Harvard University. She brings over 30 years' international experience in the health care sector, including 15+ years in CEO roles of large and complex hospital groups.

Ali'imuamua (Sandra) Alofivae (MNZM)

APPOINTED MAY 2022, RESIGNED JUNE 2023

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

Patrick (Pat) Bowler

APPOINTED FEBRUARY 2021

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

Mark Cross

APPOINTED AUGUST 2021

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

David Hunt

APPOINTED SEPTEMBER 2021

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

Dr Helen Nott

APPOINTED FEBRUARY 2021

Helen is an experienced company director. She holds a Bachelor of Science, Mathematics and Computer Science from the University of Queensland and a Doctorate of Philosophy (Engineering) from Murdoch University. Helen brings 20 years' international advisory experience and experience in the insurance, health, and disability sport sectors to the role.

Bella Takiari-Brame

APPOINTED FEBRUARY 2021

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

Board and sub-committee attendance and fees

Attendance at committee meetings is recorded for committee members only. If a Board member is not a member of a committee, but attended a meeting as an observer, their attendance has not been noted here.

Board members	ACC Board	Risk, Assurance and Audit Committee	Investment Committee	People and Culture Committee	Health Services Strategy Advisory Committee	Social Unemployment Insurance Committee	2022/2023 Remuneration
Hon Steve Maharey	11/11					8/9	$100,719
Dr Tracey Batten	11/11			5/5	3/3		$62,782
Pat Bowler	11/11			5/5		9/9	$54,253
Dr Helen Nott	10/11	4/4			3/3	9/9	$50,311
Bella Takiari-Brame	11/11	4/4					$55,608
Mark Cross	10/11		6/6				$55,584
David Hunt	11/11		6/6	5/5			$50,260
Sandra Alofivae	10/10	4/4					$50,225
Independent members							
Risk, Assurance and Audit Committee							
Fred Hutchings		4/4					$30,000
Investment Committee							
Stephen Montgomery			6/6				$30,000
Paul Richardson			6/6				$30,000
Amanda Smith			6/6				$30,208
Health Services Strategy Advisory Committee							
Dr Matire Harwood					3/3		$30,000
Dr Lloyd McCann					3/3		$30,000
Professor Kath McPherson					3/3		$30,000
Dr Api Talemaitoga					3/3		$30,000
Social Unemployment Insurance Committee							
Sharon Shea						8/8	$15,000

Board members' and employees' indemnity and insurance

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

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

Whole-of-government directions

The following provides the details of the current directions given by a Minister that remain current. There were no new directions given in 2022/23. These directions apply to the whole of government.

Whole-of-government area	Date applies from
ICT	19 June 2014
Property	1 July 2014
Procurement	1 February 2015
New Zealand Business Number	1 January 2018
Carbon Neutral Government Programme	27 March 2022

Subsidiary company

Shamrock Superannuation Limited, a wholly owned Crown entity subsidiary of ACC, was established in 1991 to act as the independent corporate trustee for the mysuper Superannuation Scheme.

Shamrock's role is to act in the interests of members by being an independent trustee, manager, and custodian of the Scheme's assets. Shamrock is bound by the mysuper Superannuation Scheme's Trust Deed.

Shamrock has five directors (Bruce Kerr, Stewart McRobie, Michael Frampton, Philip Newport, and Jennifer O'Sullivan-Brown). No remuneration was paid or is payable from ACC to the directors in their capacity as directors in 2022/23.

Shamrock has no employees to whom remuneration was paid or payable during 2022/23.

Fulfilling her promise

Teresa's story

After her father passed away, Teresa Hart (Ngāti Hine a Hineamaru) returned home to help deliver rongoā Māori (traditional healing) to the people of Northland, fulfilling a promise made to her kaumātua.

Rongoā has now been offered by ACC as an option in people's recovery for three years, which Teresa says "has given the mana back to our people".

Teresa is the kaiwhakahaere (director) for Te Houtaewa Māori Charitable Trust, which delivers various community and wellbeing services to whānau in the Northland region.

As a child, her grandmother shared a vision for her. It was only activated consciously 44 years later when the passing of her father inspired Teresa to answer her calling.

The vision was for her to position rongoā Māori as a key part of primary health in the Far North.

"As a kaitiaki (guardian) to rongoā Māori, my actions are deliberate and purposeful when it comes to having one of our greatest taonga (treasures) offered to the people of Aotearoa," she says.

"We have a duty of care to ensure this is the best practice served by practitioners that are from the rongoā whakapapa (genealogy)."

ACC has offered rongoā Māori as a recovery option for all New Zealanders since June 2020. Teresa is now one of over 150 rongoā practitioners partnered with ACC to deliver the service across the motu.

As of June 2023, nearly 45,000 rongoā sessions have been delivered to over 6,000 clients.

Teresa believes having rongoā Māori recognised in such a way by ACC, and now being used by so many people, is of major significance.

"It acknowledges that rongoā Māori contributes to the care and recovery of that person," she says.

ACC Executive

With our new Chief Executive (Megan Main) joining the organisation in November 2021, we made changes to our Executive leadership structure to set ourselves up for success.

Transitions in leadership were completed in September 2022 with the following new Executive members joining the existing team:

- **Tane Cassidy** — Deputy Chief Executive, Prevention and Partnerships
- **Stewart McRobie** — Deputy Chief Executive, Corporate and Finance
- **Amanda Malu** — Deputy Chief Executive, Service Delivery
- **Andrew Milne** — Deputy Chief Executive, Strategy, Engagement and Planning.

The following ACC Executive Team members were farewelled in 2022/23:

- **John Healy** — Transitional Executive, Corporate and Finance
- **Stephen Crombie** — Executive Lead — New Zealand Income Insurance Scheme.

FIGURE 1: ACC EXECUTIVE STRUCTURE AS AT 30 JUNE 2023

ACC Board

Chief Executive

Corporate and Finance	Enterprise Change Delivery	Investments	Pae Ora	People and Culture	Prevention and Partnerships	Service Delivery	Strategy, Engagement and Planning

Megan Main

Chief Executive

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

Stewart McRobie

Deputy Chief Executive Corporate and Finance

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

Peter Fletcher

Deputy Chief Executive Enterprise Change Delivery

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

Paul Dyer

Chief Investment Officer

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

Michelle Murray

Tumu Pae Ora (Chief Māori and Equity Officer)

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

Michael Frampton

Deputy Chief Executive People and Culture

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

Tane Cassidy

Deputy Chief Executive Prevention and Partnerships

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

Amanda Malu

Deputy Chief Executive Service Delivery

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

Andrew Milne

Deputy Chief Executive Strategy Engagement and Planning

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

Ngā whakaritenga mō ngā take mōrearea | Managing risk

Management

At ACC we look to balance opportunities and challenges in a dynamic operating landscape and contend with external factors often outside the scope of our direct influence.

Managing risk is an integral part of how we operate. We integrate risk into all our activities, including strategic planning, objective setting, change, business-as-usual activities, and end-to-end governance. While ACC has delineated clear responsibilities and accountabilities for risk ownership and associated risk management, everyone plays a role in managing risk at ACC.

Our risks

Our eight priority risks for 2022/2023 are detailed below.

- **Cyber Security:** If we do not take appropriate measures to safeguard our systems and information from cyber security threats then we may not effectively prevent or remediate potential cyber security incidents, resulting in data breaches or prolonged service disruptions.
- **Privacy:** If we do not collect, store, use, disclose, retain and protect personal information in accordance with the Privacy Act 2020, the Health Information Privacy Code 2020, related legislation and recognised best practice then ACCs credibility and public trust could be diminished. A breach of the Privacy Act 2020 could also result in an investigation by the OPC, the Human Rights Review Tribunal proceeding and/or fines or sanctions, impacting ACCs ability to deliver social insurance services in New Zealand.
- **Injury Prevention Impact:** If we do not take a system and enterprise-wide prevention-based approach and make aligned strategic decisions, we will not be able to meet the ambitions and goals of Huakina Te Rā.
- **Claims Cost Management:** We do not adequately understand anticipate, monitor and respond to claims cost performance trends that results in pressure to increase levy rates to sustain the Scheme.
- **Māori Customer Access and Outcomes:** If we fail to enable Huakina Te Rā by not implementing initiatives that are meaningful, scalable or timely enough to improve Māori scheme engagement, access, experience and outcomes, then Māori health inequities will remain.
- **People and Culture (including Key Person Risk):** If we do not have the organisational leadership, capability, or capacity in our workforce to effectively deliver business performance and transformative change, then ACC will not be able to perform the necessary services to successfully provide for the needs of customers and providers.
- **Customer Experience and Trust:** If we fail to respond to and prioritise what matters most to our customers then their experience and trust in ACC could decline. We risk losing credibility with our customers, stakeholders, and partners, and potentially our mandate to deliver social insurance services in New Zealand.
- **Customer Outcomes:** If we do not define and measure outcomes effectively, we may not fulfil our obligations under Te Tiriti o Waitangi, and may fail to meet the current and future needs of our customers (injured people, levy payers, safer communities) in the context of ACC's strategic outcomes.

Te tauāki whakatutukinga | Statement of performance

Te tauāki haepapatanga | Statement of responsibility

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

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

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

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

In our opinion, these financial statements and statement of performance fairly reflect the financial position and operations of ACC for the year ended 30 June 2023.

Signed on behalf of the Board:

Hon Steve Maharey CNZM
Board Chair
Dated 27 September 2023

Dr Tracey Batten
Deputy Board Chair
Dated 27 September 2023

Te tauāki whakatutukinga | Statement of performance

The statement of performance reports against the measures contained in ACC's Service Agreement 2022/23. It is divided into two sections: the public value scorecard and performance against output delivery. Definitions of all measures included in the statement of performance are included in the Glossary on page 238.

PBE FRS 48 Service Performance Reporting

Public Benefit Entity Financial Reporting Standard 48 *Service Performance Reporting* (PBE FRS 48) replaces the service performance reporting requirements of PBE IPSAS 1 *Presentation of Financial Reports* and is effective for the year ending 30 June 2023. The Standard establishes requirements for the selection and presentation of service performance information. ACC has assessed the effects of the new standard. This has not resulted in any significant changes.

Our approach for developing service performance information aligns with PBE FRS 48. Our performance framework and measures align with the following qualitative characteristics, allowing the provision of useful information to our stakeholders:

1. Relevant – selecting and aggregating service performance information.
2. Representative – our service performance information is complete, neutral and free from material error.
3. Understandable – our service performance information is communicated simply and clearly.
4. Timely –service performance information is provided in a timely manner to ensure it is useful for our stakeholders' accountability and decision-making purposes.
5. Comparable – our service performance information is provided against previous years.
6. Verifiable – our performance information is capable of measurement or description in a consistent manner, capable of independent verification, and excludes unsubstantiated claims.

PBE FRS 48 acknowledges the constraints on reporting service performance information are materiality, cost-benefit, and balance between the qualitative characteristics. We factor these constraints into the selection process for service performance information. Our measurement framework provides a clear understanding of ACC's priorities and the outcomes we deliver in pursuit of creating a unique partnership with every New Zealander, improving their quality of life by minimising the incidence and impact of injury

Section 1: Public value scorecard

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

Our public value scorecard framework recognises that our activities should:

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

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

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

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

Section 2: Performance against output delivery

Section 2 of the statement of performance includes a brief explanation of what is intended to be achieved within each output, and ACC's performance against all other output measures included in the Service Agreement 2022/23, excluding those already reported in the public value scorecard. Again, we have provided explanations for performance measures where we did not achieve the targeted performance levels.

Maintain performance in an uncertain environment

The Service Agreement 2022/23 was developed based on the best available information within the context of the COVID-19 pandemic. ACC expected to experience impacts from the pandemic into 2022/23. At the point Service Agreement 2022/23 targets were agreed, we relied upon the most recent and best available information at the time. In general, this meant using March 2022 actual results as a key reference point for the upcoming year.

Despite the uncertainty in setting annual performance targets, we remain committed to improving performance. ACC regularly monitors performance, regularly re-forecasts future performance, and aims to identify and understand notable trends and variances to expectations on a timely basis.

The challenges in our operating environment and the shift in the strategic focus of the organisation ahead of 2023/24 are carefully considered. Our operating environment is significantly different to pre-COVID-19, and it is now unlikely that previous levels of performance are achievable in the short- to medium-term.

Key areas of challenge in the operating environment impacting customer experience, but where we have limited influence, include:

- workforce pressures in the wider health sector, including availability of primary and secondary care
- medical certification behaviours
- health system reform
- lingering impacts of COVID-19
- high inflation and other impacts from the economy
- changes in service offerings (legislation, policy, or new and improved services)
- changing composition or mix of claims.

Growth in new weekly compensation claims has always had a significant influence on rehabilitation performance. This is from the impact high volumes have on the workload of our staff supporting injured people and the composition of the types of claims being managed. Claim volumes and the mix of these are stabilising post COVID-19. We expect medium- to long-term growth will continue at a rate of 3-5% per year out to June 2027. Uncertainty remains about how changing economic factors, including the recession, will impact the claims volumes and the wider health sector.

The wider health sector continues to have workforce pressures which can adversely impact rehabilitation performance and the delivery of injury prevention programmes. Timely and regular access to primary, secondary, and tertiary care is critical to rehabilitation. Delays in access to services, timeliness between consultations, and changes to medical certification practices will influence rehabilitation timeframes. Elective surgery queues and timeliness to surgery increased following COVID-19. This is improving, but pressure remains.

Wāhanga 1: Te kāri piro a te iwi whānui | Section 1: Public value scorecard

The measures included in our public value scorecard represent our key performance measures. These are the most important performance measures and best reflect the aspects of performance we can control. Definitions of all measures are included in the Glossary found on page 238.

All other output measures included in the Service Agreement 2022/23 are included in Section 2: Performance against output delivery on page 121.

Customer performance

The customer measures included in table 8 reflect the quality and effectiveness of the services provided.

TABLE 8: PUBLIC VALUE SCORECARD – CUSTOMER

CUSTOMER: Did the quality and effectiveness of services provided meet expectations?				
Measuring our contribution to Aotearoa New Zealand	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Public trust and confidence	55%[5]	58%	56%	Not achieved (note 1)
Client net trust score	+19	+28	+7	Not achieved (note 2)
Client net trust score for Māori	+23	+27	+7	Not achieved (note 2)
Provider net trust score	-35	-20	-30	Not achieved (note 3)
Business net trust score	-24	-17	-30	Not achieved (note 4)

Note 1: Public trust and confidence

The public trust and confidence rolling average for the year improved to 56%, slightly below the target. However, on a quarterly basis the fourth quarter result increased significantly to 63% (from 55%), and our relative position to other government agencies in the survey also had a notable improvement to seven out of 30 (was 13).

Actions to raise awareness of ACC, reduce injuries, and improve customer experience and outcomes contribute to improved results. These actions include a national awareness campaign (Kia mahea kia puāwai) targeted to Māori, continuation of Preventable (our long-term injury prevention behaviour change programme), an overarching public engagement campaign (highlighting prevention, care, and recovery services) and the continuation of our media strategy to develop greater understanding of the role and purpose of ACC.

Note 2: Client net trust score and Client net trust score for Māori

Our net trust scores are based on the results of the fourth quarter only. Results are therefore inherently volatile. Client and Māori trust and satisfaction measures continued to trend down with operational pressures impacting the client experience.

Extenuating factors in the quarter (such as a payment error, power and technology outages, high levels of attrition, and unplanned leave) created further capacity challenges and pressure on internal capability support. This contributes to pressure on key operational drivers about trust and satisfaction (our responsiveness, call wait times, payment and entitlement decision timeliness).

5 *From 2022/23 onwards, ACC moved to a 100% online survey methodology for this measure to better reflect our customer population. We have restated our 2021/22 result to reflect the change in methodology.*

Areas where results notably declined, or there continues to be low agreement from clients, are communication (ability to contact ACC, having a clear understanding of the process, dealing with multiple staff members) and the provision of treatment and support (understanding the support ACC can provide and receiving it in a timely way).

Several initiatives are underway to address issues within our control in the short term. These include ensuring our clients can contact us (recruitment for contact centres) and have weekly compensation set up quickly (additional support in payment teams). To ensure we have people available to support our clients we are implementing technology to help with forecasting, workforce, and workload optimisation.

In the longer term, to improve our clients' experiences and outcomes we are building our understanding of the end-to-end client recovery journey. This will allow prioritisation of actions to increase the effectiveness of that journey.

In addition to the initiatives to improve customer experience noted for all clients, other activities to improve the experience for injured Māori include the design of kaupapa Māori solutions (including recovery services and wellbeing initiatives), continuing the success of rongoā Māori services, and the Kawa Whakaruruhau (Cultural Safety) policy for providers.

Note 3: Provider net trust score

Provider net trust score is stable at -30. However, from a long-term trend perspective it has declined for all provider types, with the lowest scores consistently recorded for GPs and physiotherapists. However, all other provider cohorts improved in the fourth quarter, particularly Rehabilitation Providers at -23 (was -33). For GPs and physiotherapists, there has been a general decline in endorsement for most of the drivers relating to trust.

To improve ACC's relationship with Providers we launched a targeted engagement, Recovery at Work including a masterclass for recovery at work with GPs. Other ongoing initiatives include the continuation of the Escalated Care Pathway pilot through until December 2023, with scale up and operationalisation of a new Integrated Care Pathway value-based outcomes service expected in 2023/24. We are extending the concussion proof-of-concept pilot and continue to deliver educational materials for providers in a range of formats including quick guides, videos, updates and webinars.

Note 4: Business net trust score

The Business net trust score has been stable at -30, with ongoing inflationary pressures, labour shortages, and tightening financial conditions for businesses continuing to put pressure on results.

There was some downward movement this quarter in the perception that ACC is meeting the needs of your business at 42% (was 43%) and ACC provides your business with real benefits and value at 38% (was 41%). Satisfaction of businesses with their latest contact with ACC also declined from 58% to 51%.

To improve the business customer experience, we are focused on rolling out the 2023 invoicing campaign. We aim to improve the accuracy of invoices and encourage customers to shift to digital, where appropriate for them. We are also engaging with business networks to promote key ACC initiatives and products for business customers, such as Recovery at Work, MyACC for Business, and Injury Prevention Grants.

Impact performance

The impact measures included in table 9 reflect how effective we are at delivering the desired outcomes.

TABLE 9: PUBLIC VALUE SCORECARD – IMPACT

IMPACT: Are we effective at delivering the desired outcomes?				
Measuring our contribution to Aotearoa New Zealand	**Actual 2021/22**	**Target 2022/23**	**Actual 2022/23**	**Target met?**
Rate of serious injury (including fatal): 0- to 20-year injury prevention programmes	9.3	<8.9	12.6	Not achieved (note 5)
Rate of serious injury (including fatal): workplace injury prevention programmes	0.25	<0.18	0.21	Not achieved (note 5)
Return to work within 10 weeks	63.9%	64.6%	63.3%	Not achieved (note 6)
Return to independence for those not in the workforce	85.4%	87.5%	79.4%	Not achieved (note 7)
Growth rate of the Long-Term Claim Pool	+8.8%	<+6.4%	+5.6%	Achieved

Note 5: Rate of serious injury (including fatal): 0- to 20-year injury prevention programmes and workplace injury prevention programmes

These measures focus on the rate of injury in areas where we have targeted injury prevention programmes.

The 0- to 20-year measure was significantly impacted by the results of the Falls programme. This progamme has been challenging to implement in a capacity constrained health system. The contracted outcomes with Te Whatu Ora hospitals have been tightened, with the aim to increase the effectiveness of the programme at reducing falls injuries.

The Workplace programmes are focused on high-risk sectors such as Agriculture, Forestry and Construction. The target was missed by a small margin (a target of nine claims but a result of 11 claims).

Note 6: Short-term rehabilitation – return to work within 10 weeks

There were improving short-term rehabilitation performance results in the first half of the year. External and operational challenges put pressure on our ability to continue this trend. Despite this, the number of injured people we are supporting through to a return to work outcome is increasing and are at the highest level in the last three years.

Short-term rehabilitation performance is expected to remain flat in the near term. This reflects the ongoing impacts of health sector constraints and demand pressure on Claims Management teams.

We know there is work to be done to ensure the best outcomes for injured people by giving appropriate support for their rehabilitation journeys. In May 2022, we began a Rehabilitation Performance Programme (RPP) as part of our continuous improvement approach to claims management. This programme is based on matching clients with the right individuals, teams, and services to deliver the best possible rehabilitation journey.

Benefits of this programme include improving the capacity and capability of frontline staff to support client rehabilitation. To further support rehabilitation performance, in December 2022, ACC established a broader Rehabilitation Improvement Group to fully understand the drivers of performance to target more effective interventions and better monitor their impact.

Note 7: Return to independence for those not in the workforce

Performance pressures remain on this measure. However, the key reason for underperformance is related to the measure methodology. There are several social rehabilitation services where delays in agreeing contracts and invoicing have resulted in irregular billing for the services. This adversely affects the calculation of clients returning to independence as the calculation relies on billing information. The impact in 2022/23 is ~5%.

Results have steadily improved since January 2023 as the impacts of the backdated payments from 2022 roll off the 12-month average. We expect this improvement to continue over the coming months, although the expected trajectory of short-term rehabilitation performance puts pressure on a return to previous levels.

Sustainability performance

The sustainability measures included in table 10 reflect how effective we are at delivering value for money and a financially sustainable scheme.

TABLE 10: PUBLIC VALUE SCORECARD – SUSTAINABILITY

SUSTAINABILITY: Are we delivering value for money and a financially sustainable Scheme?				
Measuring our contribution to Aotearoa New Zealand	**Actual 2021/22**	**Target 2022/23**	**Actual 2022/23**	**Target met?**
Return on investment: 0- to 20-year injury prevention programmes	$2.18:$1	$2.12:$1	$1.77:$1	Not achieved (note 8)
Return on investment: workplace injury prevention programmes[6]	$1.74:$1	$1.65:$1	$2.02:$1	Achieved
Investment performance after costs relative to benchmark	+0.94%	+0.15%	-0.20%	Not achieved (note 9)
Change in average treatment cost per injury	+2.3%	≤+12.0%	+9.6%	Achieved
Actuarial movement[7]	+3.2%	Within -3% to 1%	+1.9%	Not achieved (note 10)
Average care hours per serious injury claim	1,408	1,395	1,437	Not achieved (note 11)

Note 8: Return on investment: 0- to 20-year injury prevention programmes

The return on investment for the 0- to 20-year injury prevention programmes did not meet the target. As with the rate of serious injury (refer page 118), performance was significantly impacted by the Falls programme. We are working to increase the effectiveness of the programme at reducing falls injuries. Some of the larger-value programmes included in the calculation have also had their estimated claims savings lowered based on economic conditions (for example Neonatal) or performance (for example Falls).

Note 9: Investment performance after costs relative to benchmark

ACC's Reserves Portfolio delivered 7.07% after costs, underperforming the market-based benchmarks by 0.20%. ACC's returns were adversely affected by a mismatch between asset class benchmarks and the aggregate manager benchmarks and the longer duration of the New Zealand Inflation Indexed Bond asset class compared to its benchmark.

Note 10: Actuarial movement

The actuarial movement of 1.9% is greater than target and reflects an actuarial strain of $948 million. Of this movement, $1.2 billion relates to influenceable areas. This is where management action could at least partially improve outcomes for injured people, potentially leading to reduced costs for levy payers and taxpayers. The main drivers include the increased costs of providing care for seriously injured people, rehabilitation performance levels (weekly compensation), backdated weekly compensation for people with a sensitive claim, and higher operating costs combined with a methodology change for claims operating costs.

There is a non-influenceable release of $214 million, which includes changes in actuarial assumptions underpinning the calculation of the OCL. This was offset by a non-influenceable OCL strain ($380 million) for increases in residential care rates, attendant care rates, and the costs of travel.

6 *Excluding WorkSafe New Zealand investment.*

7 *The actuarial movement tells us that claim volumes, types and costs differed from what we expected.*

Note 11: Average care hours per serious injury claim

There was a significant and unexpected growth in this result in the fourth quarter. Contributing to this growth was a higher-than-usual number of serious injury claims profiled, and higher care hours for the new claims. Additional analysis is underway to fully understand the drivers of the growth this quarter.

The impacts from Cyclone Gabrielle were largely short term for this group of clients. A small number of clients still require significant increases in care as a result of being unable to live in their usual place of residence.

Further work is underway to understand the significant growth over the last two quarters and appropriate responses that could mitigate further risks of increasing future costs to the Scheme through the OCL.

Wāhanga 2: Ngā whakatutukinga mahi me ngā putanga | Section 2: Performance against output delivery

The breakdown of revenue earned and costs incurred compared with expected revenue and costs reported in the Service Agreement 2022/23 is as follows:

TABLE 11: ACTUAL VERSUS EXPECTED REVENUE AND COSTS BY OUTPUT CLASS

	Administration		Claims paid		Revenue	
$ million	**Actual**	**Budget**	**Actual**	**Budget**	**Actual**	**Budget**
Output class 1 — Injury prevention	62	100				
Output class 2 — Levy setting and collection	18	18			5,954	5,655
Output class 3 — Investment management	85	76			3,218	2,189
Output class 4 — Claims management	579	572	6,191	6,495		
Total	**744**	**766**	**6,191**	**6,495**	**9,172**	**7,844**
Other operating costs	70	84				
Total ACC	**814**	**850**	**6,191**	**6,495**	**9,172**	**7,844**

Table 11 excludes the New Zealand Income Insurance Scheme.

Information on significant variances against budget is included in Note 21 of the notes to the financial statements on page 198.

Output 1: Injury prevention

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

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

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

The public value measures for this output class are:

- Return on investment: 0- to 20-year injury prevention programmes.
- Return on investment: workplace injury prevention programmes.
- Rate of serious injury (including fatal): 0- to 20-year injury prevention programmes.
- Rate of serious injury (including fatal): workplace injury prevention programmes.

Refer to Section 1: Public value scorecard on page 116 for our performance against public value measures.

TABLE 12: OTHER OUTPUT MEASURES — INJURY PREVENTION

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Number of claims avoided through our injury prevention investments[8]	12,353	16,105	16,501	Achieved
Investment in kaupapa Māori programmes	\$7m	\$7m	\$1.4m	Not achieved (note 1)

Note 1: Investment in kaupapa Māori programmes

A delay in securing funding from Cabinet by our partners for Ngā Tini Whetū is the key driver to this year's under-investment in kaupapa Māori programmes. Ngā Tini Whetū is a whānau wellbeing initiative established in 2020 in partnership with Te Puni Kōkiriri, Oranga Tamariki, and the Whānau Ora Commissioning Agency. This investment is on-track for 2023/24.

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

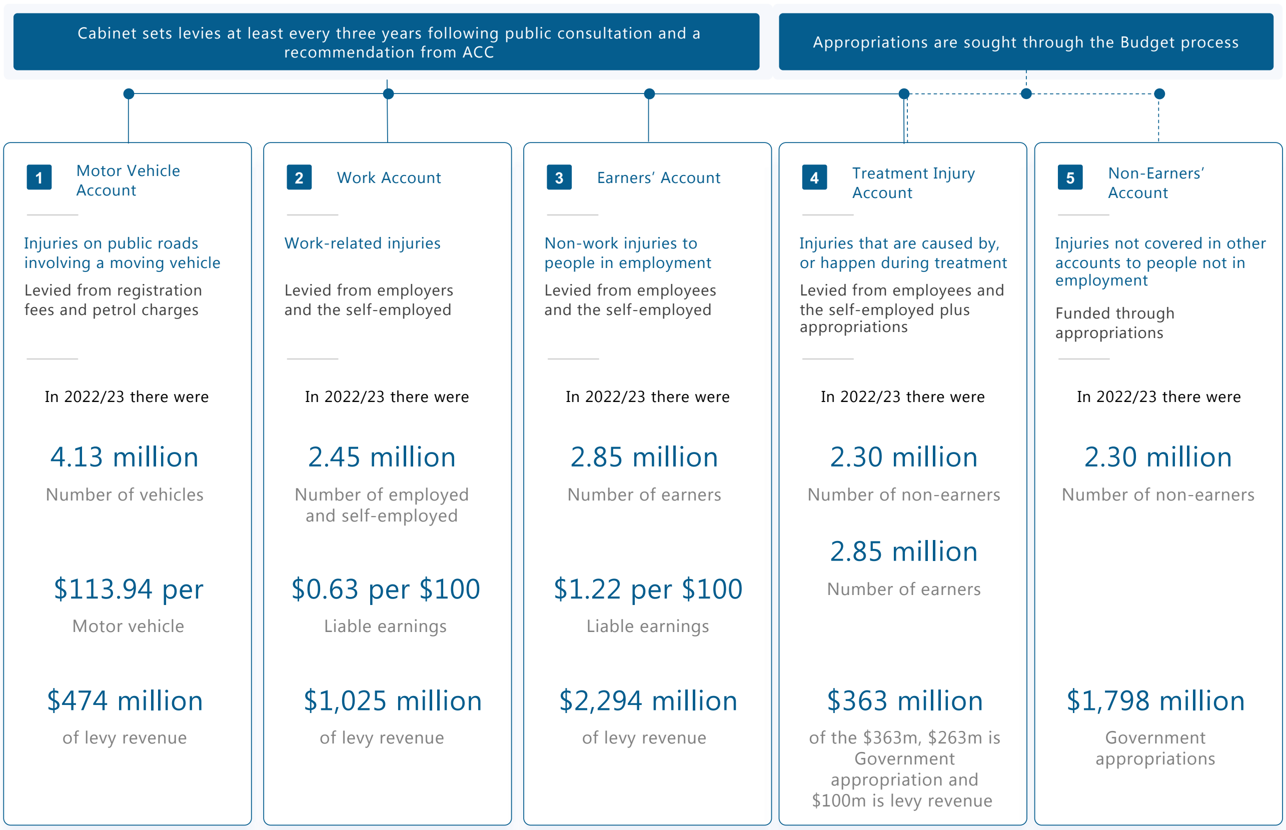
Output 2: Levy setting and collection

The Scheme is managed through five Accounts, with each providing cover for a specific group of injuries. For us to deliver services we must collect revenue. Through our levy-setting process we calculate the future revenue needs for each Account. We recommend levies that are sufficient to cover the costs of claims incurred in that year. The recommendations are consulted on with levy payers and provided to Cabinet for consideration.

Activity information

Figure 2 shows the number of funders, the levy and appropriation revenue and the currently approved levy rates for each Account for 2022/23.

FIGURE 2: SOURCES OF ACCOUNT FUNDING



The public value measures for this output class are:

- Actuarial movement.

Refer to Section 1: Public value scorecard on page 116 for our performance against public value measures.

Account funding ratios

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

Each ratio is presented as a percentage:

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

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

The calculation of the applicable assets and liabilities is defined in the funding policy. The current funding policy was published in the *New Zealand Gazette*[9] on 6 April 2021 (*Gazette* No. 2021-go1226). The results represent the true economic cost to the Scheme, ensuring levy recommendations are adequate, without unnecessary contingency.

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

The Accident Compensation Act 2001 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 line with that funding policy.

TABLE 13: FUNDING RATIOS AS AT 30 JUNE 2023

Account (fully funded)	Actual 2021/22	Actual 2022/23	Funding policy target
Motor Vehicle	125.2%	130.6%	100%
Work (including gradual process claims incurred but not yet made)	135.8%	137.2%	100%
Earners'	104.6%	101.6%	100%
Treatment Injury (Earners' portion)	137.4%	130.9%	100%
Treatment Injury (Non-Earners' portion)	81.2%	85.9%	100%
Non-Earners'	76.1%	80.6%	100%

9 ***gazette.govt.nz***

Output 3: Investment management

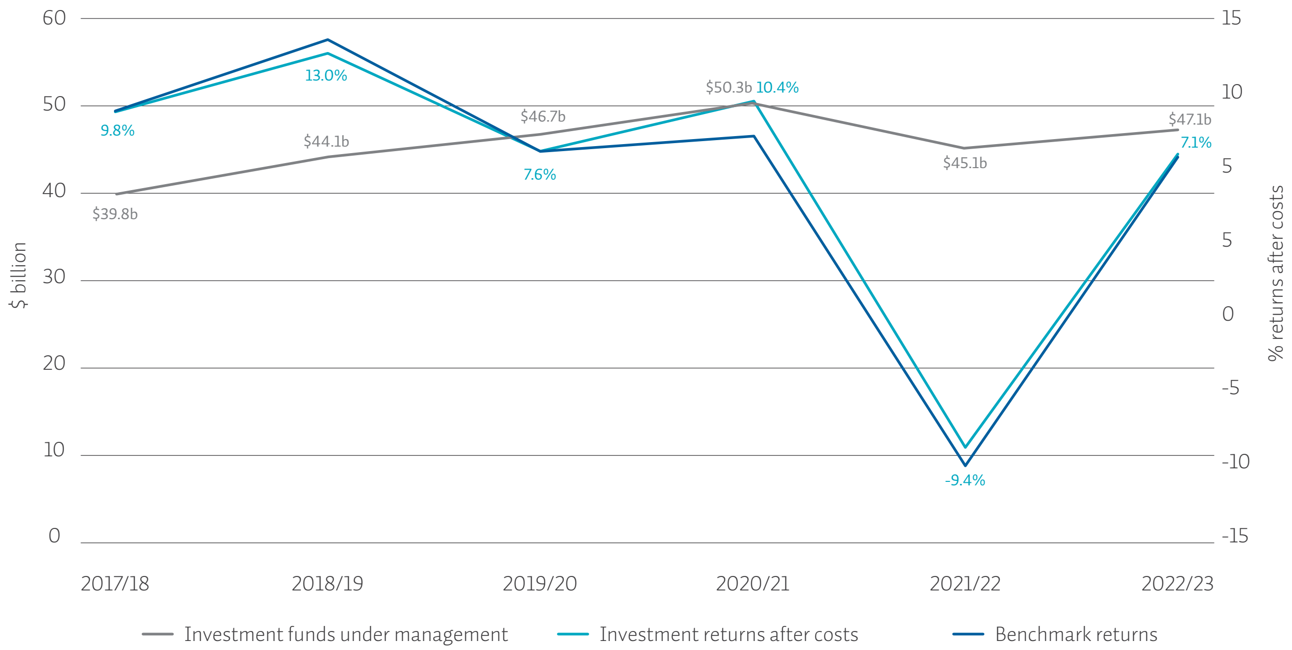
Because serious injuries require ongoing expenditure for decades into the future, a portion of levies collected each year is set aside to provide for future costs. We invest these funds to meet the future costs of claims. To achieve this purpose, we tend to favour long-term investments that we expect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

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

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

Activity information

CHART 5: TOTAL INVESTMENT FUNDS AND INVESTMENT RETURNS



The public value measures for this output class are:

- Investment performance after costs relative to benchmark.

Refer to Section 1: Public value scorecard on page 116 for our performance against public value measures.

TABLE 14: OTHER OUTPUT MEASURES — INVESTMENT MANAGEMENT

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Investment management costs as a proportion of total funds under management	0.15%	0.17%	0.18%	Not achieved (note 1)

Note 1: Investment management costs as a proportion of total funds under management

This year's result includes the provision for a contractual performance bonus for an external fund manager relating to the past three years. While we have not met target this year, the performance bonus ultimately reflects the longer-term trend of the outperformance of the investment portfolio compared to benchmarks.

Output 4: Claims management

We help injured people covered by the Scheme to get the appropriate medical treatment, social and vocational rehabilitation services, and compensation to enable a return to work, independence, or everyday life.

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

Activity information

Table 15 shows recent trends in the types of claims that we have received and accepted. Claim volumes from 2019/20 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 requirements of the Accident Compensation Act 2001 before being covered. We do not ration our services. Demand is determined by the number of covered injuries that occur, and the types and amounts of services that those with covered injuries are eligible to receive.

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

TABLE 15: CLAIM ACTIVITY

Measure	Definition	2019/20	2020/21	2021/22	2022/23
Registered claims	Total number of registered claims in the period	1,861,559	2,099,117	1,803,265	1,971,100
Medical fees only claims	Total number of medical fees only claims in the period	1,582,813	1,786,028	1,519,960	1,607,091
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	147,840
Weekly compensation claims	Total number of weekly compensation claims that receive payments in the period	125,375	144,253	143,611	152,079
Long-term weekly compensation claims	Total number of clients receiving weekly compensation for more than one year as at 30 June	15,996	17,401	18,930	19,995
New serious injury claims	Total number of new serious injury claims in the period	253	234	298	315
Fatal claims	Total number of fatal claims in the period	1,477	1,457	1,458	1,401

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

TABLE 16: EXPENDITURE FOR KEY CLAIM COSTS

Key claims costs $m	Actual 2021/22	Budget 2022/23	Actual 2022/23
Weekly compensation	1,848	2,095	2,102
Medical treatment	904	1,251	1,041
Social rehabilitation	1,039	1,243	1,201
Public health acute services	651	716	733
Elective surgery	411	533	498

Information on significant variances against budget is included in Note 21 of the notes to the financial statements on page 198.

The public value measures for this output class are:

- Return to work within 10 weeks.
- Return to independence for those not in the workforce.
- Public trust and confidence.
- Client net trust score.
- Client net trust score for Māori.
- Provider net trust score.
- Business net trust score.
- Growth rate of the Long-Term Claim Pool.
- Change in average treatment cost.
- Average care hours per serious injury claim.

Refer to Section 1: Public value scorecard on page 116 for our performance against public value measures.

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

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

TABLE 17: OTHER OUTPUT MEASURES — CLAIMS MANAGEMENT

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Return to work within nine months	89.9%	91%	90.0%	Not achieved (note 1)
Average weekly compensation days paid	107.7 days	104 days	105.2 days	Not achieved (note 1)
Speed of cover decisions: non-complicated claims	0.8 days	<0.9 days	0.86 days	Achieved
Speed of cover decisions: complicated claims	69.7 days	<70 days	64.5 days	Achieved
Reviews as a percentage of decline decisions	7.7%	≤ 8.5%	7.5%	Achieved
Average time to resolution for claims with reviews	129.7 days	≤ 130 days	128.5 days	Achieved
Proportion of ACC reviews upheld (in favour of ACC)	90.3%	≥ 87%	91.9%	Achieved
ACC focused on the best possible outcomes for clients given their situations	74%	78%	72%	Not achieved (note 2)
Māori lodgement ratio	0.82	0.83	0.83	Achieved (note 3)
Long-Term Claim Pool returns to independence	5,470	5,100	6,184	Achieved
Rate of long-term clients in part-time work	13.3%	11.5%	14.4%	Achieved
Administration costs per active claim	$2,715	$2,569	$2,527	Achieved
Percentage of total expenditure paid directly to clients or for services to clients	87.9%	89.4%	89.4%	Achieved
Claims processed per full-time equivalent (FTE)	472	566	487	Not achieved (note 4)

Note 1: Return to work within nine months and average weekly compensation days paid

Following improvement in short-term rehabilitation performance in the first half of the year, external and operational challenges meant this trend was not maintained throughout the rest of the year. Additional detail on short-term rehabilitation performance is included on page 118.

Note 2: ACC focused on the best possible outcomes for clients given their situations

This measure is a contributor to client net trust score. For more information on this, please refer to page 116.

Note 3: Māori lodgement ratio

The Māori lodgement ratio benchmarks the access ratio for Māori against the ratio for all Aotearoa New Zealand. Population data used in the ratios are estimates and are based on StatsNZ information from 2014-2018. For 2023/24, we have updated this measure and the underlying population data using the most recent estimates available from StatsNZ (data as at 2020).

There are challenges identifying an accurate measure of Māori access to the Scheme. The updated StatsNZ estimates show growth in the estimated Māori population over time, meaning that the relative proportion accessing ACC has declined based on this reporting. However, we also know ACC's client-reported Māori ethnicity data differs from other publicly available sources and our analysis indicates the number of ACC Māori clients is underreported.

ACC has a range of work underway to improve our data quality, including for ethnicity data. This includes establishing a new Principal Customer Record, which will provide a single customer view across all ACC claims, and exploring data-sharing arrangements with other agencies. We are also developing a new reporting framework to meet the requirements of the Accident Compensation (Access Reporting and Other Matters) Amendment Act 2023.

Note 4: Claims processed per full-time equivalent

The number of claims processed per FTE has improved over the course of the year. This is a result of an increase in new claims registered as earlier COVID-19 impacted months of lower claims volumes drop out of the measure. This year resources also increased (149 more FTEs than Budget). The additional resources were required to support maternal birth injury claim volumes and uplift our Māori health capability.

Ngā inenga mahi e pā ana ki te hauora me ngā āheinga o tēnei whakahaere | Organisational health and capability 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.

TABLE 18: PERFORMANCE MEASURES — MAINTAIN A DIVERSE, HIGH-PERFORMING WORKFORCE EMPOWERED TO DELIVER GREAT CUSTOMER EXPERIENCES AND OUTCOMES

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Key measure Employee Net Promoter Score	+10	+12	+13	Achieved
Supporting measure Proportion of staff who identify as Māori	12.6%	13.0%	12.8%	Not achieved (note 1)
Supporting measure Proportion of staff who identify as having a disability	14.2%	15.0%	15.1%	Achieved
Key measure Total recordable injury frequency rate	2.0	<3.5	2.8	Achieved
Supporting measure Lost-time injury frequency rate	1.8	<2.1	2.4	Not achieved (note 2)

Note 1: Diversity and inclusion — proportion of staff who identify as Māori

There has been a small increase in the proportion of staff who identify as Māori in the year. We have culturally responsive recruitment processes and have been strengthening our kaimahi Māori community through our employee networks. Work on the Pay Gap Action Plan 2022 is continuing. This includes a close review of Māori (and Pasifika and Asian) women's pay to rectify any unexplained pay gaps. This will improve pay equity at ACC and help reduce our gender pay gap while retaining kaimahi Māori talent.

Note 2: Lost-time injury frequency rate

Our lost-time injury frequency rate increased this year. We continue to support a strong culture of reporting near misses and incidents so learning and prevention can occur. We have health and safety learning modules for all employees, with ongoing safety alerts, recognition, and initiatives to support a safe and healthy environment. Physical site health and safety checks are completed by a centralised team to ensure practices and environments are safe, and throughout the year we have been tailoring our comprehensive wellbeing programme to our environment.

TABLE 19: PERFORMANCE MEASURE — IMPROVE THE WAY WE USE, PROTECT, AND SHARE INFORMATION

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Key measure The number of category 3, 4, and 5 privacy breaches and near misses[10]	6	<3 category 3 or 4 breaches per year No category 5 breaches	3	Not achieved Refer note 1

Note 1: The number of category 3, 4, and 5 privacy breaches and near misses

Of the three category 3 breaches reported this year, two of these reflect historical events that occurred more than five years ago. Both historic events related to unauthorised access to client information by a staff member. These breaches were discovered through the new in-claims tracking and digital footprint capability.

Due to the way incidents are logged, these incidents are captured at the time they are reported and not when they occurred. From 2023/24, historic incidents such as these will be reported separately.

We continue to anticipate that both recorded incidents and breach numbers may increase over the next 12 months. This demonstrates the work we are doing to raise awareness and embed privacy practices.

TABLE 20: PERFORMANCE MEASURE — SUPPORT ACC BUSINESS OUTCOMES WITH MODERN, RELIABLE, AND SECURE INFORMATION TECHNOLOGY

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Key measure Overall operational system availability	99.9%	99.5%	99.9%	Achieved

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

Ētahi atu inenga mahi | Other performance measures

Asset-performance measures

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

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

TABLE 21: PERFORMANCE MEASURES — SUPPORT ACC BUSINESS OUTCOMES WITH MODERN, RELIABLE, AND SECURE INFORMATION TECHNOLOGY

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Information and communications technology				
Utilisation: Percentage of ACC staff utilising mobile computer hardware technology	100%	90%	100%	Achieved
Utilisation: Percentage of active ACC computer devices that are within the accepted lifecycle target	85%	75%	95%	Achieved
Condition: Percentage of key systems with a condition rating of Good or Excellent	84%	>80%	84%	Achieved
Condition: Number of critical faults for key ACC systems	1	<5	1	Achieved
Functionality: Total operational ICT spend per FTE	$24,917	$30,700	$25,847	Achieved
Availability: Percentage of time key applications and networks are available to perform required functions	99.9%	99.5%	99.9%	Achieved
Property				
Utilisation: Square metres (m^2) of leased area per FTE	12.7m^2/FTE	12–16m^2/FTE	14.3m^2	Achieved
Condition: Percentage of total leased area with a current code compliance certificate/building warrant of fitness	100%	100%	100%	Achieved
Functionality: Percentage of total leased area that meets or exceeds the ACC security standards	100%	100%	100%	Achieved

Appropriation measures

TABLE 22: PERFORMANCE MEASURES — APPROPRIATION MEASURES

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Increase in the total number of first presentations to Sexual Abuse Assessment and Treatment Services (SAATS)	1,860	3,395	1,865	Not achieved (note 1)
Agreement with Ministry of Health for public health acute services signed off no later than end of year to which it applies	Agreement reached	Agreement reached	Agreement reached	Achieved

Note 1: Increase in the total number of first presentations to Sexual Abuse Assessment and Treatment Services (SAATS)

The number of first presentations to SAATS remained stable this year. Additional funding has been successfully allocated and implemented into the 2023/24 contract term and outlying years. The additional funding will support consistent 24/7 clinical cover for the services to existing sites, improve workforce sustainability, increase lead clinician funding, and provide support to maintain clinical best practice. The focus remains on aligning the SAATS, including working with providers of SAATS and the Non-Fatal Strangulation Service, to strengthen and align existing services.

New Zealand Income Insurance Scheme

In May 2022, enabling legislation was enacted to allow ACC to undertake the preliminary work to establish the systems and operational processes for the new income insurance scheme.

In February 2023, the Government announced their decision to not progress the New Zealand Income Insurance Scheme (NZIIS) proposal in its current form.

Prior to the February 2023 announcement, the pre-implementation planning and design work being undertaken was progressing to time and within budget. The NZIIS programme went through the first gateway review assessment in August 2022 with a final report issued on 7 October 2022. The gateway reviewers assessed the programme as stable and well-led with a clear plan for the Implementation Readiness Phase.

Following the February 2023 announcement, ACC disestablished the NZIIS programme. In the months following the disestablishment, ACC has been supporting the Ministry of Business, Innovation and Employment (MBIE) with their ongoing policy work to identify ways to address the issues the NZIIS aimed to address. MBIE provided Ministers with initial advice on the feasibility of some alternative options in June 2023.

In 2022/23, ACC received $42.2 million in appropriations for the NZIIS work. At the time of disestablishment, we had spent $16.9 million in the year and returned $19.6 million to the Crown Accounts.

TABLE 23: PERFORMANCE MEASURE — IMPROVE THE WAY WE USE, PROTECT AND SHARE INFORMATION

Measure	Actual 2021/22	Target 2022/23	Actual 2022/23	Target met?
Financial and operation information is provided to the Ministry of Business, Innovation and Employment to inform Budget decisions and enable Cabinet consideration by 30 June on whether to implement an income insurance scheme in New Zealand and its design.	New measure	Information provided	Information provided	Achieved

Tauāki Pūtea | Financial statements

Tauāki Pūtea | Financial statements

Consolidated statement of comprehensive revenue and expense

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022*	Unaudited Budget 2023
Levy revenue	3	**5,954**	**5,391**	**5,655**
Claims paid	6.1	6,191	5,372	6,495
Claims handling costs	5.1	579	540	572
Increase (decrease) in outstanding claims liability	6.3(a)	1,265	(5,115)	3,507
Total claims incurred	6.1	**8,035**	**797**	**10,574**
(Decrease) increase in unexpired risk liability	6.6	(10)	(163)	113
Other underwriting costs	5.1	151	193	203
(Deficit) surplus from underwriting activities	6.2	**(2,222)**	**4,564**	**(5,235)**
Investment income (loss)	4	3,259	(4,491)	2,190
Investment costs	4 & 5.1	(126)	(123)	(76)
Other revenue		17	6	48
Other costs	5.1	(17)	(5)	(48)
Net surplus (deficit)		**911**	**(49)**	**(3,121)**
Total comprehensive revenue and expense for the year		**911**	**(49)**	**(3,121)**

Consolidated statement of changes in reserves (equity)

For the year ended 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Total Account reserves			
Balance at the beginning of the year (deficit)	(6,039)	(5,990)	(12,473)
Total comprehensive revenue and expense for the year	911	(49)	(3,121)
Balance at the end of the year (deficit)	**(5,128)**	**(6,039)**	**(15,594)**

** The presentation of the 2022 statements of comprehensive revenue and expense has changed to align with the current period's presentation as disclosed in Note 1.2 Basis of preparation.*

The accompanying notes form part of these financial statements.

Consolidated statement of financial position

As at 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves				
Motor Vehicle Account		1,678	1,100	(1,498)
Work Account		2,742	2,574	1,440
Earners' Account		(1,936)	(1,550)	(3,574)
Treatment Injury Account		(2,083)	(2,187)	(3,603)
Non-Earners' Account		(5,529)	(5,976)	(8,359)
Total Account reserves (deficit)		**(5,128)**	**(6,039)**	**(15,594)**
Represented by:				
Assets				
Cash and cash equivalents	9	245	150	190
Cash pledged as collateral	7.4	831	612	–
Receivables	10	653	695	388
Accrued levy revenue	11	3,390	2,895	3,187
Investments	7	46,933	45,824	49,878
Derivative financial instruments	8	356	520	–
Property, plant and equipment, and intangible assets	13	108	123	109
Total assets		**52,516**	**50,819**	**53,752**
Less liabilities				
Cash collateral received	7.4	25	1	–
Payables and accrued liabilities	14	688	1,150	991
Derivative financial instruments	8	1,179	1,521	–
Employee entitlements and provisions	15	87	70	2
Unearned levy liability	6.5	2,804	2,510	2,668
Unexpired risk liability	6.6	1,324	1,334	1,722
Outstanding claims liability	6.3(a)	51,537	50,272	63,963
Total liabilities		**57,644**	**56,858**	**69,346**
Net liabilities		**(5,128)**	**(6,039)**	**(15,594)**

For and on behalf of the Board, which authorised the issue of these financial statements on 27 September 2023.

Hon Steve Maharey CNZM
Board Chair
Dated 27 September 2023

Dr Tracey Batten
Deputy Board Chair
Dated 27 September 2023

The accompanying notes form part of these financial statements.

Consolidated statement of cash flows

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Cash flows from operating activities				
Cash was provided from:				
Levy revenue		5,865	5,319	5,582
Interest		838	690	657
Dividends		463	531	495
Income from investment properties and other investments		26	23	–
Other revenue		32	30	21
		7,224	6,593	6,755
Cash was applied to:				
Payments towards claims, injury prevention and other operating costs		7,122	6,108	7,297
		7,122	6,108	7,297
Net cash inflows (outflows) from operating activities		**102**	**485**	**(542)**
Cash flows from investing activities				
Cash was provided from:				
Proceeds from sale of investments		93,667	64,549	61,335
Proceeds from sale of collateral		9,078	4,793	–
Proceeds from sale of property, plant and equipment, and intangible assets		3	1	–
		102,748	69,343	61,335
Cash was applied to:				
Payment for investments		93,830	64,403	60,761
Payment for collateral		8,898	5,384	–
Payment for property, plant and equipment, and intangible assets		27	22	32
		102,755	69,809	60,793
Net cash (outflows) inflows from investing activities		**(7)**	**(466)**	**542**
Net increase in cash and cash equivalents		**95**	**19**	**–**
Cash and cash equivalents – opening balance		**150**	**131**	**190**
Cash and cash equivalents – closing balance	9	**245**	**150**	**190**

The accompanying notes form part of these financial statements.

Reconciliation of the net cash inflows (outflows) from operating activities with the reported net surplus (deficit)

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Net surplus (deficit)		**911**	**(49)**	**(3,121)**
Add (less) items classified as investing activities:				
Realised losses (gains) on sale of investments		121	(671)	–
(Gains) losses on disposal of property, plant and equipment, and intangible assets		(3)	2	–
Add (less) non-cash items:				
Depreciation and amortisation	5.2	43	48	46
Unrealised (gains) losses on investments		(1,916)	6,418	(1,022)
Other movements in investments		(144)	(5)	–
Movement in employee entitlements and provisions		17	3	–
Movement in impairment allowance of claimant debtors		(4)	6	–
Movement in the fair value of levy receivables		10	4	–
(Decrease) increase in unexpired risk liability	6.6	(10)	(164)	114
Increase (decrease) in outstanding claims liability	6.3(a)	1,265	(5,115)	3,507
Add (less) movements in working capital items:				
Receivables and accrued levy revenue		(393)	(310)	(281)
Payables and accrued liabilities		(89)	57	9
Unearned levy liability		294	261	206
Net cash inflows (outflows) from operating activities		**102**	**485**	**(542)**

The accompanying notes form part of these financial statements.

Reporting and funding by Account

The Accident Compensation Scheme (as required through the Accident Compensation Act 2001 (AC Act)) comprises five separate Accounts, being the Motor Vehicle, Work, Earners', Treatment Injury and Non-Earners' Accounts. Each Account receives individual funding and is maintained for a separate purpose.

Under the AC Act, unless otherwise provided by that Act, funds held in an Account can only be used to meet costs incurred in the same Account. This means that cross-subsidisation between separate Accounts is not permitted. The Accident Compensation Corporation (ACC) therefore manages and separately reports on the performance and funding of each Account.

Sections 166A and 166B of the AC Act require the Government to issue a funding policy setting out the criteria on how to fully fund the levied Accounts including the earners' portion of the Treatment Injury Account. Under section 331(1)(3) of the AC Act, ACC must make levy rate recommendations in accordance with that funding policy. The current funding policy was gazetted on 6 April 2021 (Gazette No. 2021-go1226).

The funding policy for the Non-Earners' Account and the non-earners' portion of the Treatment Injury Account is set by the Government (SEC-17-MIN-0028). The lifetime costs of post-2001 claims are fully funded using central estimates. The risk margin, which allows for the relative uncertainty and is included in the outstanding claims estimate, is not funded. Pre-2001 claims are funded on an annual pay-as-you-go basis.

The risk margin included in the Outstanding Claims Liability (OCL) for each levied Account, which allows for the relative uncertainty in liability estimates, is not funded.

The ACC Board recommends sustainable levies to meet the funding policy of the Motor Vehicle, Work and Earners' Accounts, but final levy rates are set by the Government.

The Non-Earners' Account is funded by the Government. The Treatment Injury Account is funded through levies from the Earners' and Non-Earners' Accounts on the basis of whether the treatment injury claims are from earners or non-earners.

The accompanying notes form part of these financial statements.

MOTOR VEHICLE ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Levy revenue		**474**	**460**	**475**
Claims paid	6.1	762	667	841
Claims handling costs		55	53	56
(Decrease) increase in outstanding claims liability	6.3(a)	(64)	(1,943)	850
Total claims incurred		**753**	**(1,223)**	**1,747**
(Decrease) increase in unexpired risk liability	6.6	(3)	(38)	21
Other underwriting costs		13	10	17
(Deficit) surplus from underwriting activities		**(289)**	**1,711**	**(1,310)**
Investment income (loss)		903	(1,422)	601
Investment costs		(36)	(36)	(23)
Other revenue		–	–	–
Net surplus (deficit)		**578**	**253**	**(732)**
Total comprehensive revenue and expense for the year		**578**	**253**	**(732)**

Statement of changes in reserves (equity)

For the year ended 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves – opening balance (deficit)	1,100	847	(766)
Total comprehensive revenue and expense for the year	578	253	(732)
Account reserves – closing balance (deficit)	**1,678**	**1,100**	**(1,498)**

Statement of financial position

As at 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves (deficit)	**1,678**	**1,100**	**(1,498)**
Represented by:			
Assets	14,821	14,534	15,477
Less liabilities	13,143	13,434	16,975
Net assets (liabilities)	**1,678**	**1,100**	**(1,498)**

Funds for the Motor Vehicle Account are derived and applied in accordance with section 213 of the AC Act.

The accompanying notes form part of these financial statements.

WORK ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Levy revenue		**1,025**	**921**	**879**
Claims paid	6.1	1,076	956	1,156
Claims handling costs		112	108	113
Increase (decrease) in outstanding claims liability	6.3(a)	165	(1,010)	357
Total claims incurred		**1,353**	**54**	**1,626**
Increase (decrease) in unexpired risk liability	6.6	10	(21)	40
Other underwriting costs		69	89	93
(Deficit) surplus from underwriting activities		**(407)**	**799**	**(880)**
Investment income (loss)		602	(898)	470
Investment costs		(27)	(26)	(18)
Other revenue		–	–	–
Net surplus (deficit)		**168**	**(125)**	**(428)**
Total comprehensive revenue and expense for the year		**168**	**(125)**	**(428)**

Statement of changes in reserves (equity)

For the year ended 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves – opening balance (deficit)	2,574	2,699	1,868
Total comprehensive revenue and expense for the year	168	(125)	(428)
Account reserves – closing balance (deficit)	**2,742**	**2,574**	**1,440**

Statement of financial position

As at 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves (deficit)	**2,742**	**2,574**	**1,440**
Represented by:			
Assets	12,398	12,203	12,518
Less liabilities	9,656	9,629	11,078
Net assets	**2,742**	**2,574**	**1,440**

Funds for the Work Account are derived and applied in accordance with section 167 of the AC Act.

The accompanying notes form part of these financial statements.

Non-Compliers Fund

Included in the Work Account is the Non-Compliers Fund (the Fund). The Fund was set up to cover employees who were injured while working for an employer who had not taken out accident insurance during the time when the workplace accident insurance market was opened up for competition. The Fund was transferred to ACC following the restoration of ACC as sole provider of workplace accident insurance. The net surplus for the year ended 30 June 2023 for the Fund was $36,000 (2022: $63,000 deficit). The Fund's reserves as at 30 June 2023 were $554,000 (2022: $518,000). The values in this note are rounded to the nearest thousand dollars.

CoverPlus Extra

There were 37,373 (2022: 39,299) CoverPlus Extra policies purchased as at 30 June 2023. CoverPlus Extra is an optional product that lets self-employed people and non-PAYE shareholder employees negotiate a pre-agreed level of lost earnings compensation. Payments of $14 million (2022: $13 million) in weekly compensation relating to work-related injuries were paid to clients who had purchased weekly compensation under CoverPlus Extra policies from the Work Account during the year. Non-work injury payments of $33 million (2022: $27 million) were paid from the other Accounts.

The accompanying notes form part of these financial statements.

EARNERS' ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Levy revenue		**2,294**	**2,020**	**2,153**
Claims paid	6.1	2,342	2,003	2,419
Claims handling costs		239	223	236
Increase (decrease) in outstanding claims liability	6.3(a)	969	(578)	991
Total claims incurred		**3,550**	**1,648**	**3,646**
(Decrease) increase in unexpired risk liability	6.6	(17)	(104)	52
Other underwriting costs		35	57	47
(Deficit) surplus from underwriting activities		**(1,274)**	**419**	**(1,592)**
Investment income (loss)		920	(1,086)	559
Investment costs		(32)	(32)	(18)
Other revenue		–	1	–
Net deficit		**(386)**	**(698)**	**(1,051)**
Total comprehensive revenue and expense for the year		**(386)**	**(698)**	**(1,051)**

Statement of changes in reserves (equity)

For the year ended 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves – opening balance (deficit)	(1,550)	(852)	(2,523)
Total comprehensive revenue and expense for the year	(386)	(698)	(1,051)
Account reserves – closing balance (deficit)	**(1,936)**	**(1,550)**	**(3,574)**

Statement of financial position

As at 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves (deficit)	**(1,936)**	**(1,550)**	**(3,574)**
Represented by:			
Assets	14,057	13,438	14,067
Less liabilities	15,993	14,988	17,641
Net liabilities	**(1,936)**	**(1,550)**	**(3,574)**

Funds for the Earners' Account are derived and applied in accordance with section 218 of the AC Act.

The accompanying notes form part of these financial statements.

TREATMENT INJURY ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Levy revenue		**363**	**330**	**355**
Claims paid	6.1	363	292	371
Claims handling costs		50	44	46
Increase (decrease) in outstanding claims liability	6.3(a)	229	(469)	595
Total claims incurred		**642**	**(133)**	**1,012**
Increase (decrease) in unexpired risk liability	6.6	–	–	–
Other underwriting costs		6	9	7
(Deficit) surplus from underwriting activities		**(285)**	**454**	**(664)**
Investment income (loss)		404	(542)	269
Investment costs		(15)	(14)	(9)
Other revenue		–	–	–
Net surplus (deficit)		**104**	**(102)**	**(404)**
Total comprehensive revenue and expense for the year		**104**	**(102)**	**(404)**

Statement of changes in reserves (equity)

For the year ended 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves – opening balance (deficit)	(2,187)	(2,085)	(3,199)
Total comprehensive revenue and expense for the year	104	(102)	(404)
Account reserves – closing balance (deficit)	**(2,083)**	**(2,187)**	**(3,603)**

Statement of financial position

As at 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves (deficit)	**(2,083)**	**(2,187)**	**(3,603)**
Represented by:			
Assets	5,821	5,545	6,094
Less liabilities	7,904	7,732	9,697
Net liabilities	**(2,083)**	**(2,187)**	**(3,603)**

Funds for the Treatment Injury Account are derived and applied in accordance with section 228 of the AC Act.

The accompanying notes form part of these financial statements.

NON-EARNERS' ACCOUNT

Statement of comprehensive revenue and expense

For the year ended 30 June 2023

$M	Note	Actual 2023	Actual 2022	Unaudited Budget 2023
Levy revenue		**1,798**	**1,660**	**1,793**
Claims paid	6.1	1,648	1,454	1,708
Claims handling costs		123	112	121
(Decrease) increase in outstanding claims liability	6.3(a)	(34)	(1,115)	714
Total claims incurred		**1,737**	**451**	**2,543**
Increase (decrease) in unexpired risk liability	6.6	–	–	–
Other underwriting costs		28	28	39
Surplus (deficit) from underwriting activities		**33**	**1,181**	**(789)**
Investment income (loss)		430	(543)	291
Investment costs		(16)	(15)	(8)
Other revenue		–	–	–
Net surplus (deficit)		**447**	**623**	**(506)**
Total comprehensive revenue and expense for the year		**447**	**623**	**(506)**

Statement of changes in reserves (equity)

For the year ended 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves – opening balance (deficit)	(5,976)	(6,599)	(7,853)
Total comprehensive revenue and expense for the year	447	623	(506)
Account reserves – closing balance (deficit)	**(5,529)**	**(5,976)**	**(8,359)**

Statement of financial position

As at 30 June 2023

$M	Actual 2023	Actual 2022	Unaudited Budget 2023
Account reserves (deficit)	**(5,529)**	**(5,976)**	**(8,359)**
Represented by:			
Assets	5,419	5,093	5,596
Less liabilities	10,948	11,069	13,955
Net liabilities	**(5,529)**	**(5,976)**	**(8,359)**

Funds for the Non-Earners' Account are derived and applied in accordance with section 227 of the AC Act.

The accompanying notes form part of these financial statements.

Ngā tāpiringa o te tauāki pūtea | Notes to the financial statements

For the year ended 30 June 2023

1. Statement of accounting policies

1.1 REPORTING ENTITY

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

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

The financial statements for ACC are for the year ended 30 June 2023, and were authorised for issue by the Board on 27 September 2023.

1.2 BASIS OF PREPARATION

ACC is a Tier 1 entity and the financial statements and statement of performance have been prepared in accordance with generally accepted accounting practice in New Zealand (NZ GAAP). The financial statements and statement of performance comply with Public Benefit Entity Standards (PBE Standards) and have been prepared in accordance with the Accident Compensation Act 2001 (AC Act) and the Crown Entities Act 2004.

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

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

The budget figures are derived from the Service Agreement as approved by the Board in June 2022. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements. The budget figures are unaudited.

Standard issued and not yet effective and has been early adopted

PBE IPSAS 1 *PRESENTATION OF FINANCIAL REPORTS*

The External Reporting Board (XRB) issued *Disclosure of Fees for Audit Firms' Services* (Amendments to PBE IPSAS 1) in May 2023. The amending standard is effective for periods beginning on or after 1 January 2024, with early adoption permitted. ACC has early adopted the amendments to PBE IPSAS 1. The amendment requires the disclosure of fees paid to audit firms for different types of services using prescribed categories. The disclosure of fees paid to audit firms in accordance with the amending standard is in Note 5.4 Auditor's remuneration.

Standard issued and not yet effective and not early adopted

PBE IFRS 17 *INSURANCE CONTRACTS*

The public sector modified version of PBE IFRS 17 *Insurance Contracts* was issued in June 2023. This standard supersedes PBE IFRS 4 *Insurance Contracts*. It is effective for periods beginning on or after 1 January 2026, with early adoption permitted.

ACC is considering if it will early adopt and has not assessed the effect of the new standard.

Standards issued and adopted during the period

PBE IPSAS 41 *FINANCIAL INSTRUMENTS*

PBE IPSAS 41 supersedes PBE IFRS 9 *Financial Instruments*, which was issued as an interim standard. The requirements in PBE IPSAS 41 are almost identical to the requirements in PBE IFRS 9, which was previously applied by ACC. There have been no material changes to the way ACC classifies, recognises, measures, or discloses financial assets or liabilities as a result of adopting PBE IPSAS 41.

In accordance with the transitional provisions in PBE IPSAS 41, ACC has not changed the classification and measurement of its existing financial assets and financial liabilities when it implemented PBE IPSAS 41 on 1 July 2022. There are also no changes to the comparatives.

PBE FRS 48 *SERVICE PERFORMANCE REPORTING*

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1. The material difference between PBE FRS 48 and PBE IPSAS 1 is that the former requires the disclosure of judgements that have the most significant effect on the selection, measurement, aggregation and presentation of service performance information. The impact of implementing PBE FRS 48 is disclosed in the statement of performance.

Comparatives

The following material comparatives have been restated to align with the current period’s presentation or disclosure. There are other restatements of comparatives in the financial statements but the details are not disclosed because they are not considered to be material. Most of the restatements are made to meet the requirements of the accounting standards and/or to provide a fair presentation of the financial statements.

In the statements of comprehensive revenue and expense for the year ended 30 June 2022:

- The underwriting result was in the prior year's Note 4 Underwriting result. The underwriting result is now presented on the face of the statements of comprehensive revenue and expense. The line items on the face of the statements of the comprehensive revenue and expense have also been reordered. The presentation of the underwriting result on the face of the statements of comprehensive revenue and expense is not a requirement of the accounting standards but ACC has chosen to present this as it is considered to be best practice and industry standard.
- Investment income was separated between interest, dividend and rental income and net gains (losses). All investment income is now combined into one category of investment income (loss). The separate categories are still disclosed in Note 4 Net investment income (loss). This presentation is changed to align with the presentation of the underwriting result on the face of the statements of comprehensive revenue and expense.
- Direct investment cost was netted against investment income. This is now presented gross within investment costs on the face of the statements of comprehensive revenue and expense and in Note 4 Net investment income (loss).

In the statement of cash flows for the year ended 30 June 2022:

- Investment income included interest, dividends and investment property, these are now presented separately.
- Investment expense was offset against investment revenue, and now included in Payments towards claims, injury prevention and other operating costs.

In Note 5 Analysis of Operating expenses, the components of personnel expenses and contractors and consultants were not presented separately. The expenses by nature are now classified into personnel expenses, other operating expenses, contractors and consultant costs and auditor's remuneration.

In Note 12 Financial risk management, receivables and payables included non-financial instruments. Non-financial instruments are now excluded from the receivables and payables balance in all the financial instruments disclosure in Note 12.

In Note 12.6 Fair value hierarchy, deposits at call, cash pledged as collateral and cash collateral received was omitted from the prior year.

In the Level 3 sensitivity analysis, the categories of financial services, infrastructure equity and infrastructure debt have changed to be consistent with the categories in Note 7 Investments.

1.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies are included in the notes that they relate to.

2. Critical accounting judgements, estimates and assumptions

ACC makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually re-evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The key areas in which critical estimates are applied are described below.

2.1 OUTSTANDING CLAIMS LIABILITY

In estimating the OCL, a central estimate plus a risk margin is adopted. Due to the uncertainty in the OCL estimate, and the number of assumptions required in its determination, it is highly likely that the actual experience will differ from the stated estimate. Standard actuarial techniques are used to formulate the central estimate, taking into account trends in historical claims data, reviewing current conditions that may impact future trends, and scanning the horizon for possible changes that may affect trends in the future.

Where possible, both the number of clients receiving payments and the average amount of these payments are analysed separately. When claim numbers are too unstable for this method to be reliable, an analysis of aggregate payments is undertaken.

The following actuarial valuation techniques are used to project the various benefit types:

- payment per active claim method
- individual claim projection method.

Some elements of the claims liability are subject to more uncertainty than others. For past injury years, a higher proportion of the ultimate number of claims for each year will have been reported. These reported claims will have a longer history of payments and a smaller outstanding amount, all other things being equal, than claims reported in more recent injury years. Incurred but not reported (IBNR) claims have no payment history and must be estimated in their entirety. Hence the OCL estimate for more recent injury years will be subject to more uncertainty.

The general sources of uncertainty include:

- actual future claim costs that differ from those expected due to unanticipated changes to Scheme utilisation, inflationary trends and claim durations
- the actual timing of claim payments differs from those expected
- unanticipated changes in operational processes that affect claim payments
- future advances in medicine and treatment that may impact recovery periods, cost structures and Scheme utilisation
- periodic review of ACC legislation, policy decisions and court decisions, which can result in entitlements that are not anticipated.

In general, the largest area of uncertainty affecting the OCL is the future costs associated with personal and social rehabilitation support services provided to individuals experiencing significant disability as a result of an injury. In particular the cost of personal care services whether they be home or residential-based care. These may involve anything from helping with daily duties to providing nursing care services. The number of hours per day, types of service required, provider type and average costs per hour are key assumptions that need to be projected decades into the future. The estimate carries with it a wide range of uncertainty, due to the length of the projection period and the variation of disabilities and/or demonstrated independent participation by the clients.

The estimated future cash payments are discounted using a risk-free rate based on the yield curves of New Zealand Government bond rates.

2.2 GRADUAL PROCESS CLAIMS

These claims are a result of injuries that have occurred due to prolonged exposure in the workplace to conditions that result in some form of harm. The most common examples of such claims are those for asbestosis (due to prolonged exposure to asbestos dust in the atmosphere) and hearing loss (due to prolonged exposure to excessive noise).

Due to the nature of these injuries, many years can pass between exposure to the conditions that result in harm and the individual receiving treatment or suffering incapacity.

A gradual process claim can be made when a person is regarded as suffering personal injury caused by work-related gradual process, disease or infection which is in accordance with section 37 of the AC Act. The claim can be made at the earlier of either the date that the person first receives treatment or the date that the injury first results in incapacity.

ACC's accounting policy is to recognise a financial liability for gradual process injury only when a claim is made. The effect of this policy is that until the injury presents itself such that the person receives treatment or suffers incapacity and makes a claim, ACC does not record a liability in the OCL.

2.3 SENSITIVE CLAIMS

These claims are a result of mental injuries that have been caused by certain criminal acts as set out in Schedule 3 of the AC Act (predominantly serious sexual offences) under the provision in section 21. For the purposes of considering when a person is regarded as having suffered mental injury in the circumstances under section 21, section 36(1) of the AC Act provides that the date for such mental injury being suffered is the date on which the person first receives treatment for that mental injury. Based on the AC Act, ACC recognises a financial liability for sensitive claims that have been reported. In addition, an estimate is made of the financial liability of claims not yet reported despite treatment having commenced.

2.4 ACCRUED LEVY REVENUE

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

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

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

2.5 INVESTMENTS

Where the fair values of investment assets recorded in the statement of financial position cannot be derived from active markets, they are determined using valuation techniques that include inputs derived from observable market data where possible. Where observable market data is not available, judgement is required to establish fair values. The judgements include considerations of liquidity risk, credit risk and model inputs such as economic growth, cash forecasts and discount rates.

2.6 GOING CONCERN ASSUMPTION

The financial statements have been prepared on a going concern basis.

The Board continues to monitor and consider the future outlook of the Scheme and the likelihood that this creates uncertainty over the going concern assumption. ACC is particularly mindful that external economic factors can significantly impact the Scheme's financial performance and position. This may require increased levels of funding in order to meet the future costs of current claims. In addition, the regulatory scheme contemplates periods when funding of some Accounts will be inadequate and catch-up funding will occur at a later stage. In circumstances where the Government has elected for a period to not fund the deficit in the Government 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 Government by the Board, financial deficits may result. Were this to continue, it would result in ongoing deficits and a deterioration in the funding ratios of the relevant Accounts.

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

3. Levy revenue

Overview

ACC collects the Motor Vehicle levy for people injured on public roads involving a moving vehicle, Work levy to fund cover for injuries that happen at work and Earners' levy for injuries that happen during everyday activities. The remaining levy revenue comes from the Government for people in New Zealand who don't pay levies but still need ACC support if they are injured.

Accounting policy

Levy revenue is recognised in the levy period to which it relates. Levy revenue relating to levy periods that commenced prior to balance date is accrued if not yet invoiced. This accrual is estimated based on expected liable earnings at the applicable levy rate, with the assumption that the levy revenue is earned evenly over the levy period. The proportion of levies not earned at the reporting date is recognised in the statement of financial position as unearned levy liability.

Government appropriations is recognised as revenue at the point of entitlement, and this is considered to be the start of the appropriation period to which the funding relates.

$M	2023	2022
Levy revenue	3,893	3,486
Government appropriations	2,061	1,905
Total levy revenue	**5,954**	**5,391**

4. Net investment income (loss)

Overview

ACC invests funds collected as levies to ensure that it can meet its obligations to pay claims. Because serious injuries will require ongoing expenditure for decades into the future, a portion of the levies is set aside to provide for future costs. To meet this purpose, ACC favours long-term investments that it expects will deliver relatively certain income streams for a long period of time.

Each of ACC's Accounts 'holds' a portion of different investment portfolios. These holding proportions are adjusted whenever an Account places additional funds into, or withdraws funds from, an investment portfolio. Investment income from each investment portfolio is allocated between the Accounts daily, based on the Accounts' daily proportionate 'ownership'.

Some derivative positions are allocated directly between the Accounts rather than to investment portfolios, with all associated income from these positions directly allocated to the relevant Accounts.

Accounting policy

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

- dividends on equity securities are recorded as revenue on the ex-dividend date (date security starts trading without the value of its next dividend payment)
- distributions from unit trusts are recognised when received. Where the distributions are in the form of additional units rather than cash, the amount of the cash distribution foregone is recognised as revenue
- interest revenue is recognised as it accrues
- investment gains (losses) represent the realised and unrealised movements in the investment values. Realised gains (losses) occur at the time of disposal of a financial instrument 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 financial instrument and their fair value at year end.

Foreign currency transactions (including those subject to forward foreign exchange contracts and cross-currency interest rate swaps) are translated into New Zealand dollars (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in surplus or deficit.

$M	2023	2022
Interest, dividend and rental income		
Interest revenue		
Financial instruments classified at fair value through surplus or deficit	909	615
Financial instruments classified as held for trading	(78)	79
	831	**694**
Rental income from investment properties	18	17
Revenue from service concession arrangement	7	5
Dividend and distribution income	610	541
Other fee income	1	3
Gross interest, dividend and rental income	**1,467**	**1,260**
Gains (losses) on investments		
Change in fair value of financial instruments classified at fair value through surplus or deficit	1,508	(4,697)
Change in fair value of financial instruments classified as held for trading	284	(1,054)
Net gains (losses) on investments	**1,792**	**(5,751)**
Investment income (loss)	**3,259**	**(4,491)**
Investment costs		
Direct investment costs		
Foreign withholding tax	16	18
Other direct investment costs	25	25
Total direct investment costs	**41**	**43**
Investment management costs	85	80
Total investment costs	**126**	**123**
Net investment income (loss)	**3,133**	**(4,614)**

5. Analysis of operating expenses

Overview

ACC's total operating expenses comprising claims handling cost, other underwriting costs, investments costs and other costs are allocated to the five Accounts using an activity-based costing methodology. Our largest areas of spend are on personnel, IT and technical support, various programmes and professional services.

Accounting policy

Employee benefits

Employee entitlements to salaries and wages, bonuses, annual leave, long service leave, retirement leave and other similar benefits are recognised as an expense when they accrue to employees. Contributions to ACC's superannuation schemes and KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed as incurred.

Other operating expenses

Other operating expenses are recognised when goods and services are received.

Operating leases

Payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives for premises are recognised evenly over the term of the lease as a reduction in rental expense. The unexpired portion of operating leases is shown in Note 16 Commitments.

5.1 EXPENSES BY FUNCTION

$M	2023	2022
Claims handling costs	579	540
Other underwriting costs	151	193
Investment costs	126	123
Other costs	17	5
Total operating expenses	**873**	**861**

5.2 EXPENSES BY NATURE

$M	2023	2022
Personnel expenses		
Salaries and wages	364	325
Employer contributions to defined contribution schemes	34	31
Contractors and temporary staff	12	11
Training and professional development	3	2
Other personnel costs	7	6
Total personnel expenses	**420**	**375**
Other operating expenses		
Computer and telecommunication costs	84	75
Strategic change programme	92	105
Rental and operating lease costs	22	22
Injury prevention and other programmes	59	77
External levy collection	6	15
External investment costs	61	58
Direct investment costs	41	43
Consulting and other professional services	7	8
Depreciation, amortisation, impairment and gains / losses on disposal of property, plant and equipment and intangibles	43	51
Other operating expenses	38	32
Total other operating expenses	**453**	**486**
Total operating expenses	**873**	**861**

5.3 CONTRACTORS AND CONSULTANTS

ACC uses contractors and consultants to provide backfill for vacant positions or cover short-term demand, where specialist skills or independent external advice are needed (such as specific programmes or projects), and in periods of peak demand. These costs are included in the various expense categories above.

A contractor is a person who is not considered an employee, providing backfill or extra capacity in a role that exists within ACC or acts as an additional resource for a time-limited piece of work.

A consultant is a person or firm who is not considered a contractor or employee, engaged to perform a piece of work with a clearly defined scope and provide expertise, in a particular field, not readily available from within ACC.

$M	2023	2022
Operating expense		
Contractors	33	35
Consulting services	13	12
Total operating expense – contractors and consultants	**46**	**47**
Capital expense		
Contractors capitalised to assets	1	2
Total capital expense – contractors and consultants	**1**	**2**
Total contractors and consultants	**47**	**49**

5.4 AUDITOR'S REMUNERATION

Included in other operating expenses are fees paid to ACC's auditor (Ernst & Young) of:

$000	2023	2022
Audit of the financial statements and statement of performance	868	844
Other assurance services		
Greenhouse gas emissions 2023	74	–
Greenhouse gas emissions 2022	58	–
Cybersecurity	72	–
Independent quality	196	344
Earners' Account levy	–	47
Total other assurance services	**400**	**391**
Other fees paid		
Purchased actuarial remuneration survey	–	3
Total fees incurred for services and goods provided by the audit firm	**1,268**	**1,238**

In 2023 ACC also purchased two remuneration surveys of $6,000 payable in 2024.

6. Insurance disclosures

6.1 CLAIMS INCURRED

Overview

The largest expense for ACC is claims expense. This is the difference between the OCL at the beginning and the end of the year plus claims payments and handling costs during the year. Current year claims relate to injuries suffered in the current financial year. Prior year claims relate to a reassessment of the claims assumptions (e.g. changes in economic assumptions, risk margin and claims experience) made in all previous financial years, and include the effects of discounting caused by changes in the discount rate and the natural unwinding of the discount as the claims move one year closer to settlement.

	2023			2022		
$M	Current year	Prior years	Total	Current year	Prior years	Total
Undiscounted	14,678	8,073	22,751	12,713	5,019	17,732
Discount movement	(6,803)	(7,913)	(14,716)	(5,684)	(11,251)	(16,935)
Total claims incurred	**7,875**	**160**	**8,035**	**7,029**	**(6,232)**	**797**

Claims paid during the year comprised of:

$M	2023 Total	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non-Earners' Account	2022 Total
Rehabilitation (including treatment) costs							
Vocational rehabilitation	73	6	22	42	2	1	54
Social rehabilitation	1,201	307	121	201	174	398	1,039
Medical treatment	1,041	32	129	429	21	430	904
Hospital treatment	498	29	72	252	35	110	411
Public health acute services	733	72	48	149	4	460	651
Dental treatment	37	1	4	13	1	18	31
Conveyance for treatment	245	39	16	53	4	133	198
	3,828	**486**	**412**	**1,139**	**241**	**1,550**	**3,288**
Compensation costs							
Income maintenance	2,102	224	619	1,126	89	44	1,848
Independence allowances	55	6	7	11	3	28	51
Lump sums	54	8	12	10	14	10	42
Death benefits	102	33	14	38	9	8	90
	2,313	**271**	**652**	**1,185**	**115**	**90**	**2,031**
Other costs	50	5	12	18	7	8	53
Claims paid	**6,191**	**762**	**1,076**	**2,342**	**363**	**1,648**	**5,372**

6.2 ACTUARIAL RESULT

The actuarial view of the underwriting result is summarised below.

$M	2023	2022
Levy revenue	**5,954**	**5,391**
Claims incurred		
Lifetime cost of new claims anticipated over the year	7,987	7,687
Effect of payments experience	233	66
Effect of discount unwind	1,601	202
Effect of risk margin release	(470)	(427)
Effect of claims experience	692	(91)
Effect of claims modelling and assumptions	471	885
Effect of mortality assumption change	(335)	–
Effect of legislative and policy changes	379	1,206
Effect of non-influenceable modelling and experience	(260)	–
Effect of COVID-19 restrictions	–	(209)
Effect of changes in inflation assumptions	2,169	1,176
Effect of changes in discount rates	(4,432)	(9,698)
Total claims incurred	**8,035**	**797**
Decrease in unexpired risk liability	(10)	(163)
Other underwriting costs	151	193
(Deficit) surplus from underwriting activities	**(2,222)**	**4,564**

6.3 OUTSTANDING CLAIMS

Overview

PBE IFRS 4 requires an OCL 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 OCL 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 OCL 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 claims.

The OCL is the central estimate of the present value of expected future payments on claims occurring on or before the balance date, 30 June 2023, plus a risk margin to ensure the liability is sufficient to meet all the costs of future claim payments 75% of the time.

Future payments associated with gradual process claims that have not yet been reported are not included in the OCL. ACC's major exposure to gradual process or latent claims is in respect of hearing loss and asbestos-related injuries. Section 37 of the AC Act states that a person is considered injured when:

- they first report the incapacity; or
- they first receive medical treatment for the incapacity.

The AC Act effectively defines gradual process claims as being consistent with the 'claims made' policies issued by general insurance entities. That is, clients are covered for a specified contract period, regardless of when the event occurred giving rise to the claim. Under 'claims made' policies, an insurer only has liability for reported claims.

However, in order to highlight the potential payments related to persons who may have suffered exposure to conditions of harm but have not yet suffered incapacity or made a claim on ACC, an assessment of the potential payments under such future claims has been made. The present value of the obligation for all future gradual process claims not yet made is estimated at $1,090 million (2022: $1,064 million). This is only for claims arising due to noise-induced hearing loss and exposure to asbestos, being the types of gradual process claims where sufficient data is available to permit a reasonable estimate of the obligation.

Future payments associated with sensitive claims that have not yet sought treatment are not included in the OCL. Section 36(1) of the AC Act states that the date on which a person suffers mental injury in the circumstances described in section 21 is the date on which the person first received treatment for that mental injury.

The AC Act effectively defines sensitive claims as being consistent with the 'claims made' policies issued by general insurance entities. That is, clients are covered for a specified contract period, regardless of when the event occurred giving rise to the claim.

(a) Outstanding claims liability (discounted)

Accounting policy

The OCL is measured at the central estimate of future claim payments relating to claims incurred prior to the reporting date including direct and indirect claims handling costs. The gross OCL also includes a risk margin that relates to the inherent uncertainty in the central estimate of the future payments. ACC currently applies a 75% probability of adequacy to the OCL. The future claim payments are brought to present value as at the valuation date using a risk-free discount rate.

$M	2023 Total	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non-Earners Account	2022 Total
Central estimate of present value of future claims payments	43,300	10,222	6,809	10,909	6,452	8,908	42,372
Present value of claims handling costs	2,428	550	451	576	292	559	2,226
	45,728	**10,772**	**7,260**	**11,485**	**6,744**	**9,467**	**44,598**
Risk margin	5,809	1,421	806	1,355	958	1,269	5,674
Outstanding claims liability	**51,537**	**12,193**	**8,066**	**12,840**	**7,702**	**10,736**	**50,272**
As at the beginning of the year	50,272	12,257	7,901	11,871	7,473	10,770	55,387
Movement during the year	**1,265**	**(64)**	**165**	**969**	**229**	**(34)**	**(5,115)**
Current	5,218	766	960	2,117	549	826	4,795
Non-current	46,319	11,427	7,106	10,723	7,153	9,910	45,477
Total outstanding claims liability with risk margin	**51,537**	**12,193**	**8,066**	**12,840**	**7,702**	**10,736**	**50,272**

(b) Reconciliation of movement in discounted outstanding claims liability

Overview

The following table reconciles the year-on-year movement of the actuarially assessed OCL by the key drivers of the movement.

The broad definition of each movement category is:

(i) Claims anticipated over the year – the expected claim and claims handling costs arising from new accidents in the year to 30 June 2023. The cost is the present value of projected payments post 30 June 2022 plus the expected payments to be made in the year ended 30 June 2023.

(ii) Payments experience – the difference between actual and projected payments.

(iii) Discount unwind – as prior claims move one year closer to the date of expected payment, the reduction in the number of years over which discounting takes place is termed as the discount unwind.

(iv) Risk margin release – the removal of the risk margin on the current year's expected claims payments for non-current claims is termed as the risk margin release.

(v) Claims experience – change in future expected payments due to actual claims volumes and payments being different to expected.

(vi) Modelling and assumptions – changes to actuarial assumptions and/or methods to reflect actual experience and/or future events that may have an impact on the number and size of claims.

(vii) Mortality assumption change – changes to the mortality assumptions of seriously injured clients.

(viii) Legislative and policy changes – these include court rulings, legislation changes, ACC policy changes and care rate changes.

(ix) Non-influenceable modelling and experience – changes to actuarial assumptions and/or methods to reflect experience or events that are outside the control of ACC.

(x) COVID-19 restrictions – the restrictions led to a significant reduction in claims activity for which the impact is separately quantified.

(xi) Inflation assumptions – external assumptions made concerning inflationary factors that include labour cost inflation, average wage inflation and consumer price index (CPI). Future CPI assumptions are prescribed by the Treasury.

(xii) Discount rates – estimated future cash payments, which are adjusted in line with expectations of future inflation, are discounted using a risk-free rate that is based on the yield curves of New Zealand Government bond rates and prescribed by the Treasury.

(xiii) Claims payments and handling costs – the actual claims paid and the actual claims handling costs incurred during the year ended 30 June 2023.

$M	2023 Total	Motor Vehicle Account	Work Account	Earners' Account	Treatment Injury Account	Non-Earners' Account	2022 Total
Outstanding claims brought forward	**50,272**	**12,257**	**7,901**	**11,871**	**7,473**	**10,770**	**55,387**
Claims anticipated over the year	7,987	1,019	1,298	3,139	603	1,928	7,687
Effect of payments experience	233	12	34	96	25	66	66
Effect of discount unwind	1,601	397	248	367	243	346	202
Effect of risk margin release	(470)	(80)	(88)	(166)	(49)	(87)	(427)
Effect of claims experience	692	130	107	181	148	126	(91)
Effect of modelling and assumptions	471	(43)	(1)	335	183	(3)	885
Effect of mortality assumption change	(335)	(134)	(34)	(23)	(60)	(84)	–
Effect of legislative and policy changes	379	151	16	41	73	98	1,206
Effect of non-influenceable modelling and experience	(260)	(86)	(11)	(20)	(74)	(69)	–
Effect of COVID-19 restrictions	–	–	–	–	–	–	(209)
Effect of changes in inflation assumptions	2,169	534	308	490	353	484	1,176
Effect of changes in discount rates	(4,432)	(1,147)	(524)	(890)	(803)	(1,068)	(9,698)
Incurred claims recognised in the underwriting result	**8,035**	**753**	**1,353**	**3,550**	**642**	**1,737**	**797**
Claims payments and handling costs	(6,770)	(817)	(1,188)	(2,581)	(413)	(1,771)	(5,912)
Outstanding claims carried forward	**51,537**	**12,193**	**8,066**	**12,840**	**7,702**	**10,736**	**50,272**

(c) Claims development table

Overview

The following table shows the development of undiscounted claim cost estimates for the seven most recent accident years. The claims development table demonstrates the extent to which the original estimate of net ultimate claims payments in any one accident year has subsequently developed favourably (i.e. claims cost estimates have reduced) or unfavourably (i.e. further claims expense has been recognised in subsequent years). This table therefore illustrates the variability and inherent uncertainty in estimating the central estimate each year. The ultimate claims cost for any particular accident year is not known until all claims payments have been made which could be many years into the future.

$M	2017	2018	2019	2020	2021	2022	2023	Total
	Accident year							
Estimate of ultimate claim costs:								
At end of accident year	7,914	8,038	8,828	8,367	10,684	11,316	13,037	
One year later	7,160	7,738	9,137	8,963	11,044	12,335	–	
Two years later	7,430	7,655	10,183	9,464	11,882	–	–	
Three years later	7,500	8,365	10,396	9,887	–	–	–	
Four years later	8,021	8,882	10,805	–	–	–	–	
Five years later	8,221	9,038	–	–	–	–	–	
Six years later	8,727	–	–	–	–	–	–	
Current estimate of cumulative claim costs 2017 to 2023	**8,727**	**9,038**	**10,805**	**9,887**	**11,882**	**12,335**	**13,037**	**75,711**
Cumulative payments 2017 to 2023	(2,568)	(2,757)	(2,946)	(2,770)	(3,015)	(2,484)	(1,605)	(18,145)
Outstanding claims – undiscounted	**6,159**	**6,281**	**7,859**	**7,117**	**8,867**	**9,851**	**11,432**	**57,566**
Discount								(36,920)
Claims handling costs								2,734
Prior to 2017 and other claims – discounted								28,136
Short tail outstanding claims								21
Outstanding claims – per statement of financial position								**51,537**

(d) Key assumptions

Overview

An independent actuarial estimate by Taylor Fry, consulting actuary, has been made of the future expenditure relating to accidents that occurred prior to balance date, whether or not the claims have been reported to or accepted by ACC. The Taylor Fry actuarial report is signed by Mr Alan Greenfield and Mr Ross Simmonds, Fellows of the New Zealand Society of Actuaries.

The actuarial estimate has been made based on actual experience to 30 June 2023. The calculation of the OCL has been made in accordance with the standards of the New Zealand Society of Actuaries' Professional Standard No.30: *Valuation of General Insurance Claims* and PBE IFRS 4.

In determining the actuarial estimate, the independent actuaries have relied on information supplied by ACC. The independent actuaries have indicated they are satisfied as to the nature, sufficiency and accuracy of the information provided.

The table in Note 6.3(a), Outstanding claims liability (discounted), shows the actuarial estimate of the present value of the OCL that will be payable in future years. The actual outcome is likely to range about this estimate and, like any such forecast, is subject to uncertainty.

The following table shows the main long-term assumptions used in the above estimates.

% pa	2023 Year 1	2023 Beyond Year 1	2022 Year 1	2022 Beyond Year 1
Discount rate	5.43%	4.30% to 5.01%	3.34%	3.70% to 4.47%
Inflation rates:				
weekly compensation[(i)]	4.33%	2.13% to 3.75%	3.00%	2.00% to 3.80%
impairment benefits	6.65%	1.93% to 3.55%	6.90%	1.80% to 4.20%
social rehabilitation benefits	3.56%	2.13% to 2.86%	4.10%	2.00% to 2.80%
hospital rehabilitation benefits	3.56%	2.13% to 2.86%	4.10%	2.00% to 2.80%
short-term medical costs	3.56%	2.13% to 2.86%	4.10%	2.00% to 2.80%
other medical costs	3.56%	2.13% to 2.86%	4.10%	2.00% to 2.80%
Superimposed inflation:				
social rehabilitation benefits (contracted care)[(ii)]	4.04%	1.00%	1.00%	1.00%
social rehabilitation benefits (non-contracted care)[(ii)]	0.80%	1.00%	1.00%	1.00%
social rehabilitation benefits (residential care)[(ii)]	4.19%	0.50%	0.50%	0.50%
social rehabilitation benefits (serious injury capital expenditure)[(iii)]	0.70%	0.80% to 3.30%	0.70%	0.80% to 3.30%
hospital rehabilitation benefits[(iv)]	3.00%	3.00%	3.00%	3.00%
short-term medical costs (general practitioners)	2.00%	2.00%	2.00%	2.00%
short-term medical costs (radiology)	2.00%	2.00%	2.00%	2.00%
short-term medical costs (physiotherapists)	2.00%	2.00%	2.00%	2.00%
other medical costs	1.50%	1.50%	2.00%	2.00%
Weighted average risk margin	12.70%		12.70%	
Weighted average claims handling costs ratio	5.60%		5.30%	

Notes:

(i) Growth in weekly compensation benefits for existing accidents is inflated based on the Labour Cost Index (LCI). Growth in underlying wages to set starting levels of weekly compensation for future accidents is inflated using average weekly earnings.

(ii) Growth in liability due to increases in carer wages and residential care above LCI. Note this does not include increases in the hours of care provided or the effects of clients moving between care providers.

(iii) Capital expenditure: motor vehicle and housing modifications, along with other capital expenditure provided to those seriously disabled due to an accident.

(iv) Predominantly elective surgery costs.

(i) Process used to determine assumptions

Overview

Discount rate

The risk-free rates are prescribed by the Treasury and based predominantly on the yield curve of the New Zealand Government bond rates. The longest term of a current non-inflation-indexed New Zealand Government bond is approximately 30 years from now. Discount rates beyond 30 years are smoothed over a minimum of 10 years to eventually attain the long-term risk-free discount rate of 4.30%. This long-term rate is based on an examination of average New Zealand Government bonds over an extended period of time. This discounting methodology is consistent with that applied by the Treasury in valuing the liabilities on all Crown accounts.

The projected claim cash flows were discounted using a series of forward discount rates at balance date derived from the Treasury's risk-free rates. The equivalent single effective discount rate, taking into account ACC's projected future cash flow patterns, is 4.79% (2022: 4.18%).

Inflation rates

CPI inflation rates are prescribed by the Treasury. Assumptions for the LCI and average weekly earnings are based on their historical relationships with the CPI. Long-term inflation is determined by using an assumption about the gap between inflation and interest rates.

Superimposed inflation

Superimposed inflation is an allowance for increases to the cost of claims, over and above any adopted inflation index.

Risk margin

ACC has added a risk margin to the central estimate of the discounted future claims payments to provide for a higher degree of certainty that the liability for outstanding claims, at balance date, will be adequate to cover possible adverse developments.

The overall risk margin was determined allowing for the relative uncertainty of the outstanding claims estimate. Uncertainty was analysed for each benefit type, taking into account potential uncertainties relating to the claims experience, the insurance environment and the impact of legislative reform.

The assumptions regarding uncertainty were applied to the central estimates in order to arrive at an overall provision that allows for a 75% probability of sufficiency in meeting the actual amount of liability to which it relates.

Claims handling costs

The allowance for claims handling costs is determined by analysing claims-related costs incurred in the accounting year and expressing these expenses as percentages of claims paid in the same year. These are used as the basis for deriving the percentages that are applied to future projected payments to estimate future projected claims handling expense payments.

(ii) Sensitivity to changes in key assumptions

Overview

The sensitivity analysis below shows the impact of a change in key assumptions higher and lower at the beginning of the financial year and held constant throughout the year. Each sensitivity has been calculated in isolation to other changes, so an effect could be compounding.

The effects of the sensitivity for the OCL, the net surplus (deficit) and the net liabilities position to key assumption changes are in the following table.

One of the more volatile assumptions for the OCL is the interest rate. Interest rate movements in the OCL are partially offset through the interest rate exposure of the investment portfolios. The two asset sensitivities are separately calculated for impacts of interest rate changes on fixed interest assets and impacts of inflation rate changes on index linked bonds. There may also be some impact on equities, property, etc; however, these impacts are indeterminant.

	2023		
$M	OCL	Net liabilities	Net surplus
Actual	51,537	(5,128)	911

		2023		
Assumption	Movement	Increase (decrease) in OCL $M	Impact on net liabilities $M	Impact on net surplus $M
Interest rates	1.00%	(6,466)	4,170	4,170
	-1.00%	8,653	(6,222)	(6,222)
Inflation rate	1.00%	8,775	(7,437)	(7,437)
	-1.00%	(6,674)	5,496	5,496
Long-term gap between discount rate and inflation rates	0.75%	(364)	364	364
	-0.75%	424	(424)	(424)
Superimposed inflation (medical and elective surgery)	1.00%	1,023	(1,023)	(1,023)
	-1.00%	(770)	770	770
Discounted mean term	+1 year	(1,073)	1,073	1,073
	-1 year	1,100	(1,100)	(1,100)
Superimposed inflation for social rehabilitation for serious injury claims after one-year and non-serious non-capital claims	1.00%	3,299	(3,299)	(3,299)
	-1.00%	(2,482)	2,482	2,482
Long-term continuance rates for non-fatal weekly compensation	1.00%	934	(934)	(934)
	-1.00%	(805)	805	805
Sensitive claims continuance rates	1.00%	627	(627)	(627)
	-1.00%	(497)	497	497

$M		OCL	Net liabilities	Net deficit
		2022		
Actual		50,272	(6,039)	(49)

		2022		
Assumption	Movement	Increase (decrease) in OCL $M	Impact on net liabilities $M	Impact on net deficit $M
Interest rates	1.00%	(6,657)	4,634	4,634
	-1.00%	8,954	(6,650)	(6,650)
Inflation rate	1.00%	9,043	(7,784)	(7,784)
	-1.00%	(6,846)	5,748	5,748
Long-term gap between discount rate and inflation rates	0.75%	(365)	365	365
	-0.75%	406	(406)	(406)
Superimposed inflation (medical and elective surgery)	1.00%	1,080	(1,080)	(1,080)
	-1.00%	(837)	837	837
Discounted mean term	+1 year	(843)	843	843
	-1 year	862	(862)	(862)
Superimposed inflation for social rehabilitation for serious injury claims after one year and non-serious non-capital claims	1.00%	3,376	(3,376)	(3,376)
	-1.00%	(2,539)	2,539	2,539
Long-term continuance rates for non-fatal weekly compensation	1.00%	940	(940)	(940)
	-1.00%	(823)	823	823
Sensitive claims continuance rates	1.00%	635	(635)	(635)
	-1.00%	(512)	512	512

6.4 INSURANCE CONTRACTS – RISK MANAGEMENT POLICIES AND PROCEDURES

Overview

Insurance risk is the risk that the cost of insurance claims is higher than the planned cost, with the consequence, in extreme cases, that the insurer cannot meet its claims liabilities. Although ACC's exposure to insurance risk differs markedly from insurance risks faced by private sector commercial insurers, ACC is still exposed to several facets of insurance risk. As a result, ACC has objectives, policies and processes for managing them. ACC's general approach to managing risk is set out in the Enterprise Risk Management and Compliance Policy and includes the application of ACC's Enterprise Risk and Compliance Framework. The general approach applies to the management of all risks, including insurance risk. Note 6.4(i) contains a summary of the specific objectives, policies, processes and related methods relevant to ACC's management of insurance risk.

(i) Objectives, policies and processes for managing insurance risk and the methods used to manage that risk

The key activities that usually expose insurers to insurance risk comprise: product design, pricing, underwriting and claims management. Some of these activities are less relevant to ACC because, for example, the design of its products is (predominantly) prescribed by the AC Act and it does not have total control over its pricing. Nevertheless, those four categories of activity provide a useful framework to describe ACC's approach to managing insurance risk.

Product design: The personal injury events covered by the Scheme are prescribed by the AC Act, the contents of which are determined by Parliament, not ACC, and reflect Government policy. As such, the scope and nature of ACC's products are determined by statute. There is a risk that the product design can deviate over time from the original intentions of the legislature. This can occur by way of judicial (mis)interpretation or misapplication of the statutory provisions. ACC's objective is to ensure that the relevant provisions in the AC Act are interpreted and applied in a manner consistent with the original intentions of the legislature. ACC has implemented several controls to manage this risk, including:

- the review of material decisions by specialists to assess the accuracy and consistency of the interpretation of relevant statutory provisions concerning cover
- governance and other forums to review recommendations from specialists on whether to challenge potentially 'incorrect' interpretations and applications
- mature processes for conducting formal appeals of relevant decisions.

Pricing: A description of how the Scheme is funded is described in the 'Reporting and funding by Account' section. Part of that funding comes from levies. Although ACC plays an important role by making levy rate recommendations in accordance with the Government's funding policy, the final decisions on levy rates are made by the Government. As a result, compared to private sector commercial insurers, ACC does not have as much direct influence on the pricing of its services. ACC's objective in relation to its levy rate recommendations is to comply with section 331 of the AC Act, which requires (among other things) that ACC must consult levy payers before making any recommendation and that the recommendations must give effect to the Government's funding policy. There is a risk, however, that ACC's levy rate recommendations may not give effect to the Government's funding policy, which could lead to underfunding of the Scheme. ACC has implemented several controls to manage this risk, including:

- processes to ensure that the actuarial valuations on which the levy recommendations are based are robust and prepared in accordance with relevant standards
- governance forums to oversee the levy consultation and recommendation process and to make decisions on levy recommendations in accordance with the Government's funding policy.

Underwriting: The statements of comprehensive revenue and expense and Note 6.2 contains ACC's underwriting result (in the sense of ACC's core business of collecting levies and paying for accident compensation and rehabilitation, excluding any investment activities). However, the concept of underwriting activity, in the context of insurance risk, concerns the activities of an insurer related to its decisions on (essentially) what insurance contracts to enter into. ACC does not engage in that type of underwriting activity, because the AC Act prescribes both who is entitled to cover under the Scheme and the personal injury events that are covered. As a result, ACC's insurance risks are not affected by this aspect of insurance risk, which applies to most insurers.

Claims management: There are two aspects of claims management at ACC that give rise to material risks:

(i) the routine handling and settling of claims in the ordinary course of business

(ii) the management of the costs of claims, especially future costs of rehabilitation support services provided to individuals experiencing significant disability as a result of injury.

In relation to the routine handling and settling of claims in the ordinary course of business, there is a risk that ACC could approve and settle claims incorrectly, potentially incurring inappropriate costs related to the claims. ACC's objective in relation to the routine handling and settling of claims is to ensure that claims are settled in a timely manner in accordance with the relevant requirements of the AC Act. ACC has implemented several controls to manage this risk, including:

- documented claims management processes with associated claims handling authority levels
- claims settlement procedures
- dispute resolution processes.

The management of the costs of claims, especially long-term future costs, is complex. Some of the drivers of future claims costs are not able to be controlled by ACC. For example, falling interest rates (and the consequential impact on discount rates) have a negative (inflationary) impact on future claims costs. See Note 2.1 concerning the OCL. There is a risk that growth in claims costs could (among other things) place unwarranted pressure on levy rates. ACC's objective in relation to the management of the costs of claims is to identify and respond to controllable causes of claims cost growth. ACC has implemented several controls to manage this risk, including:

- procedures to ensure that contracts with service providers are appropriate
- review of provider contracts to identify potential opportunities for efficiencies

- setting annual budgets for claims costs, performance against which is tracked and reported
- processes requiring an assessment of the impact on OCL before service changes are adopted
- governance and other forums to oversee the management of claims costs and to identify initiatives that could improve claims management.

(ii) Terms and conditions of accident cover

The terms and conditions of personal injury cover are determined by the AC Act. ACC operates in compliance with its governing legislation.

(iii) Concentration of risk

The ACC Scheme covers the risks related to the provision of rehabilitation and compensation to people in New Zealand who have injuries as a result of accidents.

(iv) Credit rating

ACC is not required to have a credit rating.

6.5 UNEARNED LEVY LIABILITY

Overview

ACC recognises levy revenue that is earned for the financial year for the three levy funded Accounts. The levy year runs from 1 April to 31 March for the Earners' and Work Accounts and from 1 July to 30 June for the Motor Vehicle Account. This means that as of 30 June 2023 ACC has recognised unearned levy liabilities for the period 1 July 2023 to 31 March 2024 for both the Earners' and Work Accounts.

For the Motor Vehicle Account, ACC recognises unearned levy liability for a proportion of vehicle registration levies for vehicle registrations that expire after 30 June 2023, and a proportion of petrol levies that can be expected to be received after 30 June 2023 based on the number and expiry date of vehicle registrations purchased up to 30 June 2023 but that expire after 30 June 2023.

Accounting policy

Unearned levy is calculated based on the levy period to which it relates to with the assumption that levy is earned evenly over the levy period.

$M	2023 Total	Motor Vehicle Account	Work Account	Earners' Account	2022 Total
Opening balance at 1 July	2,510	169	665	1,676	2,248
Unearned levies received in the year	2,804	174	727	1,903	2,510
Levies received in previous years now recognised	(2,510)	(169)	(665)	(1,676)	(2,248)
Closing balance at 30 June	**2,804**	**174**	**727**	**1,903**	**2,510**
Current	2,804	174	727	1,903	2,510
Non-current	–	–	–	–	–
Total unearned levy liability	**2,804**	**174**	**727**	**1,903**	**2,510**

6.6 UNEXPIRED RISK LIABILITY

Overview

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

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

The expected future claims are determined as the present value of the expected future cash flows relating to future claims. ACC applies a risk margin to achieve the same probability of sufficiency for future claims as is achieved by the estimate of the claims liability (refer to Note 6.3(d)(i)).

Accounting policy

At each balance date, the adequacy of unearned levy is assessed against the present value of the expected future claims cash flows plus an additional risk margin to reflect the inherent uncertainty of the central estimate. The assessment is carried out at the Account level.

$M	2023 Total	Motor Vehicle Account	Work Account	Earners' Account	2022 Total
Opening balance at 1 July	1,334	197	353	784	1,497
Expected change	79	19	26	34	9
Other changes	(62)	(13)	(12)	(37)	7
Effect of changes in economic assumptions	(27)	(9)	(4)	(15)	(179)
(Decrease) increase in unexpired risk liability	(10)	(3)	10	(17)	(163)
Closing balance at 30 June	**1,324**	**194**	**363**	**767**	**1,334**
Calculation of deficiency					
Unearned levy liability as reported in the statement of financial position	2,804	174	727	1,903	2,510
Adjustment(i)	(87)	–	–	(87)	(66)
Adjusted unearned levy liability	**2,717**	**174**	**727**	**1,816**	**2,444**
Central estimate of present value of expected future cash flows arising from future claims	3,630	327	989	2,314	3,392
Risk margin(ii)	411	41	101	269	386
Present value of expected future cash flows for future claims	**4,041**	**368**	**1,090**	**2,583**	**3,778**
Total unexpired risk liability	**1,324**	**194**	**363**	**767**	**1,334**
Current	1,324	194	363	767	1,334
Non-current	–	–	–	–	–
Total unexpired risk liability	**1,324**	**194**	**363**	**767**	**1,334**

Notes:

(i) This excludes the earners' portion of treatment injury in the Earners' Account as the liabilities that are assessed exclude those arising from medical misadventure.

(ii) The risk margins determined for the unexpired risk liability relate to future claims payments for injuries that have yet to happen. The risk margins are consistent with those used for the OCL valuation.

A liability adequacy test was not performed for the Non-Earners' Account as there was no unearned levy liability as at 30 June 2023 for this Account.

7. Investments

Overview

Levies collected are invested to meet ACC's obligations to pay claims and expenses. ACC mainly invests with a principal focus on asset-liability risk, which is the net movements between assets and the OCL.

Accounting policy

ACC holds investment assets to generate investment income that matches the expected future cash flows arising from insurance liabilities. Assets held in the investment portfolios are designated as 'assets backing insurance liabilities'.

All investment assets, other than service concession arrangements and investment properties, are classified as financial assets recognised at fair value through surplus or deficit. The service concession arrangement is carried at cost less accumulated amortisation and the investment properties are carried at fair value through surplus or deficit but are not considered financial assets.

Fair value for investment assets is determined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical asset or liabilities including -

- listed shares and unit trusts, included in New Zealand equities, Australian equities and overseas equities, are valued at the quoted prices on established markets

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) including -

- bonds and other fixed interest investments, included in New Zealand government securities, other New Zealand debt securities and overseas debt securities, are valued using quoted yield curves
- unit trusts, deposits at call, derivatives and cash pledged as collateral

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). These include -

- non-listed equity investments (private equity and venture capital), included in New Zealand equities, Australian equities and overseas equities, 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, included in New Zealand equities, Australian equities and overseas equities, are valued based on the exit price (the value ACC would receive if the units were sold)
- ACC uses independent valuations for various investments without active markets or observable inputs. Fair value is determined using the most appropriate valuation technique
- investment properties are revalued by independent registered property valuers.

The techniques for all levels 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 non-observable inputs to a minimum. Assets subject to these valuations are included in other New Zealand debt securities, New Zealand equities and Australian equities.

$M	2023	2022
New Zealand deposits at call	710	596
Overseas deposits at call	317	441
Cash pledged as collateral (Note 7.4)	831	612
New Zealand government securities	15,093	13,363
Other New Zealand debt securities	6,137	6,031
Overseas debt securities	5,418	6,216
New Zealand equities	5,100	5,399
Australian equities	3,359	3,601
Overseas equities	10,170	9,512
Other investments	20	25
	47,155	**45,796**
Investment properties (Note 7.1)	577	606
Service concession arrangements (Note 7.2)	32	34
Total investments	**47,764**	**46,436**
Total investments excluding cash pledged as collateral	**46,933**	**45,824**
Current	4,099	2,761
Non-current	43,665	43,675
Total investments	**47,764**	**46,436**

7.1 INVESTMENT PROPERTIES

Investment properties are properties that ACC holds for rental revenue and capital gains. ACC is not the tenant of any properties it owns for investment purposes.

Accounting policy

The investment properties are revalued annually. The market valuations have been determined by members of the New Zealand Institute of Valuers, who are independent valuers of Colliers International NZ Limited. The properties are valued under a combination of the capitalisation approach, the discounted cash flow method and direct comparison with prices for properties of a similar nature.

Investment properties are carried at fair value through surplus or deficit but are not considered financial assets.

$M	2023	2022
Opening balance as at 1 July	606	530
Additions	12	–
Net (loss) gains from revaluations	(41)	76
Closing balance as at 30 June	**577**	**606**
Current	–	–
Non-current	577	606
Total investment properties	**577**	**606**

7.2 SERVICE CONCESSION ARRANGEMENTS

Accounting policy

ACC recognises an asset arising from a service concession arrangement where it has the right to charge for the use of a car park facility. The asset is carried at cost less accumulated amortisation and accumulated impairment.

The service concession arrangement was acquired in 2013 and will expire in 2037. Amortisation is calculated on a straight-line basis over the period in which ACC is able to charge the public for the use of the facilities.

$M	2023	2022
Year ended 30 June		
Opening net carrying amount	34	36
Amortisation charge	(2)	(2)
Closing net carrying amount	**32**	**34**
At 30 June		
At cost	56	56
Accumulated amortisation	(24)	(22)
Net carrying amount	**32**	**34**

7.3 REPURCHASE AGREEMENTS

Securities held under repurchase agreements are included within investments classified as financial assets at fair value through surplus or deficit. These securities are subject to fully collateralised security lending transactions. Cash collateral received of $507 million (2022: $816 million) from these transactions is invested, and the liability to repurchase the investments is accrued in unsettled investment transactions.

	2023		2022	
$M	Value of transferred assets	Value of associated liabilities	Value of transferred assets	Value of associated liabilities
Nature of transaction				
New Zealand government securities – repurchase agreements	507	507	816	816

7.4 COLLATERAL

In line with standard industry practice, ACC uses Credit Support Agreements (CSAs) to provide credit protection for derivative positions. ACC's practice is to annex each CSA to the International Swaps and Derivatives Association (ISDA) Master Agreement it has with counterparties. Under these agreements, open derivative positions with the counterparty are aggregated and cash collateral is exchanged daily. The collateral is provided by the counterparty when their position is out of the money or provided to the counterparty by ACC when ACC's position is out of the money.

Cash balances relating to initial and variation margin on futures are lodged with the custodian and passed on to the relevant futures exchange. Fixed income securities pledged as collateral are lodged with a clearing house via an external collateral manager.

Cash pledged as collateral

ACC is required to pledge part of its deposits at call in order to meet its obligations under the CSAs for derivative positions. The pledged assets will be returned to ACC when the underlying transactions have been settled, but in the event of default the counterparty is entitled to apply the collateral in order to settle the liability. The fair value of the amount pledged was $831 million as at 30 June 2023 (2022: $612 million).

Cash collateral received

ACC has received cash deposits as collateral to meet obligations under the CSAs for derivative positions. ACC has an obligation to repay the deposits to the counterparties upon settlement of the underlying transactions, but in the event of default ACC is entitled to apply the collateral received in order to settle the liability. The fair value of the deposits at call received by ACC was $25 million as at 30 June 2023 (2022: $1 million).

8. Derivative financial instruments

Overview

Derivative financial instruments form part of the actively managed investment portfolio. ACC uses various derivative financial instruments, such as forward foreign exchange contracts, interest rate swaps and futures, to manage its exposure to movements in exchange rates, interest rates and equity market prices. Refer to Note 12 Financial risk management for further explanation of ACC's investment risks and how these are addressed.

The use of derivative financial instruments is covered by investment policies which control the risks associated with such instruments.

Accounting policy

All derivative financial instruments are classified as 'held for trading' and are recognised at fair value through surplus or deficit. Fair value for derivative financial instruments is determined as follows:

- interest rate swaps are measured at the present value of future cash flows discounted based on the applicable yield curves derived from quoted interest rates
- credit default swaps are valued using discounted cash flow models that incorporate the default rate and credit spread of the underlying entity or index
- cross-currency interest rate swaps are valued using quoted market yields and exchange rates at balance date
- forward foreign exchange contracts are valued with reference to quoted forward exchange rates and yield curves derived from quoted interest rates with similar maturity profiles
- futures contracts are valued using quoted prices.

Derivatives are reported in the statement of financial position as assets when their fair value is positive and as liabilities when their fair value is negative.

$M	2023 Fair value assets	2023 Fair value liabilities	2022 Fair value assets	2022 Fair value liabilities
Interest rate swaps	154	889	227	986
Credit default swaps	3	–	4	2
Cross-currency interest rate swaps	46	31	27	146
Forward foreign exchange contracts	134	233	243	370
Futures contracts	19	26	19	17
Total derivative instruments	**356**	**1,179**	**520**	**1,521**
Current	145	239	262	388
Non-current	211	940	258	1,133
Total derivative instruments	**356**	**1,179**	**520**	**1,521**

At balance date, the notional amounts outstanding were:

$M	2023	2022
Interest rate swaps	12,708	11,840
Credit default swaps	66	145
Cross-currency interest rate swaps	7,575	5,603
Forward foreign exchange contracts	22,077	21,920
Futures contracts – long	1,480	1,375
Futures contracts – short	(2,698)	(2,153)
Options	–	65

9. Cash and cash equivalents

Overview

Cash and cash equivalents are ACC's most liquid assets. Cash equivalents are assets that can be readily convertible into cash.

Accounting policy

Cash and cash equivalents are considered to be cash on hand, current accounts with banks, deposits held on call with banks, and other short-term highly liquid investments net of outstanding bank overdrafts. These make up the operational cash balances used to meet operational needs such as paying claims and expenses. Cash and cash equivalents exclude items held for investment purposes within the reserves portfolio and not used for short-term cash needs.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

$M	2023	2022
Cash at bank	3	3
Investment operational cash		
Overnight call deposits	111	4
Deposits at call	131	143
Total cash and cash equivalents	**245**	**150**

The effective interest rate at 30 June 2023 on overnight call deposits was 5.50% (2022: 2.00%) and on deposits at call was 6.30% (2022: 2.42%).

10. Receivables

Overview

Levy receivables are amounts owed to ACC by levy customers. Unsettled investment transactions receivable are amounts due from counterparties in settlement of investment transactions.

Accounting policy

Receivables include debtors for levy, claimants, unsettled investment transactions, taxes and PAYE. Most of the receivables are contractual statutory arrangements and are non-exchange transactions. Generally non-levy receivables are from exchange transactions.

All receivables are initially recognised at fair value. Levy receivables are subsequently measured at fair value. Fair value is approximated by the undiscounted expected future cashflows. Due to the short-term nature of receivables, the effect of discounting is not material. Non-levy receivables are subsequently measured at amortised cost and tested for impairment.

An allowance for impairment is recognised when ACC does not expect to recover the amount owed and there is objective evidence that the asset is impaired. Receivable impairment is assessed on a collective basis as it possesses shared credit risk characteristics. For claimant debtors the allowance for impairment loss is based on historical credit loss experience. Receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include debtor financial hardship. Movements in the impairment allowance is recognised in the statement of comprehensive revenue and expense. Impairment losses can be reversed where there is evidence that the impaired value of the asset has increased.

$M	2023	2022
Levy debtors	130	246
Motor vehicle levy receivable(i)	24	19
Earners' levy receivable	11	9
Total levy receivables	**165**	**274**
Claimant debtors	4	4
Unsettled investment transactions	410	353
Dividends receivable	26	28
Interest receivable	–	3
Goods and services tax	6	–
Other tax receivables	13	12
Prepayments and other sundry debtors	29	21
Total non-levy receivables	**488**	**421**
Total receivables	**653**	**695**
Current	653	695
Non-current	–	–
Total receivables	**653**	**695**

CREDIT RISK

The credit risk management practices are in the accounting policy within this note. The maximum exposure to credit risk of receivables is the carrying value. The non-levy receivables are short term, and their carrying value represents a reasonable approximation of their fair value.

Note:

(i) Motor Vehicle levy receivable consists of:

- the amount collected by Waka Kotahi NZ Transport Agency from motor vehicle licensing that is due to ACC
- the amount collected by the New Zealand Customs Service for the levy portion of the excise duty on petrol that is due to ACC in the first week of the following month.

11. Accrued levy revenue

Overview

Accrued levy revenue is a type of revenue that has been earned but not yet collected.

Accounting policy

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

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

ACC recognises and accrues levy revenue up to the end of the levy year for the three levy-funded Accounts. The levy year runs from 1 April to 31 March for the Work and Earners' Accounts and from 1 July to 30 June for the Motor Vehicle Account.

The accrued levy revenue at 30 June 2023 therefore includes revenue for the period 1 July 2023 to 31 March 2024 for the Work and Earners' Accounts as well as uninvoiced revenue for levy periods up to 30 June 2023.

$M	2023	2022
Motor Vehicle Account	66	65
Earners' Account	2,225	893
Work Account	1,099	1,937
Total accrued levy revenue	**3,390**	**2,895**
Current	3,390	2,895
Non-current	–	–
Total accrued levy revenue	**3,390**	**2,895**

Sensitivity analysis

The accrued levy revenue for the levy year 1 April 2023 to 31 March 2024 is assessed using Inland Revenue's earnings data, and providing for an uplift on the liable earnings from the previous levy year 1 April 2022 to 31 March 2023, multiplied by the applicable levy rate. The following sensitivity analysis shows the impact on the net surplus if the uplift applied were to change by 6.00%, with all other variables held constant.

Account	Uplift applied range %	Movement %	Impact on net surplus $M
Work	3.43 to 3.98	+6.00	58
		-6.00	(58)
Earners	4.05 to 5.01	+6.00	152
		-6.00	(152)

12. Financial risk management

Overview

The main financial risks that ACC is primarily exposed to are market (interest rate, foreign currency risk and other price risk), credit and liquidity risk.

12.1 FINANCIAL INSTRUMENT CLASSIFICATION

Financial instruments held by ACC are categorised as follows:

$M	2023	2022
Financial assets designated at fair value through surplus or deficit		
Investments (Note 7)	47,155	45,796
Financial assets at fair value through surplus or deficit held for trading		
Derivative financial assets (Note 8)	356	520
Financial assets at amortised cost		
Cash and cash equivalents (Note 9)	245	150
Receivables (Note 10)	438	385
Financial liabilities designated at fair value through surplus or deficit		
Cash collateral received (Note 7.4)	25	1
Financial liabilities at fair value through surplus or deficit held for trading		
Derivative financial liabilities (Note 8)	1,179	1,521
Financial liabilities at amortised cost		
Payables (Note 14)	609	1,037

12.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

Each of ACC's five Accounts allocates its investment funds to ACC's short-term operational cash portfolio and its own longer-term reserves portfolio depending on that Account's future cash flow needs. The operational cash portfolio is used to meet operational needs such as paying claims and expenses. When the Accounts allocate money to the various investment markets (asset classes), the money in each asset class is pooled from all Accounts and managed collectively to ensure operational efficiency and fairness between Accounts. The Accounts' ownership of each asset class is updated when each Account contributes money to or withdraws money from the investment portfolios. The ownership amounts are monitored on a daily basis.

The main financial risks that ACC is primarily exposed to are market, credit and liquidity risk.

ACC consciously chooses to be exposed to many of these risk exposures through the investment portfolios. These risks either provide a natural offset to risks inherent in the OCL or because ACC expects to enhance returns through prudent exposure to market risks.

When ACC does not wish to incur the above risks in the reserves portfolio it will seek to reduce exposure to these risks using a variety of methods. These methods include disposing of investments currently exposed to these risks, purchasing investments with offsetting risk exposures, and using derivative financial instruments. Market risk (which comprises interest rate, foreign exchange and other price risk) is managed for all portfolios through the investment guidelines. This ensures that portfolio managers maintain their portfolios within defined market exposure limits. These limits include: limits on the percentage weight of any particular company in the portfolio relative to its benchmark weight; limits on aggregate investment in companies not represented in the benchmark; limits on the maximum percentage shareholding in any individual company; ratings-related credit limits on both a per-issuer and an aggregate basis;

duration limits relative to the duration of the benchmark; and maximum exposure limits to single entities. Compliance with the investment guidelines is reviewed by ACC's Investment Risk and Performance group on a daily basis, and by the internal auditors on a half-yearly basis.

Market risk exposures are measured in a number of ways, specific to the types of risk being measured. In some cases more than one measure of risk is used, recognising the fact that all forms of investment risk measurement are imperfect.

12.3 MARKET RISK

(i) Interest rate risk

Overview

The interest rate exposures of the investment portfolios and the operational cash portfolio are managed: through asset allocation between asset classes; through the selection of physical securities within the asset class sub-portfolios; through the use of interest rate swaps within portfolios; and through the use of interest rate swaps as an 'asset allocation overlay'. Other derivative financial instruments may also be used to manage the interest rate exposures of the investment portfolios and the operational cash portfolio.

Interest rate risk affects ACC’s investments and the OCL of each Account. For each Account, ACC would expect investment gains and an increase in the OCL to result from declines in interest rates and investment losses, and a decrease in the OCL to result from rises. However, the corresponding movements in ACC's OCL (due only to interest rate movements) would be far more significant than the movement in the value of investments. Hence, investment gains or losses arising from changes in interest rates will tend to only partially offset a corresponding revaluation of ACC's claims liabilities.

Under interest rate swap contracts, ACC agrees to exchange the difference between fixed and floating rate interest payments calculated on agreed notional principal amounts. Such contracts enable ACC to manage its interest rate risk and create synthetic fixed-rate bonds from its investment in variable rate debt.

Sensitivity analysis

At balance date, if the interest rate at the end of the financial year had been 1% higher/lower and held constant throughout the year with all other variables remaining constant, the net surplus (deficit) would have moved as per the table below. Any change in the net surplus (deficit) for the period would result in a corresponding movement in net liabilities.

Fair value interest rate risk	Change in interest rate %	2023 Impact on net surplus $M	2022 Impact on net deficit $M
New Zealand dollar interest rates	+1.00	(2,338)	(2,023)
New Zealand dollar interest rates	-1.00	2,478	2,304

The above only shows the impact of changes in interest rates on ACC's investment portfolios. Changes in interest rates also have an impact on the OCL. Refer to Note 6.3(d)(ii) for this sensitivity analysis.

(ii) Foreign exchange risk

Overview

Foreign exchange risk is the risk that the value of ACC's investment portfolios could be affected by a change in foreign exchange rates. ACC is exposed to foreign exchange risk principally due to its holdings of foreign currency denominated investments. ACC partially offsets these exposures by entering into foreign currency contracts for forward sales of foreign currencies against the New Zealand dollar and longer-term, cross-currency interest rate swaps.

Benchmark ranges of foreign exchange exposure are established by the Investment Committee for each Account. Accounts can move within these benchmark ranges but action must be taken if exposure exceeds these ranges. These benchmark exposures are designed to align with ACC's high-level objective of finding an appropriate balance between minimising risk whilst maximising expected return.

All foreign exchange contracts held by ACC have remaining terms of 12 months or less. While the cross-currency interest rate swaps have maturities out to seven years, the floating interest rates on these swaps are reset every three months.

Sensitivity analysis

The following sensitivity analysis shows the impact on the net surplus (deficit) of a reasonably possible change of 10% in the New Zealand dollar against the respective major currencies and held constant throughout the year, with all other variables remaining constant. Any change in the net surplus (deficit) for the period would result in a corresponding movement in net liabilities.

	2023							
$M	AUD	USD	EUR	GBP	KRW	JPY	HKD	Other
Impact on net surplus								
10.00% increase	(538)	(519)	(101)	(37)	(19)	(52)	(30)	(74)
10.00% decrease	658	635	124	45	23	64	37	89

	2022							
$M	AUD	USD	EUR	GBP	KRW	JPY	HKD	Other
Impact on net deficit								
10.00% increase	(705)	(376)	(108)	(48)	(19)	(35)	(43)	(78)
10.00% decrease	862	460	132	59	23	43	53	93

(iii) Other price risk

Overview

ACC invests in equities and unit trusts, and considers the risk on these from a long-term perspective. Changes in the market price of equity and unit trust investments:

- affect the value that ACC could realise for these investments if it chose to sell them in the short term
- will be reflected in the valuation carried in ACC's statement of financial position and the investment income reported in ACC's statement of comprehensive revenue and expense.

Sensitivity analysis

The table below details the sensitivity to a change of 10.00% in the market values of listed and unlisted equity investments to the net surplus (deficit) at reporting date, with other variables held constant. Any change in the net surplus (deficit) for the period would result in a corresponding movement in net liabilities.

$M	Movement %	2023 Impact on net surplus	2022 Impact on net deficit
Overseas equities	+10.00	1,017	951
	-10.00	(1,017)	(951)
New Zealand equities	+10.00	510	540
	-10.00	(510)	(540)
Australian equities	+10.00	336	360
	-10.00	(336)	(360)

12.4 CREDIT RISK

Overview

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to ACC. Credit risk only applies to debt instruments, derivatives in gain, receivables and a selection of other assets.

For internally managed portfolios, the Investment Committee has approved an authorised set of credit criteria which includes credit limits and portfolio limits. There is a list of authorised New Zealand banks that ACC can invest with. These credit limits are designed to limit ACC's exposure to counterparties with a high risk of defaulting while at the same time allowing ACC to take on appropriate levels of risk whilst maximising investment returns. Investment in unrated debt is allowed if approved by ACC's Credit Committee. ACC's exposure and the credit ratings of its counterparties are continuously monitored.

Transactions involving derivative financial instruments are undertaken with authorised banks and executed in accordance with ISDA documentation.

The maximum exposure to credit risk at balance date is the carrying value of each class of financial assets disclosed below and the cash flows for derivative instruments noted in the liquidity table in Note 12.5.

As all financial assets, except for cash and cash equivalents and non-levy receivables, are recognised at fair value through surplus or deficit, there is no expected credit loss recognised in respect of those financial assets. This is due to credit risk being factored into the fair value of those financial assets. Any movement in this value is recognised in the statement of comprehensive revenue and expense, as part of gains (losses) on investments.

Given the short-term nature of cash and cash equivalents, no expected credit loss has been recognised. Refer to Note 10 for the expected credit loss on receivables.

The credit ratings used in the table below relate to each individual security's credit rating. Where a security does not have an individual credit rating, the issuer's credit rating is used. In determining the credit ratings, the primary source used is Standard & Poor's.

$M	2023 AAA	AA	A	BBB	Below BBB	Not rated	Total
Cash and cash equivalents	–	215	30	–	–	–	245
Deposits at call	–	599	421	–	–	7	1,027
Cash pledged as collateral	–	531	230	–	–	70	831
Other New Zealand debt securities	3,164	308	980	963	78	644	6,137
Overseas debt securities	3,815	57	332	849	95	270	5,418
New Zealand government securities	15,093	–	–	–	–	–	15,093
Interest rate swaps	–	71	124	–	3	2	200
Forward foreign exchange contracts	–	19	94	–	20	1	134
Other derivatives	–	–	–	–	–	22	22
Receivables	–	–	436	–	–	2	438
	22,072	**1,800**	**2,647**	**1,812**	**196**	**1,018**	**29,545**

ACC has an additional exposure of $66 million (2022: $145 million) with regard to credit default swaps. This is the potential liability faced if the underlying entity defaults on its contractual obligations, which ACC will then be obligated to pay. Under PBE IPSAS 41, ACC continues to recognise credit default swaps at fair value through surplus or deficit, rather than at amortised cost as a financial guarantee. This is due to the current measurement basis, which significantly reduces the accounting mismatch that would arise from measuring credit default swap assets or liabilities or recognising the gains and losses on them on a different basis.

$M	2022 AAA	AA	A	BBB	Below BBB	Not rated	Total
Cash and cash equivalents	–	146	–	–	–	4	150
Deposits at call	–	502	517	–	–	18	1,037
Cash pledged as collateral	–	523	33	–	–	56	612
Other New Zealand debt securities	3,453	368	610	961	101	538	6,031
Overseas debt securities	3,815	156	576	1,315	169	185	6,216
New Zealand government securities	13,363	–	–	–	–	–	13,363
Interest rate swaps	–	111	140	–	–	3	254
Forward foreign exchange contracts	–	45	158	–	40	–	243
Other derivatives	–	–	–	–	–	23	23
Receivables	–	–	384	–	–	1	385
	20,631	**1,851**	**2,418**	**2,276**	**310**	**828**	**28,314**

12.5 LIQUIDITY RISK

Overview

Liquidity risk is the risk that ACC may not be able to raise cash when required and on acceptable terms. ACC maintains sufficient liquid assets to cover obligations and unforeseen expenses.

The table below summarises the maturity profile of the financial liabilities held by ACC. The amounts disclosed in the table are the contractual undiscounted cash flows for payables and estimated cash flows for the uncalled investment-related commitments.

2023 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Payables	609	–	–	–
Uncalled investment-related commitments	168	118	136	38
Collateral – received	25	–	–	–

2022 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Payables	1,037	–	–	–
Uncalled investment-related commitments	127	91	115	38
Collateral – received	1	–	–	–

The table below summarises the cash flows for all derivative instruments held by ACC. The amounts disclosed in the table are the contractual undiscounted cash inflows (outflows). The derivatives have been classified based on their settlement terms. The gross-settled derivatives are the forward foreign exchange contracts and cross-currency interest rate swaps. All other derivatives are classified as net settled derivatives.

2023 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Net settled derivatives – outflows	(286)	(277)	(740)	(409)
Gross-settled derivatives – cash inflows				
Forward foreign exchange contracts	22,071	–	–	–
Cross-currency interest rate swaps	241	231	511	252
Gross-settled derivatives – cash outflows				
Forward foreign exchange contracts	(22,170)	–	–	–
Cross-currency interest rate swaps	(55)	(48)	(102)	(120)

2022 $M	Less than 1 year	Between 1-2 years	Between 2-5 years	Greater than 5 years
Net settled derivatives – outflows	(34)	(38)	(164)	(50)
Gross-settled derivatives – cash inflows				
Forward foreign exchange contracts	21,872	–	–	–
Cross-currency interest rate swaps	93	93	254	224
Gross-settled derivatives – cash outflows				
Forward foreign exchange contracts	(21,999)	–	–	–
Cross-currency interest rate swaps	(22)	(22)	(65)	(109)

12.6 FAIR VALUE HIERARCHY

Overview

Financial instruments measured at fair value are categorised into a three-level hierarchy. The hierarchy presents the significance of observable inputs used in measuring the fair value. The higher the level, the more significant the unobservable inputs.

The table below analyses financial instruments carried at fair value at the reporting date
by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position.

The three levels of fair value measurement are defined as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical asset or liabilities including –

- listed shares and unit trusts, included in New Zealand equities, Australian equities and Overseas equities, are valued at the quoted prices on established markets

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) including –

- bonds and other fixed interest investments, included in New Zealand government securities, other New Zealand debt securities and Overseas debt securities, are valued using quoted yield curves
- unit trusts, deposits at call, derivatives and cash pledged as collateral

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). These include –

- non-listed equity investments (private equity and venture capital), included in New Zealand equities, Australian equities and Overseas equities, 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, included in New Zealand equities, Australian equities and Overseas equities, are valued based on the exit price (the value ACC would receive if the units were sold)
- ACC uses independent valuations for various investments without active markets or quotable inputs. Fair value is determined using the most appropriate valuation technique.

$M	2023 Level 1	2023 Level 2	2023 Level 3	2023 Total
Financial assets				
Derivative financial instruments				
Interest rate swaps	–	154	–	**154**
Credit default swaps	–	3	–	**3**
Cross-currency interest rate swaps	–	46	–	**46**
Forward foreign exchange contracts	–	134	–	**134**
Futures	19	–	–	**19**
	19	**337**	**–**	**356**
Financial assets designated at fair value through surplus or deficit				
New Zealand equities	4,431	–	669	**5,100**
New Zealand government securities	–	15,093	–	**15,093**
New Zealand deposits at call	–	710	–	**710**
New Zealand debt securities	–	5,489	648	**6,137**
Australian equities	1,485	1,697	177	**3,359**
Overseas equities	10,159	–	11	**10,170**
Overseas deposits at call	–	317	–	**317**
Overseas debt securities	–	5,413	5	**5,418**
Cash pledged as collateral	–	831	–	**831**
Other investments	–	–	20	**20**
	16,075	**29,550**	**1,530**	**47,155**
Total financial assets	**16,094**	**29,887**	**1,530**	**47,511**
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	–	(889)	–	**(889)**
Cross-currency interest rate swaps	–	(31)	–	**(31)**
Forward foreign exchange contracts	–	(233)	–	**(233)**
Futures	(26)	–	–	**(26)**
	(26)	**(1,153)**	**–**	**(1,179)**
Financial liabilities designated at fair value through surplus or deficit				
Cash collateral received	**–**	**(25)**	**–**	**(25)**
Total financial liabilities	**(26)**	**(1,178)**	**–**	**(1,204)**

$M	Level 1	Level 2	Level 3	Total
	2022			
Financial assets				
Derivative financial instruments				
Interest rate swaps	–	227	–	**227**
Credit default swaps	–	4	–	**4**
Cross-currency interest rate swaps	–	27	–	**27**
Forward foreign exchange contracts	–	243	–	**243**
Futures	19	–	–	**19**
	19	**501**	**–**	**520**
Financial assets designated at fair value through surplus or deficit				
New Zealand equities	4,284	18	1,097	**5,399**
New Zealand government securities	–	13,363	–	**13,363**
New Zealand deposits at call	–	596	–	**596**
New Zealand debt securities	–	5,492	539	**6,031**
Australian equities	1,986	1,428	187	**3,601**
Overseas equities	9,505	–	7	**9,512**
Overseas deposits at call	–	441	–	**441**
Overseas debt securities	–	6,212	4	**6,216**
Cash pledged as collateral	–	612	–	**612**
Other investments	–	–	25	**25**
	15,775	**28,162**	**1,859**	**45,796**
Total financial assets	**15,794**	**28,663**	**1,859**	**46,316**
Financial liabilities				
Derivative financial instruments				
Interest rate swaps	–	(986)	–	**(986)**
Credit default swaps	–	(2)	–	**(2)**
Cross-currency interest rate swaps	–	(146)	–	**(146)**
Forward foreign exchange contracts	–	(370)	–	**(370)**
Futures	(17)	–	–	**(17)**
	(17)	**(1,504)**	**–**	**(1,521)**
Financial liabilities designated at fair value through surplus or deficit				
Cash collateral received	**–**	**(1)**	**–**	**(1)**
Total financial liabilities	**(17)**	**(1,505)**	**–**	**(1,522)**

Reconciliation of Level 3 fair value movements

$M	2023	2022
Opening balance	1,859	1,848
Total losses recognised in net surplus (deficit)	(141)	(49)
Purchases	384	142
Sales	(572)	(45)
Transfers out of Level 3	–	(37)
Closing balance	**1,530**	**1,859**
Total losses stated on Level 3 instruments still held at balance date	**(29)**	**(24)**

Transfers between levels

During the year, there were no transfers between Levels (2022: $37 million out of Level 3 into Level 1).

Level 3 sensitivity analysis

The sensitivity analysis table below shows the impact on the net surplus (deficit) of reasonably possible changes in one or more of the significant unobservable inputs into the fair values of investments in Level 3. The fair values of the Level 3 investment assets have been estimated using a range of valuation methodologies, including discounted cash flows, market transactions and market ratio approaches.

						2023		2022	
						Impact on fair value movement		Impact on fair value movement	
	Valuation technique	Significant unobservable inputs	Movement	Input (Range) 2023	Input (Range) 2022	Increase $M	Decrease $M	Increase $M	Decrease $M
New Zealand fixed interest	DCF Method	Discount rate	+/-50bps	6.12% – 6.95%	5.54% – 7.57%	(13)	13	(12)	13
New Zealand equity	DCF Method	Discount rate	+/-50bps	6.25% – 13.5%	6.41% – 8.75%	(13)	14	(60)	70
		Refinancing margin	+/-20bps	2.30% – 3.00%	2.10% – 2.30%	(7)	6	(2)	2
		Inflation	+/-50bps	2.00%	2.00% – 2.50%	–	–	(5)	5
Other investments	DCF Method	Discount rate	+/-50bps	6.49% – 8.25%	6.49% – 8.25%	(3)	3	(3)	4
Investment property	DCF Method	Discount rate	+/-50bps	5.85% – 12.00%	5.85% – 12.00%	(14)	14	(15)	16
		Price	+/-10%	Not available	Not available	(58)	58	(61)	61

The fair value of private equity investments is provided by independent valuers at balance date. ACC does not have access to the underlying valuation models to disclose sensitivities to assumptions. All other securities in Level 3 are considered not to have a material effect on fair value if alternative reasonable assumptions were used to obtain their fair values.

13. Property, plant and equipment, and intangible assets

Overview

Property, plant and equipment, and intangible assets are used by ACC to carry out its activities and are expected to last for more than one year. Intangible assets are assets with no physical substance and have a theoretical value to ACC. These are related to items like intellectual property and goodwill.

Accounting policy

Measurement

Property, plant and equipment are initially recorded at cost including transaction costs. Subsequent to initial recognition, all items classed as property, plant and equipment are stated at cost less accumulated depreciation/amortisation and any impairment in value.

Internally generated assets are carried at cost less accumulated amortisation and any impairment value. Research costs incurred in the investigation phase of internally generated software are expensed when incurred. Development costs are accumulated as work in progress until the project is completed, at which stage direct project costs are capitalised as an intangible asset.

Impairment occurs whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Impairments are recognised for the amount by which the asset's carrying amount exceeds its recoverable service amount. The recoverable service amount is the higher of the asset's fair value less costs to sell and value in use. Value in use is determined using either a depreciated replacement cost approach, a restoration cost approach, or a service units approach depending on the nature of the impairment.

Software-as-a-Services (SaaS) arrangements

SaaS arrangements are service contracts providing ACC with the right to access a cloud provider’s application software over a contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses. Costs incurred for the development of software code that enhances, modifies or creates additional capability to existing on-premise systems are recognised as intangible assets. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The amortisation periods range from 5 to 7 years. The useful lives of these assets are reviewed at least at the end of each financial year.

Depreciation and amortisation

Depreciation and amortisation is calculated on a straight-line basis so as to allocate the cost or valuation of assets, less any estimated residual value, over their estimated useful lives.

The estimated useful lives are as follows:

Leasehold improvements	Lower of remaining life of lease, or 10 years
Computer equipment	3–5 years
Intangible software assets	5–7 years
Other property, plant and equipment	4–5 years

$M	Leasehold improvements	Computer equipment	Intangible software assets	Other property, plant and equipment	Total
At 30 June 2021					
At cost	48	92	641	34	815
Accumulated depreciation/amortisation	(38)	(82)	(514)	(29)	(663)
Net carrying amount at 30 June 2021	**10**	**10**	**127**	**5**	**152**
Year ended 30 June 2022					
Opening net carrying amount	10	10	127	5	152
Additions	3	6	11	2	22
Depreciation/amortisation charge	(2)	(5)	(39)	(2)	(48)
Impairment losses and other (including disposals)	–	1	(4)	–	(3)
Closing net carrying amount	**11**	**12**	**95**	**5**	**123**
At 30 June 2022					
At cost	43	97	651	31	822
Accumulated depreciation/amortisation	(32)	(85)	(553)	(26)	(696)
Accumulated Impairment	–	–	(3)	–	(3)
Net carrying amount at 30 June 2022	**11**	**12**	**95**	**5**	**123**
Year ended 30 June 2023					
Opening net carrying amount	11	12	95	5	123
Additions	7	5	12	4	28
Depreciation/amortisation charge	(2)	(6)	(34)	(2)	(44)
Impairment losses and other (including disposals and reclassifications)	–	–	1	–	1
Closing net carrying amount	**16**	**11**	**74**	**7**	**108**
At 30 June 2023					
At cost	49	101	657	35	842
Accumulated depreciation/amortisation	(33)	(90)	(583)	(28)	(734)
Accumulated impairment	–	–	–	–	–
Net carrying amount at 30 June 2023	**16**	**11**	**74**	**7**	**108**

Work in progress

The table below presents the work in progress in property, plant and equipment and intangibles.

$M	Leasehold improvements	Computer equipment	Intangible software assets	Other property, plant and equipment	Total
At 30 June 2023	3	4	6	4	17
At 30 June 2022	4	2	7	1	14

Impairment and write-offs

The carrying amounts of all intangible assets are reviewed on an ongoing basis. Any impairment in value is recognised immediately.

14. Payables and accrued liabilities

Overview

Payables are amounts that are owed to suppliers and other creditors for the items and/or services purchased and invoiced. Unsettled investment transactions payables are amounts due to counterparties to settle investment transactions.

Accounting policy

Payables and accrued liabilities are carried at amortised cost and due to their short-term nature are not discounted.

$M	2023	2022
Payables under exchange transactions		
Unsettled investment transactions	525	903
Claims expenditure	33	43
Sundry creditors	45	45
Other accrued expenditure	51	92
Total payables under exchange transactions	**654**	**1,083**
Payables under non-exchange transactions		
Working safer levy collected on behalf of Ministry of Business Innovation and Employment	12	31
Goods and services tax	–	18
PAYE and earnings-related deductions	22	18
Total payables under non-exchange transactions	**34**	**67**
Total payables and accrued liabilities	**688**	**1,150**
Current	688	1,150
Non-current	–	–
Total payables and accrued liabilities	**688**	**1,150**

15. Employee entitlements and provisions

Overview

Employee entitlements are the rights and benefits that ACC employees are entitled to as part of their employment. A provision is a liability of uncertain timing or amount.

Accounting policy

Employee entitlements

Employee benefits that are expected to be settled wholly within twelve months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

Employee benefits that are not expected to be settled wholly before twelve months after the end of the reporting period in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to employees, based on years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

ACC has a performance incentive scheme for some employees. The scheme has two components, (a) achievement of individual performance criteria over the past financial year and (b) performance of ACC's investments relative to investment benchmarks. Performance incentives are calculated and paid annually in arrears.

Provisions

Provisions are recognised when: there is a present obligation (legal or constructive) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the best estimate of expected future cash flows and discounted to present value where the effect is material.

$M	2023	2022
Employee entitlements		
Accrued pay	11	9
Performance incentives	7	6
Annual leave	24	21
Long service leave	9	8
Retirement leave	18	17
Total employee entitlements	**69**	**61**
Provisions		
Leasehold restoration	3	2
Restructuring	–	1
Levy refunds to business customers	4	6
Investment management performance fee	11	–
Total provisions	**18**	**9**
Total employee entitlements and provisions	**87**	**70**
Current		
Employee entitlements	46	40
Provisions	16	7
Total current	**62**	**47**
Non-current		
Employee entitlements	23	21
Provisions	2	2
Total non-current	**25**	**23**
Total employee entitlements and provisions	**87**	**70**

16. Commitments

Overview

A commitment is a legal obligation for ACC to make payments in the future.

CAPITAL COMMITMENTS

$M	2023	2022
Investment – private equity	336	307
Investment – infrastructure and building projects	157	61
Property development	1	6
Total undrawn capital commitments	**494**	**374**

The private equities include investments in several venture capital and private equity funds. In these investments, funds seek commitments from investors and call for the committed funds as they are required. ACC has committed to invest up to a total of $784 million (2022: $684 million) in these funds. Undrawn commitments to these investments are included in the table above.

ACC has committed to provide up to $410 million (2022: $244 million) to various infrastructure and building projects. Undrawn commitments to these investments are included in the table above.

OPERATING LEASES

ACC leases premises for its branch network and its corporate offices under non-cancellable operating lease agreements. These lease agreements have varying terms and renewal options. Operating lease incentives are recognised as a liability when received and subsequently reduced by an offset to rental expenses and a corresponding reduction to the liability.

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

$M	2023	2022
Non-cancellable operating leases		
Within one year	26	23
After one year but not more than five years	74	83
More than five years	110	130
Total non-cancellable operating leases	**210**	**236**

17. Contingent liabilities

Overview

A contingent liability is a potential liability to ACC but depends on a future event occurring or not occurring.

Accounting policy

A contingent liability is disclosed when a possible obligation arises from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of ACC. A contingent liability is also disclosed when a present obligation arising from past events is not recognised because it is not probable that settlement of the obligation will result in a cost to ACC, or the amount of the obligation cannot be measured with enough reliability.

Current litigation

Litigation involving ACC arises mainly from challenges to operational decisions made by ACC through the statutory review and appeal process, but also occasionally includes general civil proceedings such as judicial review applications. The majority of appeals are able to be managed on a case-by-case basis, depending on the merits of the issue in dispute, and without wider Scheme management impact. There are currently three proceedings of note that ACC is a party to. Only when these matters have been fully resolved will it be possible to make a meaningful assessment of the financial impact of the outcome. The range of potential outcomes is wide, and could have a material effect on the financial statements of ACC.

18. Related parties

Overview

A related party transaction is a transfer of money or resource between ACC and a person or other entity that is closely associated with ACC and has the ability to influence ACC.

18.1 INVESTMENT IN SUBSIDIARY

ACC owns 100% (2022: 100%) of Shamrock Superannuation Limited, which acts as the corporate trustee for the ACC Superannuation Scheme. Shamrock Superannuation Limited is a non-trading New Zealand entity that does not have a material impact on the financial position of ACC. The investment ACC holds in Shamrock Superannuation Limited is valued at $100 (2022: $100).

18.2 RELATED PARTY TRANSACTIONS

Transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies undertaken on the normal terms and conditions for such transactions. Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship, on terms and conditions no more or less favourable than those that it is reasonable to expect ACC would have adopted in dealing with the party at arm's length in the same circumstances.

18.3 KEY MANAGEMENT PERSONNEL

The compensation for key management personnel is set out below:

	2023	2022
ACC Board members		
Remuneration ($000)	480	461
Number of members	*8.0*	*7.7*
Executive team		
Remuneration ($000)	5,079	5,828
Defined contribution plans ($000)	443	499
Termination benefits ($000)	621	237
Full-time equivalent members	*9.3*	*10.6*
Total key management personnel remuneration ($000)	**6,623**	**7,025**

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel (2022: $nil).

ACC did not provide any compensation to close family members of key management personnel during the year (2022: $nil). ACC did not provide any loans to key management personnel or their close family members.

The Executive team is led by the Chief Executive and has collective responsibility for the leadership and performance of ACC.

19. New Zealand Income Insurance Scheme

On 8 February 2023, as part of wider reprioritisation decisions, Cabinet agreed to delay the New Zealand Income Insurance Scheme (NZIIS), and commissioned work on whether a stand-alone income insurance scheme was the best option to deliver support to address the income protection gap. Following this announcement, work on NZIIS was wound down and the majority of the unspent funding was returned to the Government (2022: Appropriations of $10 million received, of which $5 million was recognised as other revenue to cover the operating costs for the work incurred for the year). Refer to page 134 for further details.

20. Events after balance sheet date

There were no other significant events after balance date that require separate disclosure.

21. Explanation of significant variances against budget

Overview

This section provides reasons for major variances between the current year actual and budgeted results.

The budget figures are those in ACC's Service Agreement 2022/23. The Service Agreement 2022/23 was prepared based on the preliminary claims valuation as at 31 December 2021, using economic assumptions at 28 February 2022.

The budget figures are consistent with the accounting policies adopted in preparing the financial statements. The budget figures are unaudited.

Explanations for significant variations from the budgeted figures approved by the Board are as follows:

21.1 STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

Levy revenue

Increased levy revenue was over budget (5.29%) and is mainly the result of increased revenue in the Work and Earners' Accounts. Both are due to higher liable earnings reflecting high work force participation/low unemployment and growth in salaries and wages. A higher levy rate (due to industry mix) was also achieved in the Work Account.

Investment income (loss)

Investment income can be highly variable as it is dependent on movements in equity, bond and foreign exchange markets. ACC budgets for investment income based on a projected twenty year median rate of return. This means that ACC expects to exceed budget for ten out of the next twenty years, and similarly to achieve lower returns than budget for ten out of the next twenty years.

Investment income was higher than budget due to movements in investment markets. Investment returns (after costs) were 7.07% which was 0.20% lower than market benchmarks but higher than budget rates of return.

Claims paid

Claims paid were 4.68% lower than budget due to subdued claims and treatment volumes for much of the year, reflecting capacity constraints in the health sector, the impacts from COVID-19 in the community and the extreme weather events. Up to ~$20m of the favourable variance can be attributed to the unplanned Queen Elizabeth II Memorial Day public holiday. Rehabilitation costs are under budget as the back billing for non-acute rehabilitation cleared under the accrued amount, as well as lower utilisation of vocational rehabilitation and training for independence.

Increase in outstanding claims liability

The approved budgeted change in OCL was based on the OCL valuation as at 31 December 2021, using economic assumptions at 28 February 2022. The budget estimated the OCL increase to be $3.5 billion between June 2022 to June 2023.

The actual OCL increase was $1.3 billion ($2.2 billion below budget) based on the June 2023 OCL valuation using economic factors at 30 June 2023.

The expected OCL increase from the June 2022 OCL valuation (with June 2022 economics) was $2.6 billion ($0.9 billion below budget).

The single effective discount rate increased by 61 basis points which decreased the OCL by $4.4 billion throughout the year. Inflation rates increased which partly offset the increase in discount rates by $2.2 billion ($2.3 billion below budget).

Changes due to claims experience and modelling resulted in a $0.9 billion increase in OCL ($0.9 billion above budget). This is comprised of an influenceable OCL increase of $1.1 billion and a non-influenceable OCL reduction of $0.2 billion. Key drivers of this OCL increase include:

- increases in social rehabilitation for serious injury, as both levels of care and care rates have increased for claimants in residential care and those receiving attendant care
- increase in claims handling expenses, due to higher-than-expected budgeted expenses for 2023/24
- increases in weekly compensation, due to deteriorating rehabilitation rates particularly for the Earners' Account
- increases in sensitive claims, mainly due to higher average payments for claims more than five years since accident in the Earners' Account due to higher levels of backdated payments
- a reduction in expected future payments due to higher mortality assumptions for seriously injured claimants.

Decrease in unexpired risk liability

The unexpired risk liability (URL) is the shortfall, if any, by Account between the levy income that ACC will earn for a future period where the rate of levy income has been fixed and the actuarially calculated costs of claims arising over the same future period. The decrease in URL for the year to 30 June 2023 was the difference between the forecast calculation of the URL at 30 June 2022 and the forecast calculation of the URL at 30 June 2023.

21.2 STATEMENT OF FINANCIAL POSITION

Accrued levy revenue

The accrued levy income is higher by $0.2 billion as at 30 June 2023 compared to budget due to an increase in expected levy revenue in the Work and Earners' Accounts (higher liable earnings and increased Earners' Account levy rate effective from 1 April 2023).

Receivables

Receivables as at 30 June 2023 are higher than budget reflecting increased levy revenue, timing of issue of invoices and increase in receivables on unsettled investment transactions.

Property, plant and equipment and intangible assets

The value of these assets as at 30 June 2023 is close to budget.

Investments

The net investment asset balance is lower than budget reflecting the actual investment losses incurred over the period 1 March 2022 to 30 June 2022 due to the movements in investment markets. Investment income for the period was forecast when the budgets were prepared at February 2022 month end and exceeded budget due to recovery in investment markets since 1 July 2022.

Payables and accrued liabilities

The payables and accrued liabilities balance is lower than budgeted. The major movement in payables and accrued liabilities is money owed by ACC for unsettled investment transactions such as the purchase of equities and bonds.

Outstanding claims liability

The actual OCL, based on the June 2023 actuarial valuation of claims liability using economic factors at 30 June 2023, is lower than the budgeted OCL which is based on the claims valuation as at 31 December 2021, using economic assumptions at 28 February 2022.

The most significant factor impacting the OCL is the increase in interest rates during the four months to 30 June 2022 resulting in a lower OCL opening balance as at 1 July 2022 than forecast in the budget. Other factors affecting the OCL are identified in the "Increase in outstanding claims liability" commentary above.

Unearned levy liability

The unearned levy liability (ULL) is the levy revenue that is unearned at balance date. This is for the three levy-funded Accounts. The ULL is 5.10% higher than budget. This is due to changes in levy rates and liable earnings (from 1 April 2023) and an increase in the number of licensed vehicles when compared to budget. The increase reflects higher levy revenue than budget for the 2023-2024 year.

Unexpired risk liability

The URL is the shortfall between the expected future levy income and future costs. The actual URL is lower than the budget.

21.3 STATEMENT OF CASH FLOWS

Net cash inflow from operating activities was higher than budget mainly due to lower cash claim costs than anticipated and higher revenue.

Net purchases of investments exceed sales of investments resulting in a net cash outflow from investing activities.

REMUNERATION OF EMPLOYEES

The number of employees whose remuneration exceeds $100,000 is detailed within the specified bands in the table below.

$000	2023	2022
$100 – $110	266	268
$110 – $120	224	241
$120 – $130	220	156
$130 – $140	131	84
$140 – $150	103	85
$150 – $160	85	75
$160 – $170	70	51
$170 – $180	48	38
$180 – $190	42	36
$190 – $200	25	19
$200 – $210	24	22
$210 – $220	15	21
$220 – $230	14	12
$230 – $240	16	10
$240 – $250	13	7
$250 – $260	7	11
$260 – $270	5	4
$270 – $280	5	2
$280 – $290	2	3
$300 – $310	4	5
$310 – $320	3	2
$320 – $330	2	1
$330 – $340	1	1
$340 – $350	1	1
$350 – $360	1	1
$360 – $370	1	1
$370 – $380	–	1
$380 – $390	1	1
$390 – $400	2	1
$400 – $410	–	1
$410 – $420	–	1
$420 – $430	1	3
$430 – $440	4	2
$440 – $450	–	1
$450 – $460	2	1
$460 – $470	1	–
$470 – $480	1	1
$490 – $500	4	–
$500 – $510	–	4
$510 – $520	–	1
$530 – $540	–	4
$540 – $550	1	1
$560 – $570	–	1
$570 – $580	1	–
$580 – $590	1	–
$590 – $600	–	2
$600 – $610	1	–
$610 – $620	1	–
$620 – $630	1	1
$630 – $640	1	–
$640 – $650	–	1
$660 – $670	2	–
$670 – $680	1	–
$680 – $690	1	2
$700 – $710	1	–
$710 – $720	–	1
$760 – $770	1	–
$820 – $830	–	1
$870 – $880	1	–
$890 – $900	1	1
$930 – $940	–	1
$1,020 – $1,030	1	–
$1,040 – $1,050	–	1
	1,360	**1,192**

Eighteen staff received redundancy payments and/or settlement payments in 2023, totalling $1,102,289 (2022: 16 staff, $665,842), which is not included in the above table.

The above table reflects all employee remuneration paid during the financial year. This includes performance incentive payments made to employees in ACC's specialist Investment area. Such payments only occur after certain specified performance metrics have been achieved. No other ACC employees receive incentive or bonus payments of any nature.

Auditor's Report

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ACCIDENT COMPENSATION CORPORATION'S GROUP FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2023

The Auditor-General is the auditor of Accident Compensation Corporation group (the Group). The Auditor-General has appointed me, Simon O'Connor, using the staff and resources of EY, to carry out the audit of the financial statements and the performance information, including the performance information for appropriations, of the Group on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the Group on pages 137 to 200, which comprise the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information; and
- the consolidated performance information which reports against the Group's statement of performance expectations on pages 114 to 134.

In our opinion:

- the consolidated financial statements of the Group on pages 137 to 200:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2023; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the Group's performance information on pages 114 to 134:
  - presents fairly, in all material respects, for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 27 September 2023. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board for the financial statements and the performance information

The Board is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board is responsible for such internal control as it is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the performance information which reports against the Group's statement of performance expectations.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

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Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 110, 201, 207 to 233 and 236 to 240 but does not include the financial statements and the performance information, and our auditor's report thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to the limited assurance conclusion on pages 234 to 235.

In connection with our audit of the financial statements and the performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have carried out independent quality assurance services related to projects being undertaken by the Group, assurance services in relation to Greenhouse gas emissions, assurance services in relation to a cyber security assessment and provided actuarial remuneration data, which are compatible with those independence requirements. Other than the audit fee and these engagements, we have no relationship with or interests in the Group.

Simon O'Connor
Ernst & Young
On behalf of the Auditor-General
Wellington, New Zealand

Ngā āpitihanga | Appendices

Āpitihanga 1 — Tauāki Haumi | Appendix 1 — Investment statement

About the Fund

The Investment Fund is designed to meet the future costs of accidents that have already occurred. Our investments reduce the risk that future levy payers will have to pay for past injuries.

Intergenerational equity is an underlying objective of the ACC Scheme. In essence, this means that each year's levy income should be sufficient to meet the ongoing costs of accidents occurring in that year, including costs that are paid out over time. Future levy payers would end up having to pay these ongoing costs if investment returns were less than expected, or if there were unanticipated rising costs such as unexpected inflation.

If ACC could invest to fully 'match' its liabilities, the changes in the value of its assets would offset the valuation changes for its liabilities. In practice, ACC's assets can only partially match its liabilities given the long-term nature of its liabilities and the limited supply of equivalent assets.

The Investment Group actively manages around 70% of ACC's portfolios, with the remaining 30% actively managed by external asset managers. Active management is an integral part of ACC's investment approach. We believe actively managing these assets enhances investment returns.

Many of our clients need help for more than 20 years; this is a primary reason for ACC being a long-term investor. It is why the Scheme considers:

- the stability of ACC's assets in relation to liabilities (the cost of injuries that go into the future)
- the effects this has on levies
- the impacts this has on government appropriations
- the need to be a good financial steward.

Connecting for a stronger Aotearoa New Zealand means responding to continually evolving social considerations, such as ethical investing and climate change, when making investment decisions.

How investments fit into the ACC Scheme

Funding

ACC receives funding for each Account in the form of levies and (for the Non-Earners' Account) appropriations. ACC must separate the levies received for each Account. We tailor the investment allocation for each of the Scheme's five Accounts. Our allocation considers the maturity profile of the claims costs that are expected to be incurred for each Account.

Asset allocation

Asset allocation, the proportions of each Account's investments held in the various investment categories, shapes the overall risk and return characteristics. The Fund has an Asset Allocation Team whose high-level objective is to strike an appropriate balance between risk and return. The principal focus is on managing the net asset-liability risk. Asset allocation considers both the OCL and the need to maximise the use of our investment assets.

Active portfolio management

Levies are allocated into portfolios. The portfolios invest in different categories of investments. These include:

- equity (shares in companies listed on exchanges)
- fixed income (interest-paying investments)
- cash (short-term interest-paying investments)
- property and infrastructure (that are listed on exchanges)
- private markets (assets that are held more directly than those listed on exchanges, including direct property, infrastructure, and individual companies)
- overlay portfolios (using derivatives, where returns are linked to an underlying market).

How ACC invests

Delivering returns while managing risk

We think about the risk to ACC's overall financial position.

Our long-term concern is to ensure that ACC has sufficient funds to pay the future costs of claims that have already occurred. The primary risk is that our assets do not sufficiently match the claims liability over the long term.

Over time, we also want to avoid large swings in levy rates, which may be required to restore asset balances to align with funding ratio[11] targets.

Both concerns encourage us to reduce the risk of large adverse movements in the value of our claims liabilities versus the market value of ACC's investments. This means that we need to think not only about financial risks that could affect the value of ACC's investments, but also about risks that could affect the value of ACC's claims liabilities. There are many economic and financial influences that could affect our net assets.

Factors that influence investment risk

Declines in real long-term interest rates

If interest rates declined without a corresponding decrease in inflation, this would lead to a decrease in our long-term expectations for investment returns, and thereby increase ACC's OCL. We aim to offset this risk by holding investment assets that tend to rise in value when real interest rates decline.

An increase in inflation

If inflation increases and bond yields increase, this will have a negative impact on the value of ACC's fixed-interest portfolios, as a large portion of our fixed-interest investments do not provide protection against inflation.

Poor returns in equity markets

Weak equity markets would likely result in a reduction in the value of ACC's investments without a corresponding reduction in the OCL.

Poor investment returns

Other influences (such as credit defaults, a pandemic, a strengthening New Zealand dollar against foreign currencies, and a worse investment performance than market benchmarks) can result in poor investment returns.

Allocating our funds

Each of ACC's Accounts splits its investment funds between an investment in ACC's short-term 'operational cash portfolio', used to meet near-term expenditure requirements, and its own longer-term 'Reserves Portfolio' set aside to meet the future costs of existing claims.

Asset allocations differ by Account. In determining these allocations, we consider the size and nature of claims liabilities, together with the assets available. Generally, Accounts with lower funding positions that are facing claims that go out into the future tend to have asset allocations more highly weighted towards equities. For example, the highest equity weighting is for the Non-Earners' Account, which has long-dated liabilities and a lower funding ratio than the other Accounts. The lowest equity weighting is for the Work Account, which has a higher funding ratio and a comparatively shorter liability profile.

We allocate funds between distinct investment portfolios, each focused on different investment markets (global and domestic). We aim to add value both in how we allocate funds between different investment markets (that is, asset allocation) and in how the portfolios perform within each investment market (that is, active management).

External fund managers manage most of ACC's foreign assets. This provides another layer of expertise to ACC's portfolio and allows the team to focus on those areas that best align to our strengths.

Allocating in Aotearoa New Zealand

We tend to invest a relatively large percentage of ACC's funds in New Zealand investment markets (refer 'Investing in New Zealand'), particularly fixed-interest assets with a long time to maturity. New Zealand fixed-interest assets match our claims liabilities better than the global fixed-interest markets. Overall, ACC has around 65% of the Reserves Portfolio assets invested in Aotearoa New Zealand.

The Investment Team actively manages almost all of ACC's investments in New Zealand investment markets and most of ACC's investments in Australia. This means the team aims to identify and take advantage of situations where some sectors or securities within their markets are being mispriced in relation to their risks and prospects. We aim for consistent outperformance and seek to avoid exposing ACC to an above-average degree of market risk.

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

Board Investment Committee role

The ACC Board Investment Committee (BIC) is responsible for our investment strategy, policies, and guidelines. The BIC consists of ACC Board members and expert external appointees.

The BIC operates within the delegated authority and risk appetite provided by the ACC Board and reports to the full Board on a regular basis.

The BIC is responsible for key decisions including:

- Approval of asset allocation benchmarks and the default allocation for each of ACC's Accounts.
- Approval of policy documents.
- Approval of changes to our investment guidelines.
- Approval of the investment risk management policy.
- Appointment of external fund managers or custodians.
- Approval of any investments that fall outside the investment guidelines.

Investment decisions are delegated to ACC's in-house Investment Team, while the BIC seeks to ensure they are made in a manner consistent with ACC's investment objectives.

The Investment Team may make short- or medium-term decisions to vary from the benchmark allocations within risk-control parameters set by the BIC.

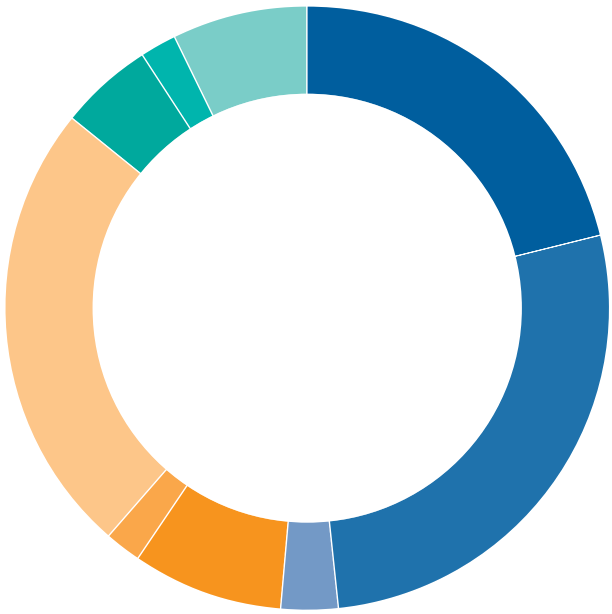
Diversification of investments

Different categories of investment provide different risk-return profiles and add layers of diversification to the portfolio. The table below illustrates the types of investment ACC can hold in its investment portfolios.

Investments category	Types of investments
Cash	Cash, bank bills, deposits, commercial paper.
Debt	New Zealand Government, local authority, corporates, asset-based securities, supranationals, semi-government and agencies.
Equities	New Zealand, Australian and global, including emerging market equities.
Private equity	Unlisted assets, private equity, venture funds.
Real assets	Infrastructure, real estate.
Overlay portfolios	Interest rate swaps, foreign currency, and futures.

CHART 6: COMPOSITION OF INVESTMENTS

New Zealand Bonds	22%
New Zealand Inflation Linked Bonds	27%
Global Bonds*	3%
New Zealand Equity	8%
Australian Equity*	2%
Global Equity*	24%
Private Markets	5%
Other	-1%
Listed Infrastructure & Property	3%
Reserves Cash	8%
Foreign Currency Contracts Overlay	0%



* *Global Equity and Australian Equity slice includes effective exposure to equity markets obtained through futures contracts. Global Bond slice includes effective exposure to bond markets obtained through futures contracts. However, this pie chart has not been adjusted for the effective exposure to bond markets arising from the use of Interest Rate Derivatives as an asset allocation overlay. The manager benchmark effective exposure of Interest Rate Derivatives represented 7% of Total Reserves at the end of June 2023.*

Overlay portfolios

ACC also uses 'overlay strategies' to generate outperformance, manage exposure to different investment markets, and provide protection against factors that influence investment risk. We use instruments, including New Zealand interest rate derivatives, global equity futures, foreign exchange forwards, and global bond futures.

Managing our exposure — ACC gains credit exposure to counterparties when using derivative transactions like the above. We aim to only use derivatives when there are no equally good alternatives, or when the alternatives would be significantly more expensive for ACC.

Controls — Everything we do is subject to checks and balances. The BIC has approved a set of credit criteria, including credit and portfolio limits for internally managed portfolios. These credit limits are designed to limit exposure to counterparties with a risk of defaulting when ACC seeks higher investment returns.

As ACC is a Crown Financial Institution, and the Minister of Finance sets expectations about the use of derivative instruments through the annual Letter of Expectations to ACC.

ACC recognises and adheres to these expectations when using derivative instruments and within the control framework outlined above.

Investment performance — short term

7.25%
2022/23 RETURN (BEFORE COSTS)

7.27%
2022/23 BENCHMARK TARGET

2.49%
AVERAGE RETURN IN THE LAST 3 YEARS

		2022/23 financial year		Average last 3 years	
	$m	Portfolio	Benchmark	Portfolio	Benchmark
Cash Portfolio	**476**	**4.48%**	**4.11%**	**2.17%**	**1.73%**
Reserves Portfolios by Asset Class:					
Reserves Cash	2,622	4.37%	4.19%	2.10%	1.76%
New Zealand Inflation Linked Bonds	12,706	5.50%	5.79%	-1.99%	-0.91%
New Zealand Bonds	10,213	0.53%	-0.16%	-5.35%	-6.51%
New Zealand Equity	3,592	8.39%	7.92%	4.30%	2.67%
Listed Infrastructure & Property	1,201	5.40%	3.78%	6.85%	4.73%
Private Markets[12]	2,166	0.30%		11.29%	
Australian Equity	1,149	12.55%	11.81%	11.85%	10.00%
Global Bonds	1,275	5.26%	3.23%	-0.42%	-2.16%
Global Equity	12,108	18.18%	18.90%	12.89%	13.35%
Interest Rate Derivative Overlay[13]	-285	-0.22%	-0.23%	-0.41%	-0.57%
Equity Future Overlay[12,13]	66	0.12%		0.16%	
Bond Future Overlay[12,13]	10	0.03%		0.03%	
Foreign Currency Overlay[14]	-97	-0.25%	-0.18%	-0.33%	-0.22%
Total Reserves	**46,726**	**7.25%**	**7.27%**	**2.49%**	**1.46%**
By Funding Account:					
Earners'	11,932	8.12%	8.04%	3.52%	2.39%
Motor Vehicle	13,856	6.03%	6.06%	1.13%	0.18%
Work	10,200	6.27%	6.14%	2.16%	0.98%
Non-Earners'	5,370	10.24%	10.46%	4.80%	4.04%
Treatment Injury	5,369	7.59%	7.74%	2.42%	1.58%
Total Reserves	**46,726**	**7.25%**	**7.27%**	**2.49%**	**1.46%**

Please note: *For the purpose of this table, traded investments and performance are valued at last sale price (or at valuation in the case of unlisted investments). The values of investments recorded in the financial statements are measured at fair value under IAS 39 requirements. This table shows investment returns after the deduction of some direct costs such as commissions (brokerage) and costs directly relating to the management of specific property investments. However, returns are shown prior to investment management costs of $85.5 million (including fees paid to external fund managers and the remuneration of ACC's investment staff), which detracted 0.18% from investment returns in 2022/23. ACC's investment returns are shown net of tax, whereas the benchmarks make no allowance for tax. However, as ACC is not liable for tax in New Zealand, offshore withholding taxes paid by ACC have reduced the calculated return by just 0.032%. Benchmark returns are not shown for overlays, as there is no benchmark allocation for these asset classes. Actual percentages of the total are subject to rounding.*

12 *There is no benchmark allocation for this asset class, so benchmark returns are not shown.*
13 *The percentages in the 'Portfolio' columns show the contributions that these overlays made to the aggregate Reserves Portfolio return, rather than as a return on the funds physically invested in these derivative strategies. The percentages in the 'Benchmark' columns show the contribution that a 'benchmark-neutral' application of these strategies would have made to the benchmark for the aggregate Reserves Portfolio.*
14 *Foreign Currency Overlay shows the effect of foreign exchange derivatives used to adjust the foreign currency exposures of ACC's Reserves Portfolio. The benchmark return is calculated as the currency hedging that would have been required to maintain the currency exposures built into ACC's Reserves Portfolio benchmarks.*

The table below provides a summary of each of ACC's key investment areas.

New Zealand debt	New Zealand long-term government bond yields increased by around 0.75% during the year, producing lower bond prices, albeit much less so than the prior financial year. Given this, the New Zealand bond market delivered a slightly negative return. Active management added value and produced a modestly positive return for ACC's nominal bond portfolio. This was largely due to the compensation for taking credit risk and the management of interest rate risk. The manager expects yields to rise further so is therefore positioned for this.
New Zealand equity markets	The New Zealand market (+7.92%) partially recovered some of the ground lost during the previous year. ACC's New Zealand portfolios outperformed their benchmarks, with notable contributions from higher-than-benchmark positions in Fletcher Building and Infratil and underweights in The Warehouse Group and Ryman Healthcare. Our internally managed portfolios (New Zealand and Australia) have now all outperformed for three consecutive years — a record run.
Global markets	Global equity markets were up strongly in the past financial year, with ACC's global equity benchmark returning 18.9% (unhedged New Zealand dollars). Overall, our investments in global equities outperformed their benchmarks in a year where a small number of stocks were responsible for the benchmark's performance particularly in the US. Of the eight externally managed global equity portfolios, five outperformed their benchmarks and three underperformed. The managers who performed well were generally focused on companies that were fundamentally cheap. The managers who underperformed had more focus on high-quality businesses that are expected to grow quickly but were arguably expensive.
Private market investments	The private market portfolios generated a 0.30% return in 2022/23. ACC's private market investment activities span property, infrastructure, private equity, and debt, and more recently have started impact investing in the health and safety and decarbonisation sectors. ACC holds assets in Australasia, both directly and in funds.
Asset allocations	Asset allocation effects subtracted 0.05% from total returns, despite value being added from the differences between asset class weightings and strategic asset allocation benchmark weightings. The overall asset allocation loss was due to the impact of individual portfolios having different weights, or benchmark indices, than the corresponding strategic asset allocation benchmarks.
Australian equity	The Australian market bounced, and ACC's Australian portfolios collectively outperformed their benchmark by 0.74%. During the year we consolidated the management of all our Australian investments under the Wellington-based Investment Team.

Long-term objectives

The primary objective of ACC Investments is to cover the long-term costs of accidents that have already occurred. The aim of ACC's funding policy is to share the costs of accidents fairly across generations to ensure all New Zealanders (and visitors) are cared for into the future.

It is important that we strike the right investment balance between return and risk. Higher investment income over time would contribute to lower levies, but we need to balance higher potential returns with an objective of limiting the potential for losses that could increase future levy rates.

As well as our fiduciary duty to invest as a trustee we are guided by our ethical investment policy, and aim to incorporate evolving ethical themes into investment decision-making, including our commitment to reducing carbon emissions.

Health and safety are central to ACC. We aim to incorporate health and safety considerations into investment decision-making.

We also aim to deliver value for money through prudent cost management to maintain a low-cost fund that is fit for purpose.

Investment performance — long term

9.31%
RETURN SINCE 1992

$1,572
GROWTH OF $100 SINCE 1992

ACC Investments has outperformed its benchmark for 28 of the past 31 years. ACC's consistent outperformance has been achieved by our longstanding and experienced team.

The consistency of ACC's historical investment performance has helped us to achieve compound returns from the Reserves Portfolio of more than 9% per annum for the past 31 years.

CHART 7: ACC FINANCIAL YEAR RETURNS AGAINST BENCHMARK

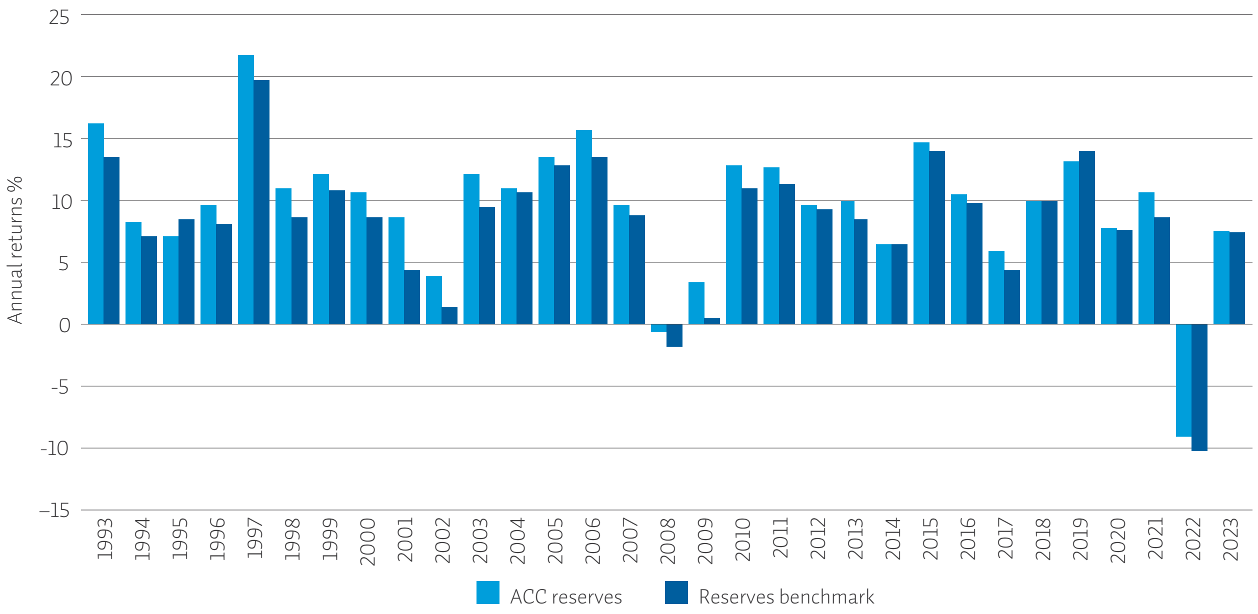


CHART 8: ACC 31-YEAR RESERVES PORTFOLIO RETURNS

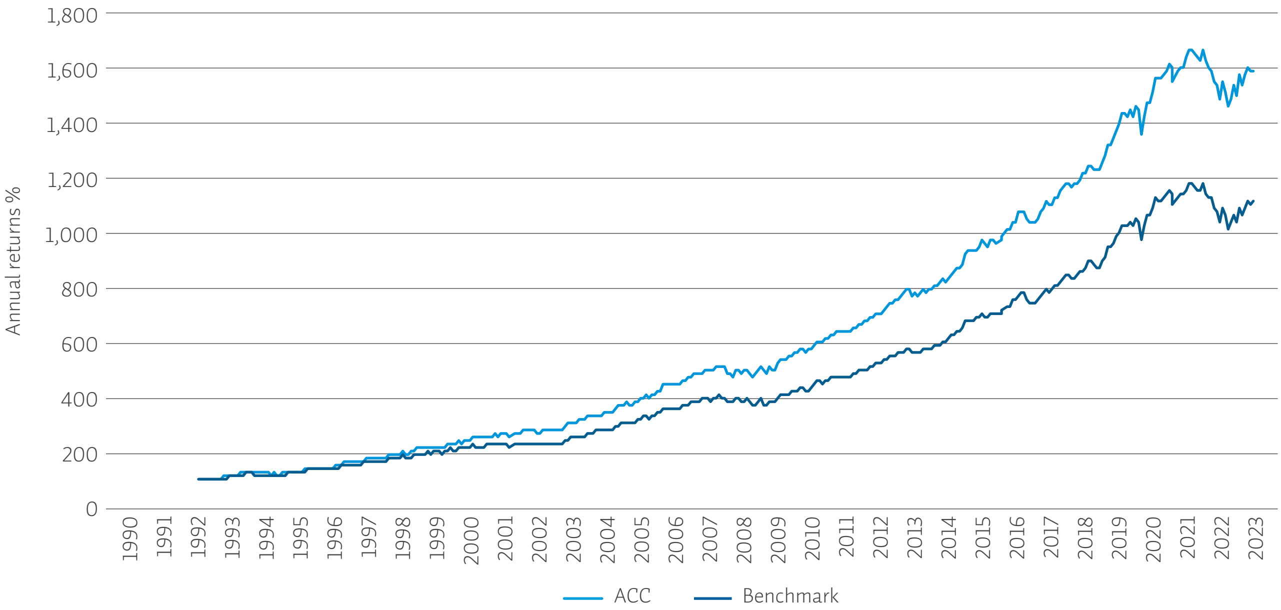


CHART 9: ACC 31-YEAR NEW ZEALAND BOND RETURNS

The New Zealand bond portfolio has outperformed its benchmark in 29 of the past 31 years.

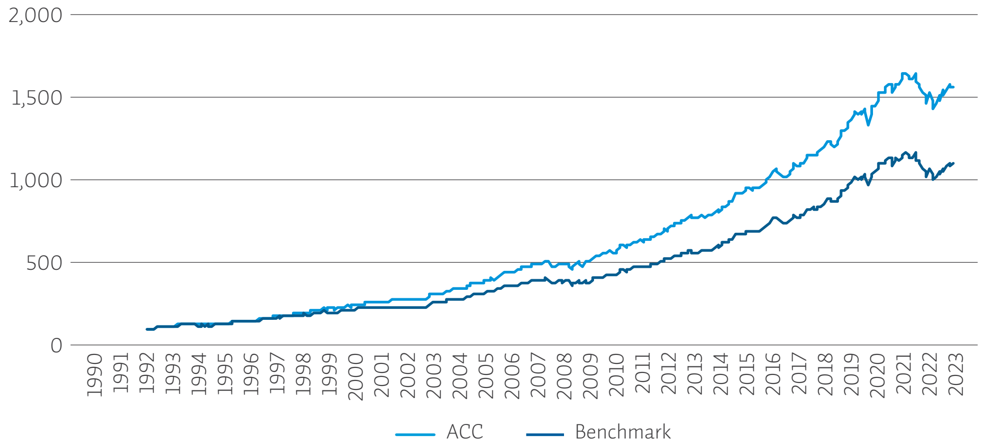


CHART 10: ACC 31-YEAR NEW ZEALAND EQUITY RETURNS

The New Zealand equity asset class has outperformed its benchmarks in 25 of the past 31 years.

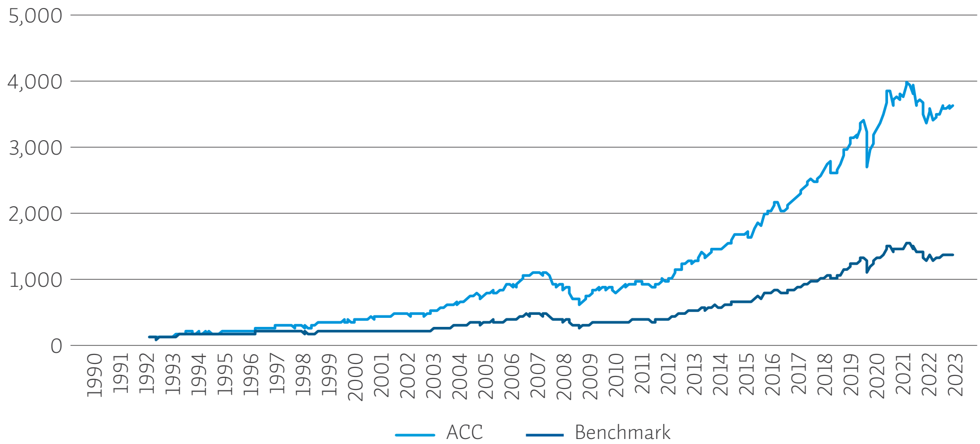


CHART 11: ACC 29-YEAR 5-MONTH GLOBAL EQUITY RETURNS

The global equity asset class has outperformed its benchmarks in 19 of the past 29 years.

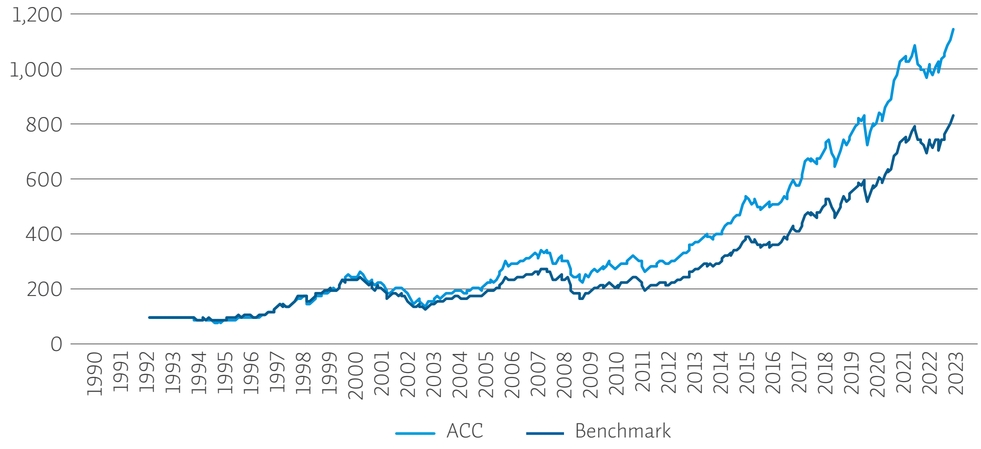
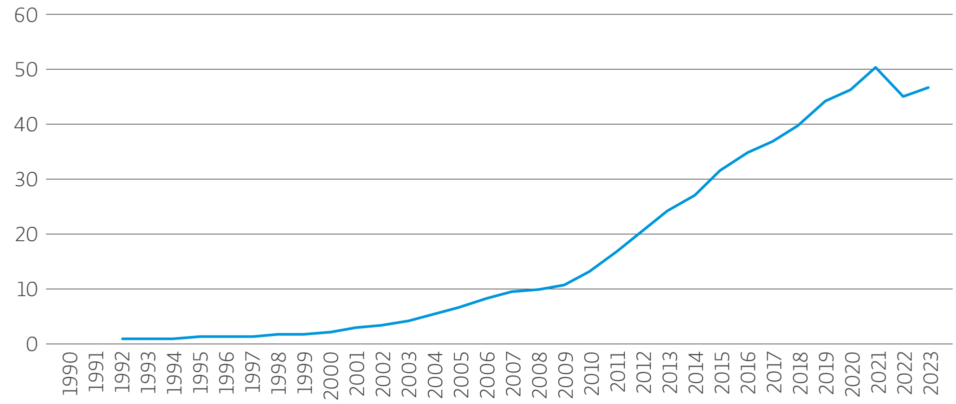


CHART 12: VALUE OF ACC'S RESERVES PORTFOLIO ($46.8 BILLION)

ACC's Reserves Portfolio has increased in value from $44.8 billion last year to $46.8 billion at the end of June 2023. The increase is the impact of strong positive investment returns, which has been offset by withdrawals ($1,310 million) for operational cash-flow needs.

Please note: For the purpose of this graph, traded investments and performance are valued at last sale price (or at valuation in the case of unlisted investments).



Investment returns

Future investment returns

We expect future returns to average around half of what has been achieved historically (that is, closer to 5% per annum rather than the 10% historically achieved). This is because interest rates are low relative to historical levels, and other investment assets (such as equities) are starting from high valuation levels.

The likelihood of negative returns

ACC has had only two instances of a negative overall investment returns in the past 30 financial years, including the most recent financial year. However, for the same reasons that we expect future investment returns to be lower than historically, the likelihood of negative returns has increased. Going forward, we expect a negative return about once in every five years.

The two primary factors that drive the risk of negative returns are:

- A rise in bond yields. However, ACC's overall financial position would improve as a result, as the claims liability would decrease by an even greater amount than the decline in investment returns
- A general decline in foreign and domestic equity prices. Using current allocations for ACC as a whole, equity returns of around -6%, over a financial year would be far enough below our current expectations to offset the expected returns from other assets.

New premises in Kirikiriroa

Amohia Ake

"The new space is in the heart of this important community, close to transport links and provides a great base for our work to improve lives every day," says Megan Main.

In April, ACC moved into new premises in Kirikiriroa Hamilton. Waikato is an essential part of ACC's operations nationally. With 800 of our people here delivering services to the whole country, our base in Kirikiriroa-Hamilton provides lifeblood to Aotearoa New Zealand. The new building brings together two existing offices and is a blueprint for a modern, safe, and environmentally friendly office space for our people and customers.

It is constructed to New Zealand's current sustainability, seismic, and environmental standards and meets a four-star standard under NABERSNZ, the system for rating the energy efficiency of office buildings. It is currently on-track to meet or exceed this rating when the first assessments are completed next April. It is located only a short walk from major public transport routes and the Hamilton Central Transport hub. It also encourages active and sustainable transport options, with 82 bicycle parks, end-of-trip facilities and 12 charging stations for electric vehicles.

The four-storey complex is the culmination of ACC's partnership with Waikato-Tainui. The building was developed by Tainui Group Holdings and designed by Warren and Mahoney with values of kaitiakitanga (guardianship) at its core. Tainui Group Holdings lease the development to ACC, with the underlying whenua continuing to be owned by Waikato-Tainui.

The name Amohia Ake takes its significance from a Waikato-Tainui tongikura (saying), "Amohia ake te ora o te iwi, ka puta ki te whei ao — the wellbeing of the people is paramount." ACC is honoured to operate from this site and humbled by the words of Rukumoana Schaafhausen, Chair of Te Arataura, the Executive Committee of Waikato-Tainui.

"As the site of the former maara kai (vegetable garden) that fed and provided sustenance for the people, this area has an important history of manaakitanga, of taking care of people and of supporting everyone to have the best possible quality of life, which is exactly what ACC will do."

Āpitihanga 2 — Ngā take āhuarangi | Appendix 2 — Climate disclosures

In June 2020, the ACC Board committed to taking a leadership position to proactively support New Zealand's goal of reducing all greenhouse gases (GHG), excluding biogenic methane, to net zero by 2050.

Our Climate Change Framework is available at ***acc.co.nz***. This supports decision-making on specific climate change actions and policies and ensures that ACC's climate change response is consistent and aligned with our aims.

ACC's carbon emissions fall into two categories: corporate emissions and investment portfolio emissions. These form the two pillars of our framework. This is because they require different reduction management and reporting approaches.

Corporate emissions are all emissions which relate directly to our organisational operations.

Investment portfolio emissions are emissions associated with the investment portfolio's underlying holdings.

We have made good progress in addressing climate change in both our investment portfolio and corporate operations. Both pathways will evolve and strengthen over time, and our reporting will continue to evolve as we further embed our framework and as best practice reporting standards are developed.

Reporting frameworks

During 2020/21 ACC joined more than 2,000 organisations around the world in declaring our support for the Financial Stability Board created Task Force on Climate-related Financial Disclosures (TCFD).

We recognise the importance of increasing transparency of climate-related risks and opportunities, promoting more informed financial decision-making, and building a more resilient financial system. By becoming a TCFD supporter we committed to working towards implementing the TCFD recommendations.

The TCFD recommendations are structured around the four areas of Governance, Strategy, Risk Management, and Metrics and Targets representing core elements of how organisations operate. ACC has been reporting in alignment with the TCFD guidelines since 2021.

This year the requirement to report in alignment with the Carbon Neutral Government Programme (CNGP) also begins. The CNGP was launched in December 2020 and requires government entities, including ACC, to have net zero emissions by 2025.

The CNGP applies to ACC's corporate emissions only. This means that in the current year, corporate emissions are reported in alignment with both the TCFD and CNGP while investment portfolio emissions continue to be reported in alignment with the TCFD. Next year, (2023/24), both corporate and investment portfolio emissions will be reported under the New Zealand Climate Standards (NZCS) developed by the External Reporting Board. Disclosures made under the NZCS also satisfy the requirements of the CNGP and TCFD.

Investment emissions

Transparency and clear reporting by investors and companies on their efforts on climate will help to drive a rapid transition and reduce emissions at the pace required to align with a net zero world. ACC supports the TCFD in providing a framework that improves transparency and consistency, simplifying comparison across companies, and driving action. ACC supports the Aotearoa New Zealand Climate Standards as well, which have drawn heavily on the TCFD framework. ACC will be reporting to these standards from the 2023/24 fiscal year onward.

This is our third annual climate report based on the TCFD framework.

Governance

ACC's commitment to reducing the carbon intensity of the investment portfolio is outlined in the Investments Pathway of the Climate Change Framework, which is regularly reviewed to consider progress towards our commitments. This commitment forms part of our Ethical Investment Policy. The Board has also approved ACC's Investments Pathway target of carbon neutrality by 2050 and set interim targets consistent with the 2050 goal.

In December 2020, the Government launched the CNGP requiring government entities, including ACC, to have net zero emissions by 2025. ACC's investment portfolio (technically scope 3, category 15 emissions) is not included in this target.

In 2021, the Minister of Finance and the Minister for ACC established the Crown Responsible Investment Framework. The framework is designed to cover broad responsible investment issues but has initially been focused on climate change. The Minister of Finance's expectations are communicated to each Crown Financial Institution (CFI) in an Enduring Letter of Expectations. Each CFI must provide an annual update to the Minister of Finance on their progress in upholding their commitments.

In October 2021, the Board also approved ACC to become a signatory to the Paris Aligned Asset Owners Commitment. This is a public declaration of the Fund's support for the Paris Agreement.

The Board has delegated responsibility for investment decisions to the Board Investment Committee (BIC). The BIC receives regular climate-related reports from senior investment management that consider how the pathway is tracking against ACC's interim carbon targets. Regular reporting ensures BIC oversight of the risks and opportunities presented by climate change.

The Chief Investment Officer is responsible for the execution of the Investments Pathway and achieving the targets. The management team implements the strategy to achieve these targets. The management team has also established the Investments Climate Steering Group with responsibility for embedding the Investments Pathway. The Chief Investment Officer and the Investments Climate Steering Group are responsible for embedding climate-related metrics into risk management, business planning, investment decisions, and for reporting to the BIC.

Strategy

The risks presented by climate change include the physical risks that result from climate change and the transition risks that arise from attempts to combat climate change.

Physical risks include the risk of more frequent and severe events (such as large storms and wildfires), as well as chronic climate change risks (such as rising sea levels). They can have financial implications for businesses in many ways including: by damaging property and infrastructure; disrupting supply chains, business operations, and the workforce; and by causing food production losses. Looking ahead, physical risks could become increasingly material over the longer term, especially without mitigation, and can be expected to vary significantly by location.

Transition risks arise from changes in policy and law, new technologies, and shifts in consumer and company behaviour as the world responds to climate change. The pace and extent at which businesses manage towards lowering greenhouse gases should impact the degree of transition risk. Over the short- to medium-term transition risks are expected to be the more material of the climate risks. Changing climate policy, regulatory, infrastructure, and technological developments, litigation, and growing public support for the transition can be expected to impact companies as they transition.

Our 2020 commitment to align the fund with a net zero world by 2050, and our strategy to achieve the target, satisfies our fiduciary requirement to invest as if a trustee, as well as our commitment to avoid prejudice to New Zealand's reputation.

Our climate strategy incorporates best practice and is flexible and resilient. It focuses on managing the transition and physical risks of climate change in a way that ensures Board and management oversight of key metrics, achieves our carbon-intensity reduction targets, and supports our managers and investee companies in managing, mitigating, and adapting to climate change.

Key aspects of the strategy include:

- ACC uses a broad-based approach to measuring emissions that captures direct emissions, emissions from energy use, and the fossil fuel emissions of those companies responsible for fossil fuel extraction and burning for energy. We use this approach to measure absolute emissions, the carbon intensity, and the weighted average carbon intensity (WACI) of the listed equity portfolio. Using these measures, ACC can assess which sectors and companies are the main contributors to climate risk and monitor changes in emissions intensity.
- To establish the trajectory to achieving carbon neutrality by 2050, ACC set interim targets to reduce the carbon intensity of the listed equities portfolio by 50% by 2030 compared to a 2019 base year. In 2021, the Board set more ambitious targets to reduce carbon intensity by 60% by 2025 and 65% by 2030 compared to a 2019 base year.
- ACC has imposed annually declining carbon caps on external and internal portfolio managers in line with achieving the carbon-intensity targets.
- ACC has introduced low-carbon benchmarks for our internal listed equity portfolio managers and for global equities.
- Investors working with companies in high-emitting or hard-to-abate sectors will play a significant role in accelerating the transition to minimise the temperature rise to 1.5 degrees. However, because we do not see thermal coal playing any role in this transition, we do not invest in companies generating a large proportion of their income from thermal coal.

- This approach constrains investment in energy companies highly dependent on fossil fuels, but still enables investment in priority hard-to-abate sectors, where new technology solutions are a necessary part of the transition to a net zero emissions world by 2050.
- ACC have employed a climate change impact investment manager to explore potential investments in private market climate change mitigation opportunities in New Zealand.
- Our Investments Team believes that the consideration of climate-related financial risks under different scenarios requires a bottom-up assessment of portfolios. ACC relies on portfolio managers to understand the relative exposures of sectors and geographies, as well as how companies manage and mitigate exposures to climate-related financial risks under a range of scenarios.

As well as the bottom-up analysis we have been exploring climate scenario analysis tools to assess the financial impact of climate risks under different scenarios. In the initial stages we have decided to use MSCI's quantitative Climate Value at Risk (VaR) tool for our equity portfolios. This tool uses quantitative modelling to provide a forward-looking and returns-based assessment of climate-related risks and opportunities. We can view results from a bottom-up (company and sector level) and from a portfolio and fund-wide level. The tool includes transition risk (largely policy and technological) and physical risk scenarios out to the year 2100, and offers various temperature warming scenarios for analysis, including 1.5°C, 2°C, 2°C late action, and 3°C.

Risk management

Climate risks and opportunities need to be monitored as part of the investment process. Key aspects to monitoring and management climate risks and opportunities include regular engagement with portfolio managers and stakeholders, as well as effective measuring and reporting on key metrics.

Tracking portfolio emissions is key. Reliable emissions data enables us to monitor emissions across companies, sectors and regions, as well as establish appropriate carbon budgets for our managers.

We use independent data providers to source carbon data. We rigorously review the data before it is used to construct our metrics in a manner that also captures the material fossil fuel emissions from the energy sector, a priority sector. To estimate emissions, we use an approach based on guidance from the Partnership for Carbon Accounting Financials (PCAF).

We require our managers to consider all investment risks, including climate, when making investment decisions.

ACC engages regularly with external and internal equity portfolio managers to assess their progress in integrating climate change into their investment strategies. We also assess how they are engaging with companies to reduce carbon emissions.

Ensuring oversight and management of risks, including climate risk, is also a key consideration when appointing new managers and monitoring the performance of existing managers. We include manager monitoring and management of ESG risks, including climate-related risks, in our external manager selection criteria as well as our ongoing manager monitoring process. The approach our external portfolio managers are taking to manage and mitigate ESG risk in their portfolios is reviewed annually.

Our portfolio managers use various data and analytical tools that consider multiple responsible investment themes along with climate risks. Several external managers use proprietary ESG research to assess company climate risk to add this information to existing models or to disseminate it to portfolio managers to ensure it is incorporated in investment decisions.

Carbon-reduction strategies are more robust when they include engagement. We engage with investee companies through a number of channels. We actively engage in the local market, and we engage in collaboration with peer Crown Financial Institutions and use Columbia Threadneedle Investments as an engagement specialist.

In late 2022, ACC along with the other CFI's, launched a climate change engagement programme, using our collective influence to engage directly with New Zealand's largest companies.

ACC's Investments Risk Team oversees our operational and investment-related risks and has robust operational processes in place to monitor the risk in our portfolio, including climate-related risk. This team reports regularly on portfolio risk to the Board Investment Committee.

Metrics and targets

Developing carbon emissions metrics is crucial to monitoring emissions reduction and reporting on progress in supporting the transition and aligning with the goal of limiting global temperature rises to below 1.5 degrees Celsius.

The carbon intensity metric we have developed to decarbonise the portfolio incorporates:

- All the emissions for which our investee companies are directly responsible.
- The emissions generated in the production of the energy they use.
- The emissions embedded in the fossil fuel production volumes of those companies with evidence of owning fossil fuel reserves most likely used for energy purposes.

Since our 2019 baseline year the carbon intensity our listed equity investments has fallen by 60%.

TABLE 24: LISTED EQUITIES GHG EMISSION METRICS AS OF 30 JUNE 2023

Absolute emissions apportioned by share of enterprise value (PCAF methodology) (tCO_2-e)	
Scope 1 & 2	481,893
Scope 3	3,468,790
Absolute emissions apportioned by ownership share (ACC target metric methodology) (tCO_2-e)	
Scope 1 & 2	717,786
Priority scope 3 (fossil fuel end-use)	728,318
Portfolio carbon intensity (ACC target metric) (Total scope 1, 2 & priority scope 3 emissions per million USD of revenue)	
As of 30 June 2023	226
As of 30 June 2022	289
Baseline as of 30 June 2019	562
Portfolio carbon intensity reduction on baseline as of 30 June 2023	60%

Methodology

Greenhouse gas emissions figures are for the listed equities asset class, which comprise 38% of the total investment portfolio market value as of 30 June 2023. Listed equities are defined as equity investments, excluding unlisted companies, rights securities, warrants and other derivatives. ACC intends to incorporate additional asset classes over time as data becomes available and standards and processes are developed.

Greenhouse gas emissions are classified per the Greenhouse Gas Protocol (GHG Protocol) and measured as a CO2 equivalent, in tonnes of carbon (tCO_2-e). Biogenic CO2 emissions are not measured or reported due to data availability.

We apply two methodologies to apportion investee companies' absolute emissions to the investment portfolio:

- The first approach applies the Partnership for Carbon Accounting Financials (PCAF) Standard which apportions emissions based on the proportion of each company's enterprise value including cash (EVIC) represented by ACC's investment in that company.
- The second approach apportions emissions by ACC's ownership share (that is, the portfolio's proportional share of equity in each investee company) and is the basis of ACC's target metric (portfolio carbon intensity).

Both approaches use the same investee-level scope 1 and 2 emissions data. Uncorrected absolute scope 1 and 2 emissions under the PCAF methodology (481,893 tCO_2-e) are lower than absolute scope 1 and 2 emissions under ACC's target methodology (717,786 tCO_2-e) because PCAF's EVIC approach apportions a share of company emissions to debt holders whereas ACC's ownership share approach apportions all emissions to equity holders.

The PCAF Standard aims to standardise the way financial institutions measure and disclose emissions associated with their investments. PCAF's methodology facilitates the comparison of emissions across portfolios at the same or similar points in time and can be used to apportion emissions to asset classes other than equities. However, a limitation of the PCAF methodology (discussed below) is the sensitivity of absolute emissions to changing security market prices, which may significantly reduce the comparability of emissions through time.

Portfolio carbon intensity (emissions per USD 1 million of revenue) was selected as our target decarbonisation metric because it is robust to portfolio deposits and withdrawals, which can heavily reduce the comparability of absolute emissions through time.

Scope 1 (direct emissions) and scope 2 (indirect emissions from the generation of purchased or acquired energy) data is sourced from MSCI ESG Research and covers 98% of listed equity holdings by market value, including look-through to the indirect holdings of an externally managed portfolio (unit trust). Company reported emissions were available for 78% of the portfolio (by market value) and model-based estimates were used for the remaining 20%.

The top five sectors as a proportion of total scope 1 and 2 emissions apportioned by EVIC are Utilities (28%), Materials (23%), Industrials (18%), Energy (16%), and Consumer Staples (5%).

There are no exclusions within the disclosed scope 1, 2 emissions for listed equities. Every sector is covered, and the only companies omitted from disclosed metrics are the 2% of investments (by market value) for which emissions data was not available.

Scope 3 (value chain) emissions data (apportioned to the portfolio by share of EVIC) is also sourced from MSCI and covers 98% of listed equity holdings (by market value). Downstream scope 3 emissions include GHG Protocol categories 9, 10, 11, 12, 13, 14, and 15. Upstream scope 3 emissions include GHG Protocol categories 1, 2, 3, 4, 5, 6, 7, and 8.

The top five sectors as a proportion of scope 3 emissions apportioned by EVIC are Materials (26%), Energy (24%), Industrials (13%), Consumer Discretionary (9%), and Consumer Staples (8%).

There are no exclusions within the disclosed scope 3 emissions (apportioned to the portfolio by share of EVIC) for listed equities. Every sector is covered (exceeding PCAF's current minimum requirements for scope 3 reporting). The only companies omitted from disclosed metrics are the 2% of investments (by market value) for which emissions data was not available.

The PCAF Standard specifies a data quality hierarchy for investee company emissions (score 1 = highest data quality; score 5 = lowest data quality). The data quality score reflects the level of estimation used to measure a company's emissions for a given point in time (rather than the level of consistency or comparability of emissions through time). Company reported emissions receive the highest quality score because they are the most certain. The portfolio's market value weighted data quality scores are 2.16 for scope 1 and 2 emissions and 2.57 for scope 3 emissions.

Priority scope 3 emissions (apportioned by ownership share and included in the calculation of portfolio carbon intensity) are defined by ACC as downstream indirect emissions from the carbon embodied in the fossil fuel production volumes of:

1. companies in the Global Industry Classification Standard (GICS) sub-industries Integrated Oil & Gas, Oil & Gas Exploration & Production, Coal & Consumable Fuels, and Diversified Metals and Mining, and

2. other companies identified by MSCI ESG Research as having fossil fuel reserves involvement for energy purposes. Fossil fuels are defined as oil, gas, and thermal coal, the combustion of which is the largest single source of global greenhouse gas emissions.

Priority scope 3 emissions are estimated by ACC using a physical activity-based approach whereby company reported fossil fuel production volumes are combined with emission factors from the US Environmental Protection Agency (0.43 tCO_2-e per barrel of oil and 2.00 tCO_2-e per tonne of coal). Fossil fuel production data was available for 97% of companies (by market value) in the GICS Integrated Oil & Gas sub-industry and the Oil & Gas Exploration and Production sub-industries.

Scope 3 emissions other than priority scope 3 emissions have not been included in the portfolio carbon intensity metric to date because we believe the comparability, coverage, transparency, and reliability of scope 3 data still varies considerably across companies, and that this could misrepresent progress towards meeting interim decarbonisation targets.

Reduction targets

ACC is committed to the Investments Pathway target of carbon neutrality by 2050. In line with this, we have set the following interim targets:

- Reduce portfolio carbon intensity by at least 60% from the 2018/19 base year by 2025.
- Reduce portfolio carbon intensity by at least 65% from the 2018/19 base year by 2030.

ACC is on-track to meet its investment portfolio decarbonisation targets. Decarbonisation of each equity portfolio is implemented using a carbon cap (budget) which declines over time and considers the composition of the portfolio's benchmark index. ACC's portfolios are actively managed and the carbon reductions to date reflect some portfolios using considerably less than their currently allocated carbon budget. Consequently, it is possible that portfolio carbon intensity may fluctuate above the current level prior to 2025.

Recalculation policy

A recalculation threshold of 5% is applied to baseline (30 June 2019) portfolio carbon intensity in the event of calculation methodology changes or the discovery of data errors. No adjustments were applied to the baseline portfolio carbon intensity for the current reporting period.

Limitations

There are significant limitations associated with measuring and apportioning emissions to an investment portfolio, including:

- **Data quality.** Quantifying GHG emissions is subject to various assumptions and inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards. Estimating emissions for companies which do not report emissions introduces additional uncertainty because estimated emissions may not accurately reflect actual emissions.
- **Backward-looking.** Changes in historic emissions for a significant number of investee companies may not reflect the strategies they are undertaking to reduce future emissions or align with the global goal of net zero emissions by 2050.
- **Lagged emissions data.** The analysis combines investee emissions for different financial years because companies' ESG reporting often lags their financial reporting and there may be an additional lag before company disclosed emissions data is available from MSCI.
- **Lagged EVIC data.** There is also a lag between the date of investee companies EVIC (the most recent financial year available from MSCI) and the portfolio valuation date (30 June 2023), which impacts the calculation of emissions apportioned by share of EVIC. This does not affect emissions apportioned by ownership share (or the calculation of portfolio carbon intensity) because investee company market capitalisations are as of portfolio valuation date.
- **Sensitivity to volatility in economic variables.** A potential downside of using EVIC or revenue to apportion absolute emissions or determine carbon intensity is that fluctuations in items (such as exchange rates and commodity prices) can reduce the comparability of subsequent emissions or intensity measures through time.
- **Sensitivity to volatility in security market prices.** The PCAF methodology of apportioning emissions to an investment portfolio by EVIC is subject to changes in security market prices. Changes in security market prices may obscure the effect of changes in investee company emissions (and/or changes in portfolio composition) meaning that changes in apportioned emissions from one year to the next are not directly comparable. Changes in security market prices do not impact the apportioning of emissions by ownership share or the calculation of portfolio carbon intensity.

Assurance

Ernst & Young has provided limited assurance over the reported emissions associated with listed equities investments against the PCAF Standard.

Corporate emissions

Governance

ACC's Board and Executive are highly engaged in our climate change programme and are driving its development and delivery. The ultimate responsibility for our climate change response sits with the Board.

The Deputy Chief Executive Corporate and Finance has been delegated to lead the delivery of the Climate Change Framework. The framework has two pillars which are linked to our two emissions categories — investment emissions and corporate emissions.

Operational responsibilities for the corporate climate change programme (the Corporate Pathway) are managed by the Commercial Relationship and Sustainability Manager.

The Deputy Chief Executive Corporate and Finance receives monthly updates on the progress of the Corporate Pathway.

The Corporate Pathway is embedded into our business activities, with initiatives that will help reduce our emissions. We consider both our emission targets and planned initiatives when developing our forecasts and budgets (for example, travel, rental cars), our vehicle fleet strategy and our new property builds with landlords. We balance the need to reduce emissions with ensuring we can continue to deliver on our strategic intentions.

The ACC Executive and Board have oversight and approval of this budget process, which highlights the impact the budget and planned activities will have on the corporate-emission reduction trajectory.

Strategy

There is considerable evidence about the serious and immediate health impacts that climate change will have on New Zealanders. This includes direct effects of increased heat and exposure to extreme weather events, indirect effects of increased exposure to microbial contamination, particulate air pollutants, carriers of new diseases, and potential disruption to health services.

There is little research about the impacts of climate change on accidents. This means that estimating financial impacts for ACC is difficult. Examples of areas where we may see changes in the frequency and severity of claims are:

- claims associated with activities which may be impacted by climate change (for example, driving and recreation or sporting activities)
- increased violence claims
- potential increases in the number of drownings or water-related claims
- increased claims from flooding events and wildfires.

At present the biggest risk to ACC's financial costs is likely to be the secondary impact of a demand surge on the health care system. This will likely result in an increase in general health-related costs which would impact the cost of services funded or contracted by ACC.

ACC may also be called on to support the health system to adapt to the impact of climate change to a greater extent than previously considered.

Our climate change approach will continue to adapt to new and emerging evidence, shifts in expectations, and changes in government policy settings.

In 2023/24, ACC will collaborate with other organisations from across the public and private health sectors to develop a climate change scenario analysis. This will provide a shared picture of possible futures using a selection of degrees of temperature rise. ACC will use this information to advance its own strategy for climate change.

Our current Climate Change Framework has two pillars — corporate and investments. These represent separate emissions categories with different actions for reduction. This framework is available at ***acc.co.nz*** and will be updated as required after we complete the health sector scenario analysis.

Risk management

ACC recognises climate change as a risk and manages it within our Risk Management Framework and risk governance processes. We recognise, identify, and monitor risks that relate to our corporate climate obligations and the controls and actions we have in place to meet these obligations.

As part of the broader climate change programme of work and the development of climate change scenarios, we will continue to identify and define climate-related risks and opportunities over the short, medium, and long term. Recognised opportunities and risks may be stand-alone or have a direct or indirect impact and relationship to current and future business and entity level risks at ACC:

- An Enterprise Risk and Compliance Report is submitted to the Board quarterly. It contains a status summary with all entity risks.
- A Risk Mitigation Report is submitted quarterly to the ACC Board's Risk Assurance and Audit Committee. It contains status information and commentary on ACC's entity risks.
- The ownership of ACC's entity risks usually sits with a member of the Executive and, business-level risk with the business owner.
- Enterprise risk, and other second-line functions, provide independent expertise, challenge, monitoring, and advice on risk management practices, and internal audit provides independent assurance.

Metrics and targets

The metrics in this section are for the reporting period 1 July 2022 to 2023. They are presented in accordance with the reporting requirements of the CNGP.

The metrics are for carbon dioxide gas emissions only and are expressed in tonnes of carbon dioxide equivalent.

In line with ISO 14064-1, ACC's corporate emissions sources are classified into the following categories:

- Direct GHG emissions (category 1): GHG emissions from sources that are owned or controlled by the company.
- Indirect GHG emissions (category 2): GHG emissions from the generation of purchased electricity, heat and steam consumed by the company.
- Indirect GHG emissions (categories 3-6): GHG emissions that occur as a consequence of the activities of the company but occur from sources not owned or controlled by the company.

Total emissions

ACC's total annual emissions for the 2022/23 financial year for the corporate operations were 5,205.95 tCO_2-e (tonnes of cardon dioxide equivalent). Most of our emissions came from employee commuting (49%), air travel (24%), and electricity (12%).

TABLE 25: EMISSIONS PROFILE BY CATEGORY AND SCOPE (tCO_2-E)

Category	Scope	2018/19	2019/20	2020/21	2021/22	2022/23
(ISO 14064-1:2018)	ISO 14064-1:2006)	tCO_2-e	tCO_2-e	tCO_2-e	tCO_2-e	tCO_2-e
Category 1: Direct emissions	Scope 1	262.99	161.98	98.40	46.66	67.08
Category 2: Indirect emissions from imported energy (location-based method*)	Scope 2	557.30	575.60	582.80	550.15	602.03
Category 3: Indirect emissions from transportation	Scope 3	7,118.51	5,233.08	3,543.08	2,971.10	4,099.31
Category 4: Indirect emissions from products used by organisation	Scope 3	287.96	301.71	293.24	340.12	437.53
Category 5: Indirect emissions associated with the use of products from the organisation	Scope 3	–	–	–	–	–
Category 6: Indirect emissions from other sources	Scope 3	–	–	–	–	–
Total gross emissions		**8,226.76**	**6,272.36**	**4,517.52**	**3,908.03**	**5,205.95**
Purchased emissions reductions		–	–	–	–	–
Total net emissions		**8,226.76**	**6,272.36**	**4,517.52**	**3,908.03**	**5,205.95**
Reduction in gross emissions since base year (all categories)			**23.8%**	**45.1%**	**52.5%**	**36.7%**

TABLE 26: EMISSIONS PROFILE BY SOURCE (tCO_2-E)

Category (tCO_2-e)	2018/19	2019/20	2020/21	2021/22	2022/23
Accommodation	56.34	111.01	52.95	17.78	57.08
Air travel	2,661.94	1751.89	602.01	490.00	1,261.46
Commuting	4,289.71	3,141.52	2,677.39	2,233.09	2,545.83
Electricity	557.30	575.60	582.80	550.17	602.03
Fleet	262.99	161.98	98.40	46.66	67.08
Freight	0.00	0.00	0.00	0.00	6.26
Private mileage	12.21	13.95	4.31	2.60	5.40
Rental car	35.75	38.14	15.83	3.93	15.57
Taxi	54.71	40.87	11.96	5.55	21.15
Transmission & distribution losses	57.45	57.74	53.50	51.46	55.27
Waste	43.00	43.00	43.00	85.85	167.95
Waste water	172.86	186.38	182.46	188.07	198.76
Water supply	14.66	14.58	14.28	14.72	15.56
Working from home	7.84	135.70	178.62	218.15	186.56
Total gross emissions	**8,226.76**	**6,272.36**	**4,517.52**	**3,908.03**	**5,205.95**
Reduction in gross emissions since base year (all categories)		**23.8%**	**45.1%**	**52.5%**	**36.7%**

Reduction targets

ACC is committed to limiting the global average temperature increase to 1.5 degrees Celsius above pre-industrial levels. In line with this, we have set the following targets:

- Reduce emissions by 21% from the 2018/19 base year by 2025
- Reduce emissions by 42% from the 2018/19 base year by 2030.

Progress to targets

CHART 13: PROJECTIONS AND TARGETS FOR ACC CORPORATE EMISSIONS

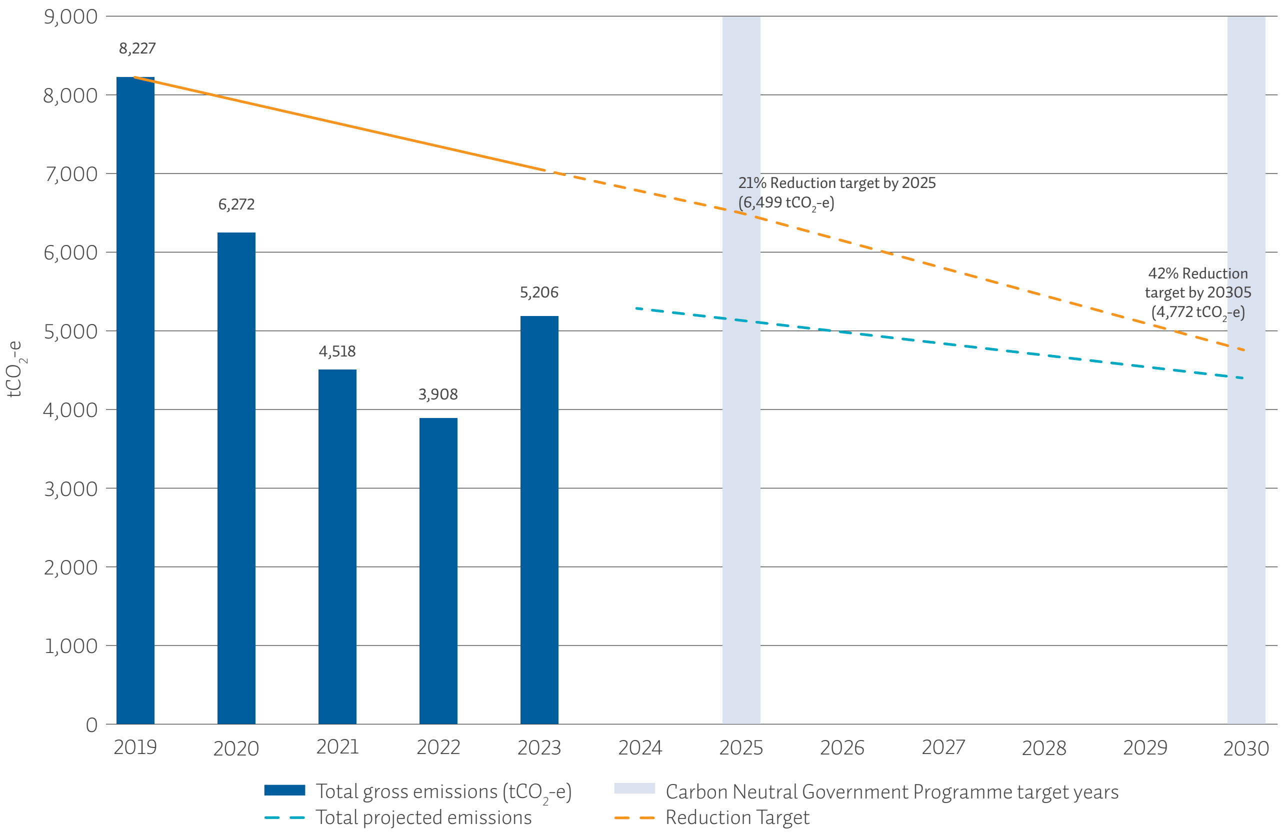


TABLE 27: TABLE: KEY PERFORMANCE INDICATORS (KPIS) FOR FULL-TIME EQUIVALENTS (FTES) AND EXPENDITURE

	2018/19	2019/20	2020/21	2021/22	2022/23
Gross emissions (tCO_2-e)	8,226.76	6,272.36	4,517.52	3,908.03	5,205.95
Reduction on base year		23.8%	45.1%	52.5%	36.7%
FTE	3,354	3,693	3,630	3,828	4,050
Total operating expenditure $M[15]	732	807	766	818	832
Total gross emissions per FTE (tCO_2-e)	2.45	1.70	1.24	1.02	1.29
Total gross emissions per million dollars of expenditure (tCO_2-e)	11.24	7.77	5.90	4.78	6.26

15 *Direct investment costs are excluded.*

ACC is on-track to meet its targets. In the next few years, additional scope 3 emissions sources will be considered for inclusion in our emissions inventory (for example, ICT cloud services, client travel and third-party services delivered in the value chain). This will depend on the availability of data.

ACC will consider whether higher targets for reduction might be possible once data becomes available about the additional scope 3 emissions.

ACC has put in place the following initiatives to further reduce emissions or improve the measurement of our emissions.

Air travel	• Travel emissions visible to accountable managers via dashboards. • Annual travel budgets aligned to targeted emissions reduction and emissions factored into all travel approvals.
Fleet	• The transition to an electric and hybrid fleet is almost complete. The fleet is currently 31% electric and 65% hybrid. We have reduced the size of our vehicle fleet from 184 at 30 June 2019 to 83 at 30 June 2023 and will investigate options for further reduction of the fleet size. This includes a review of ways to optimise the use of pool cars.
Buildings	• Target a four-star NABERSNZ rating for energy efficiency in new buildings in Hamilton and Dunedin. • Consolidation strategies in Dunedin, Wellington, and Auckland. • LED upgrades in Aitken Street, Wellington premises and review of LED upgrades at other large sites.
Waste	• Conduct waste audits to identify opportunities to reduce emissions from waste. • Information campaigns to discourage single-use items.
Staff commute	• Investigate ways that flexible working and recruitment can further optimise staff commute.
Data quality improvement	• Transition to a smart metre at all key sites where possible. • Work with fleet provider to ensure consistent reporting of electric vehicle data. • Work with travel booking partner to extend emissions data. • Conduct a value chain audit to understand how ACC can accurately incorporate value chain emissions into our inventory, including from ICT/cloud services, client travel and third-party services.

Other information

CONSOLIDATION APPROACH

ACC uses the operational control approach to consolidation of emissions. This approach means we account for all greenhouse gas emissions from the facilities we control operationally or financially. This is appropriate because ACC has sole financial and operational control of its facilities.

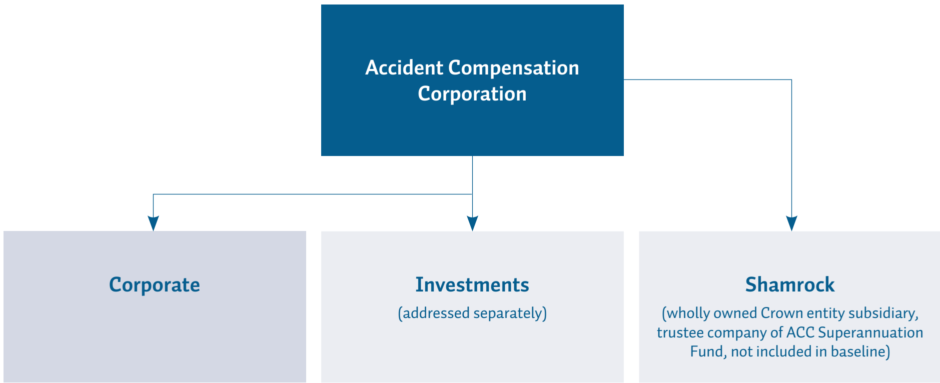
The alternative is an equity share consolidation, where the organisation accounts for its portion of greenhouse gas emissions from respective facilities.

ORGANISATIONAL BOUNDARY

ACC has defined its operational boundaries in line with the methodology described in the GHG Protocol and ISO 14064-1:2018 standards. ACC has 30 offices across the country, and approximately 4,700 permanent and temporary staff.

ACC is one Crown entity and has one subsidiary, Shamrock Superannuation Limited, which is wholly owned by ACC and was established in 1991 to act as the corporate trustee for the ACC Superannuation Scheme. Shamrock has no employees.

FIGURE 3: ORGANISATIONAL BOUNDARY FOR MEASUREMENT OF CORPORATE EMISSIONS



Emissions source identification method and significance criteria

The GHG emissions sources included in this inventory are those required for ACC's Toitū Envirocare programme certification and were identified with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standards. The CNGP emissions sources that are mandatory and material to ACC Corporate are reviewed annually. Where data is available, these have also been included in this year's inventory.

The significance of emissions sources within the organisational boundaries has been considered in the design of this inventory. The significance criteria used comprise:

- All direct emissions sources that contribute more than 1% of total category 1 and 2 emissions.
- All indirect emissions sources that are required by the CNGP.

Recalculation of base year emissions

The CNGP expanded in 2022/23 to include scope 3 emissions. Participants must now report on a set of mandatory scope 3 emissions sources. Other scope 3 emission sources not listed within the mandatory category should also be included if material to the organisation.

For ACC this means waste, water supply, wastewater, freight, staff working from home and staff commuting emissions are now required inclusions in our monitoring and reporting. ACC will also consider reporting emissions generated from ICT cloud services, client travel and third-party services in the value chain over the next two financial years as data becomes available.

To align with the expanded CNGP guidelines, we recalculated our 2018/19 corporate emissions baseline to include the new scope 3 emission sources. This was necessary because the effect of the new emissions sources resulted in a change in the combined emissions across categories of more than our significance threshold of 5%. Measurements for the subsequent years were also adjusted to include these emissions sources. The base year recalculation was verified by Toitū Envirocare.

Recalculation was in accordance with the calculation methodology stated above, ACC's recalculation policy and the GHG protocol. Key elements of the policy are:

- ACC obtained activity data to the base year where available and back cast activity data to the base year where data was not available.
- The following assumptions were made in our base year restatement.
  - Wastewater, water supply: ACC applied a historical per capita emission factor.
  - Waste and freight: ACC applied actual supplier data audited in 2022.

 - Working from home and staff commute: ACC applied back cast data based on the number of full time equivalent employees in each year, the applicable working from home policy in each year, and estimates of commute distance and mode of travel.

- All emission recalculations are based on emission factors published in Ministry for the Environment (MfE) tables relevant to that period.
- ACC will continue to document base-year recalculations in subsequent inventories.

Emissions calculation methodologies

The emissions inventory is quantified based on the following calculation:

Emissions = activity data x emissions factor

The application of the method for each category of emissions is shown in the table below.

All emissions were calculated using Toitū Envirocare's e-manage programme. ACC has systems and procedures in place that will ensure applied quantification methodologies will continue in future GHG emissions inventories.

Greenhouse gas inventory

GHG emissions category	GHG emissions source	Data source	Methodology, data quality, uncertainty and emission factors used.	Adjustments to this year's Inventory — recalculation methodology
Category 1: Direct emissions and removals	Mobile combustion (including company-owned or leased vehicles)	Invoices and/ or supplier records	The 2022 MfE emission factor is applied to fuel used by litre for our non-fully electric fleet and kWh's of electricity used for our electric fleet. It is assumed supplier records are accurate.	N/A
Category 2: Indirect emissions from imported energy	Imported electricity	Invoices and/ or supplier records	The 2022 MfE emission factor is applied to kWh's consumed. It is assumed supplier records are accurate. ACC notes that if a meter reading is missing, the correction is made the following month.	N/A
Category 3: Indirect emissions from transportation	Business travel — transport (non-company-owned vehicles — private car, rental car, air travel, taxi).	Invoices and/ or supplier records	Private mileage — the emission factor is applied to the kilometres driven. Kilometres driven are calculated by multiplying the private mileage spend by IRD's published kilometre rates. Taxis — the emission factor is applied on a dollar spend basis. Rental car — the emission factor is applied to the kilometres driven. Air travel — the emission factor is applied to the kilometres travelled by booking class. Note: The 2022 MfE emission factors are applied for all calculations.	N/A
	Business travel — accommodation	Invoices and/ or supplier records	The 2022 MfE emission factor is applied on a per country basis. The tCO_2-e is calculated by multiplying the room count by room night by the emission factor.	N/A

GHG emissions category	GHG emissions source	Data source	Methodology, data quality, uncertainty and emission factors used.	Adjustments to this year's Inventory — recalculation methodology
	Employee commuting	CarbonWise survey response	ACC used supplier survey response data and ACC FTE reports from internal records. CarbonWise provides emission figures calculated from survey methodology with the relevant commute MfE and Toitū Envirocare emission factors applied. It is assumed CarbonWise methodology is robust based on their Toitū Envirocare certification.	ACC applied back-casted estimates based on the number of FTE employees in each year, the applicable working from home policy in each year, and estimates of commute distance and mode of travel. All back-casted adjustments have been Toitū certified.
	Working from home	ACC Engagement survey	ACC uses our annual Pulse survey results which records the number of days staff work from home. Data is extrapolated to reflect ACC's total workforce. The default 2022 MfE emission factor is applied to calculate total working from home emissions.	ACC applied back-casted estimates based on the number of FTE employees in each year, and the applicable working from home policy in each year. All back-casted adjustments have been Toitū certified.
	Upstream freight — paid by the organisation	Freightways supplier records	NZ couriers provide ACC with emissions data. The tCO_2-e is calculated by applying vehicle-specific emission factors to weight and transport distance data. These factors are verified by Toitū Envirocare.	ACC applied back-casted estimates based on actual supplier data All back-casted adjustments have been Toitū certified.
Category 4: Indirect emissions from products used by organisation	Disposal of solid waste to landfill	Invoices and/or supplier records	The 2022 MfE waste-to-landfill without gas recovery emission factor is applied. In months where data is unavailable, we apply an average waste calculation. It is assumed that supplier reporting is correct.	ACC applied back-casted estimates based on actual supplier data provided from 2022. The calculation is estimated using an MFE factor which excludes gas recovery. All back-casted adjustments have been Toitū certified.
	Transmission of energy (T&D losses)	Invoices and/or supplier records	The 2022 MfE emission factor is applied on a kWh basis. It is assumed that supplier reporting is correct.	N/A
	Water supply and wastewater — disposal and treatment of wastewater and water supply generated in ACC's corporate operations	ACC FTE data records	FTE data is provided by ACC's People and Culture Team. The 2022 MfE per-capita emissions factor is applied to this. It is assumed the FTE data is correct.	ACC applied back-casted estimates for Wastewater, Water Supply by applying a historical per capita emission factor. All back casted adjustments have been Toitu certified.

Excluded emissions

Emission sources that that will be considered in future reporting periods

- Scope 1 - Direct emissions associated with LPG, natural gas, and refrigerants.
- Scope 3 Category 1: Purchased goods and services acquired by ACC Corporate — indirect emissions associated with ACC's broader value chain, goods and services purchased or acquired by ACC Corporate.
- Scope 3 Category 2: Capital goods purchased or acquired by ACC corporate — indirect emissions associated with ACC's broader value chain, capital goods purchased or acquired by ACC Corporate.
- Scope 3 Category 6: Indirect emissions from transportation — indirect emissions associated with client travel including, air travel, taxis, and rental car.
- Scope 3 Category 8: Upstream leased assets — indirect emissions associated with assets leased by ACC corporate not included in scope 1, and scope 2.

ACC will consider reporting for the above scopes as supplier data becomes available.

Emissions sources not relevant to ACC's corporate operations

- Scope 3 Category 9 — Downstream Transportation
- Scope 3 Category 10 — Processing of sold products
- Scope 3 Category 11 — Use of sold products
- Scope 3 Category 12 — Downstream leased assets
- Scope 3 Category 13 — End-of-life treatment of sold products
- Scope 3 Category 14 — Franchises
- Scope 3 Category 15 — Investments

ACC Corporate does not sell products, own buildings, or any franchises. Investments are excluded from ACC's Corporate reporting.

Uncertainty and data limitations

In preparing ACC's corporate greenhouse gas inventory and projected future emissions, ACC recognises there is some level of uncertainty. To minimise uncertainty ACC has worked with source data that is certified by Toitū Envirocare where available. Where uncertainty exists in the data and for the purposes of projecting future emissions, ACC has used the best information available at the time.

The greenhouse gas emissions measurement (emissions data and calculations) has been independently verified against ISO 14064-1:2018 by Toitū Envirocare (Enviro-Mark Solutions Limited).

These emissions results align with the Ministry for the Environment's 2023 Measuring Emissions Guidance, which uses the 100-year global warming potentials in the Intergovernmental Panel on Climate Change Fifth Assessment Report (AR5).

ACC acknowledges quantifying greenhouse emissions is subject to uncertainty as the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of greenhouse gases sources are still evolving.

Assurance

Toitū Envirocare, an entity that is 100% owned by a Crown agency, has certified ACC's 2018/19 baseline, and annual emissions from 2019/20, 2020/21, 2021/22 and 2022/23 against the ISO 14064-1:2018 standard.

Ernst & Young has provided limited assurance over the reported corporate emissions.

Guide to acronyms

AR5	Climate Change Fifth Assessment Report
BIC	Board Investment Committee
CFI	Crown Financial Institution
CNGP	Carbon Neutral Government Programme
ESG	Environmental, Social and Governance
EVIC	Weighted average carbon intensity is the equity-market-cap-weighted average of constituents' Scope 1 and 2 emissions over enterprise value including cash.
GHG	Greenhouse gases
GICS	Global Industry Classification Standard
MfE	Ministry for the Environment
MSCI	Provider of critical decision support tools and services for the global investment community
NABERSNZ	System for rating the energy efficiency of office buildings. It is an independent tool, backed by the New Zealand government.
NZCS	New Zealand Climate Standards
PCAF	Partnership for Carbon Accounting Financials
T&D	Transmission and distribution
TCFD	Task Force on Climate-related Financial Disclosures
VaR	Value at Risk
WACI	Weighted Average Carbon Intensity

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Building a better working world

Independent accountant's assurance report to the Directors and Management of Accident Compensation Corporation.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe Accident Compensation Corporation's ('ACC') scope 1 and 2 and certain scope 3 greenhouse gas ('GHG') emissions for the year ended 30 June 2023, as reported in the FY23 Annual Report on pages 220 to 233 ('Appendix 2'), has not been prepared, in all material respects, in accordance with the Criteria defined below.

Emphasis of Matter

ACC has chosen to include a measure of its greenhouse gas (GHG) emissions in its performance information. Without modifying our opinion and considering the public interest in climate change related information, we draw attention to page 233 of the annual report, which outlines the inherent uncertainty in the reported GHG emissions. Quantifying GHG emissions is subject to inherent uncertainty because the scientific knowledge and methodologies to determine the emissions factors and processes to calculate or estimate quantities of GHG sources are still evolving, as are GHG reporting and assurance standards.

Scope

We have been engaged by ACC to perform a 'limited assurance engagement,' as defined by International Standards on Assurance Engagements, here after referred to as the engagement, to report on the scope 1, 2 and certain scope 3 GHG emissions of ACC for the year ended 30 June 2023 (the "Subject Matter"):

Scope	GHG Protocol GHG emissions category
Scope 1	Fleet
Scope 2	Electricity (purchased)
Scope 3	3) Fuel- and energy-related activities
	4) Upstream transportation and distribution
	5) Waste generated in operations
	6) Business travel
	7) Employee commuting
	15) Investment

Scope 3 emissions categories: 1) Purchased goods and services, 2) capital goods, 8) upstream leased assets, 9) downstream transportation and distribution, 10) processing of sold products, 11) use of sold products, 12) end-of-life treatment of sold products, 13) downstream leased assets, 14) franchises are excluded from the inventory. Scope 3, category 15) investment emissions from asset classes other than listed equity are also excluded from the inventory.

Other than as described in the preceding paragraphs, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Report, and accordingly, we do not express a conclusion on this information.

Criteria applied by ACC

In preparing ACC's GHG inventory emissions (including Scope 1, Scope 2 and certain Scope 3 emissions), ACC applied the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Criteria), the Carbon Neutral Government Programme ('CNGP') and

The Global GHG Accounting and Reporting Standard for the Financial Industry (Part A – Financed Emissions) ('PCAF Standard'). The Criteria can be accessed on the respective websites.

ACC's responsibilities

ACC's management is responsible for selecting the Criteria, and for presenting the GHG inventory emissions (including Scope 1, Scope 2 and certain Scope 3 emissions, including listed equity financed emissions) in accordance with that Criteria, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records and making estimates that are relevant to the preparation of the Annual Report, such that it is free from material misstatement, whether due to fraud or error.

EY's responsibilities

Our responsibility is to express a conclusion on the presentation of the Subject Matter based on the evidence we have obtained.

Our engagement was conducted in accordance with the International Standard on Assurance Engagements ISAE (NZ) 3000: Assurance Engagements Other than Audits, ISAE (NZ) 3410: Assurance Engagements on Greenhouse Gas Statements and the terms of reference for this engagement as agreed with ACC on 25 May 2023 and addendum dated 05 July 2023.

Those standards require that we plan and perform our engagement to express a conclusion on whether we are aware of any material modifications that need to be made to the Subject Matter in order for it to be in accordance with the Criteria, and to issue a report. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risk of material misstatement, whether due to fraud or error. We believe that the evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Our independence and quality management

We have maintained our independence and confirm that we have met the requirements of the Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our ethical responsibilities in accordance with these requirements. We confirm we have the required competencies and experience to conduct this assurance engagement.

Ernst & Young applies Professional and Ethical Standard 3 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Description of procedures performed

Procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our procedures were designed to obtain a limited level of assurance on which to base our conclusion and do not provide all the evidence that would be required to provide a reasonable level of assurance.

Although we considered the effectiveness of management's internal controls when determining the nature and extent of our procedures, our assurance engagement was not designed to provide assurance on internal controls.

Our procedures did not include testing controls or performing procedures relating to checking aggregation or calculation of data within IT systems.

The GHG quantification process is subject to scientific uncertainty, which arises because of incomplete scientific knowledge about the measurement of GHGs. Additionally, GHG procedures are subject to estimation (or measurement) uncertainty resulting from the measurement and calculation processes used to quantify emissions within the bounds of existing scientific knowledge.

A limited assurance engagement consists of making enquiries, primarily of persons responsible for preparing the GHG inventory emissions (including Scope 1, Scope 2 and certain Scope 3 emissions) and related information, and applying analytical and other relevant procedures.

Our procedures included:

- Conducting interviews with personnel to understand the business and reporting process.
- Checking that the flow of information from site metering or monitoring through to calculation spreadsheets is accurate and any calculations are appropriate for geothermal emissions.
- Confirming sources of GHG emissions and the measurement methodology.
- Confirming the sources of data used in calculating the GHG emissions.
- Identifying and testing assumptions supporting the calculations.
- Testing of calculation and aggregation.
- Comparing year on year activity-based greenhouse gas and energy data where possible.
- Checking organisational and operational boundaries to test completeness of greenhouse gas emissions sources.
- Checking that emissions factors and methodologies have been correctly applied as per the criteria.
- Reviewing the appropriateness of the presentation of disclosures.

We also performed such other procedures as we considered necessary in the circumstances.

Restricted use

This report is intended solely for the information and use of ACC and is not intended to be and should not be used by anyone other than those specified parties.

Ernst + Young

Ernst & Young Limited
27 September 2023

Āpitihanga 3 — He kuputaka | Appendix 3 — Glossary of terms

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

Accident Compensation Act 2001
The major piece of legislation under which ACC is governed.

Business customer
A business that pays a levy under the Scheme.

Client
A person who makes a claim under the Scheme.

Consumer price index
A measure of the price change of goods and services purchased by private New Zealand households.

Crown entity
An organisation in which the Government has a controlling interest.

Customer
A client, provider, or business customer.

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

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

Full-time equivalent
The hours worked by one employee on a full-time basis, generally considered to be 35-40 hours per week.

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 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.

GHG — greenhouse gas emissions
GHGs are gases such as carbon dioxide (CO_2), methane, and nitrous oxide which keep the Earth warmer than it would be without them. For climate change, the most important GHG is carbon dioxide. GHG emissions are measured as a CO_2 equivalent in tonnes of carbon (tCO_2-e).

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

Huakina Te Rā
Our new 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. Our strategy is underpinned by Te Tiriti o Waitangi/The Treaty of Waitangi and seeks to achieve equitable wellbeing outcomes for the people we serve.

Gross Domestic Product (GDP)
GDP is the standard measure of the value added created through the production of goods and services in a country during a certain period.

Labour cost index
A measure of the increased cost of salaries and wages paid to workers, commonly expressed as an annual percentage.

Levies
Amounts charged, separate from general taxation, and used to cover the cost of injuries caused by 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.

Long-term continuance rate
The proportion of claims, with an accident date older than five years, in one quarter that continue to the next quarter.

Motor Vehicle Account
The Account for all road-related injuries.

New claims registered
Total number of new claims registered. Presented as a rolling 12-month result.

Non-Earners' Account
The Account for injuries of people not in the workforce, such as children and retirees.

Outstanding Claims Liability (OCL)
An estimate of the present value of expected future payments on all existing ACC claims.

Pay-as-you-go basis
Funding the costs of injuries as the costs are incurred.

Provider
A person or organisation providing a treatment or rehabilitation service to a client (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.

Risk margin
ACC has added a risk margin to the central estimate of the discounted future claim payments to provide for a higher degree of certainty that the liability for outstanding claims, at balance date, will be adequate to cover possible adverse developments.

Shaping Our Future
Our overarching strategy to look at how we operate, from our technology to how we train our people, while putting the customer at the centre of everything we do.

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

Strategic intentions
The areas that ACC has identified as needing the most focus during the period of the Statement of Intent (2021-2025).

tCO_2-e
Tonnes of carbon dioxide equivalent.

Transformation programme
A series of projects that were focused on improving our systems, processes, and employee capabilities.

Treatment Injury Account
The Account for injuries arising during medical treatment.

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

Whāia Te Tika
Our strategy to pursue what is right for Māori and deliver on our aspirations.

Work Account
The Account for injuries that occur in the workplace.

Āpitihanga 4 — He rārangi o ngā inega mahi | Appendix 4 — Glossary of performance measures

ACC is focused on the best possible outcomes for clients given their situations

A measure of the extent to which respondents agree that ACC has focused on achieving the best possible outcome for them given their situation. Agreement is measured via a five-point scale (strongly agree to strongly disagree), with the reported score reflecting the percent that agree and strongly agree. Presented as a rolling four-quarter result.

Actuarial movement

The percentage growth in the OCL (balance at the start of the year) from actuarial gains or losses, which arise from claim volumes, types, and costs differing from expectations.

Administration cost per claim

The average administration cost per active entitlement claim. Administration costs exclude investment and injury prevention costs. Presented as a year-to-date measure.

Average care hours per serious injury claim

The average annual hours of attendant care, home help, and childcare per serious injury claim. Presented as a rolling four-quarter result.

Average time to resolution for claims with reviews

The average time (in calendar days) for resolution of a review from review lodgement to review outcome. Presented as a rolling 12-month result.

Average weekly compensation days paid

The average number of weekly compensation days paid when a client exits the Scheme (rolling 12-month basis). Claims with 29 to 365 days of weekly compensation are included.

Change in average treatment cost per injury

The percentage growth in the average cost of medical treatment and elective surgery per claim. Presented as a rolling 12-month result.

Claims processed per FTE

The average number of new claims registered per FTE. The number of new claims registered is 12-month rolling and FTE is a point-in-time result.

Durable return to work

The percentage of clients in the Work Account who have returned to work and have remained at work.

Employee Net Promoter Score

A measure of how likely our employees are to recommend ACC as a place to work. Respondents rate themselves on an 11-point scale, with 0 being ‘not at all likely’ and 10 being ‘very likely’. The Net Promoter Score is the proportion of ‘promoter’ respondents (score 9–10) less the proportion of ‘detractor’ respondents (score 0–6). Total scores can range from -100 to +100.

Funding ratio (solvency)

This was previously referred to as solvency. The funding ratio is presented as a percentage and calculated by dividing total assets, less payables, accrued liabilities, provisions, and unearned levy liability by the OCL (including additional liability for work-related gradual process claims not yet made), excluding any risk margin. The funding ratio for the Work Account excludes those claims, and equivalent assets, funded through the Accredited Employer Programme. This is calculated for the fully-funded portions of the Accounts only.

Growth rate of the Long-Term Claim Pool

The percentage growth in the number of Long-Term Claim Pool clients who have received weekly compensation for more than 365 days. Presented as a point-in-time result.

Investment in kaupapa Māori programmes

The amount invested in kaupapa Māori injury prevention programmes.

Investment management costs as a proportion of total funds under management

Investment costs excluding costs associated with trading as a percentage of average funds under management. Presented as a year-to-date result.

Investment performance after costs relative to benchmark

A measure of ACC's investment performance after costs compared with the industry standard. Measured as the percentage above the blended market average benchmark. Presented as a year-to date result.

Long-Term Claim Pool returns to independence

The net number of Long-Term Claim Pool clients who have returned to independence (ceased receiving weekly compensation) in 12 months. A Long-Term Claim Pool client has received weekly compensation for more than 365 days. Presented as a rolling 12-month result.

Lost-time injury frequency rate

The number of lost-time incidents per million hours worked.

Māori lodgement ratio

The ratio between the claim lodgement rate per head of population for Māori benchmarked against the claim lodgement rate for all New Zealand.

Net trust score

A measure of the extent to which respondents have trust and confidence in ACC on a 0–10 scale grouped into four categories (low trust and confidence, medium trust and confidence, high trust and confidence, and don't know/refused). The net trust score is the proportion of respondents with high trust and confidence (score 9–10) less the proportion of respondents with low trust and confidence (score 0–6).

Overall scores can range from -100 to +100. Four groups of our customers are included: clients, Māori clients, providers, and businesses.

Number of category 3, 4, and 5 privacy breaches and near misses

The year-to-date number of category 3, 4 and 5 privacy breaches and near misses. The category of a breach or near miss is determined using the Government Chief Privacy Officer's definition of a privacy breach.

Number of claims avoided through our injury prevention investments

The number of claims avoided in the areas where we have targeted injury prevention programmes. Presented as a year-to-date result.

Overall operational system availability

Percentage of time key applications and networks are available to perform required functions. Presented as a year-to-date result.

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

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

Proportion of ACC reviews upheld

The proportion of all review outcomes where the decision was in favour of ACC. Reviews in favour of ACC include all reviews dismissed at an external review hearing, as well as any reviews that have been withdrawn or settled. Presented as a rolling 12-month percentage.

Proportion of ACC staff who identify as having a disability

The proportion of FTEs who identify as having a disability, self-reported in a six-monthly survey. Presented as a point-in-time result.

Proportion of ACC staff who identify as Māori

The proportion of FTEs who identify as Māori, self-reported in a six-monthly survey. Presented as a point-in-time result.

Public trust and confidence

The proportion of the general public surveyed online (who felt they had a reasonable understanding of ACC) who reported having full trust and confidence in ACC. Presented as a rolling four-quarter result.

Rate of long-term clients in part-time work

The proportion of Long-Term Claim Pool clients with part-time earnings (abated weekly compensation payments). In this context, Long-Term Claim Pool clients are those who have received weekly compensation for more than 365 days. This is a point in-time measure.

Rate of serious injury
The number of new serious injury and fatal claims where we have injury prevention programmes as a proportion of the New Zealand population. Presented as a rolling 12-month result.

Return on Investment (Injury Prevention)
The return on investment from our injury prevention investments in two areas: 0- to 20-year programmes and workplace programmes. This consists of two parts: the historical value of claims saved divided by the cost of the interventions to date; and the 10-year expected claims saved divided by the likely future cost of the interventions. The future investment and value of claims saved in the calculation of the return on investment are discounted using our expected investment rate of return. The workplace measure excludes ACC's investment with WorkSafe New Zealand. Presented as an evaluation of the costs and savings at a point in time.

Return to independence for those not in the workforce
The proportion of clients (who have never received weekly compensation) who have returned to independence (ceased receiving any entitlements) in 12 months. Presented as a rolling 12-month result.

Return to work within 10 weeks
The percentage of clients receiving weekly compensation who return to work within 10 weeks (70 days). A client is considered to have returned to work five weeks after the cessation of weekly compensation payments. Presented as a 52-week rolling average result.

Return to work within nine months (273 days)
The percentage of clients receiving weekly compensation who return to work within nine months (273 days). A client is considered to have returned to work five weeks after the cessation of weekly compensation payments. Presented as a 52-week rolling average result.

Reviews as a percentage of decline decisions
The number of client reviews lodged as a percentage of the number of cover and entitlement decline decisions, presented as a rolling 12-month result.

Speed of cover decisions
The average number of calendar days between the lodgement date and time and the date and time of the first cover decision (accept or decline). Measured for non-complicated and complicated claims separately and presented as a rolling 12-month result.

Total recordable injury frequency rate
The number of lost-time incidents, restricted work incidents and medical treatment incidents per million hours worked.

Directory

He rārangi ingoa | Directory

Claims	Business	Providers
0800 101 996	**0800 222 776**	**0800 222 070**
claims@acc.co.nz	**business@acc.co.nz**	**providerhelp@acc.co.nz**

Our three main call centres are open Monday to Friday, 8am to 6pm.

Claims	0800 101 996	***claims@acc.co.nz***
From overseas	+64 7 848 7400	***claims@acc.co.nz***
Sensitive claims	0800 735 566	***sensitiveclaims@acc.co.nz*** Sensitive Claims PO Box 430 Dunedin 9054
Deaf services		***deaf@acc.co.nz***
Language and cultural services	0800 101 996	

Business and levies	0800 222 776	***business@acc.co.nz***
From overseas	+64 7 859 8675	ACC Business Service Centre PO Box 795 Wellington 6140
Injury management (for employers)	0800 101 996	***returntowork@acc.co.nz***
Collections and recoveries	0800 729 538 +64 4 805 4296	***collections@acc.co.nz*** ACC Collections and Recoveries PO Box 3248 Wellington 6140

Providers	0800 222 070	***providerhelp@acc.co.nz***
		Northern Service Centre PO Box 90341 Auckland 1142

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Complaints and feedback	0800 650 222 +64 7 859 8560	***customerfeedback@acc.co.nz*** Customer Resolution Freepost 264 PO Box 892 Hamilton 3240
Media		***media@acc.co.nz***

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

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Te Kāwanatanga o Aotearoa
New Zealand Government

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