External Review of Accident Compensation Corporation

Ministry of Business, Innovation & Employment

June 2025

Strictly confidential

9 June 2025

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Ministry of Business, Innovation & Employment
15 Stout Street, Wellington, 6140

Dear Ms Duley

External Review of Accident Compensation Corporation – Final Report

We are pleased to submit our final report for the External Review ('Review') of the Accident Compensation Corporation (ACC). This Review has:

- assessed whether ACC has the right approach to turn around its declining rehabilitation performance
- identified any gaps, and
- made recommendations to support more efficient and effective claims management and improvements in rehabilitation performance.

We have structured our report to respond to the questions asked in the Terms of Reference, followed by recommendations.

Thank you for the opportunity to undertake this important Review. We have greatly appreciated the assistance provided by ACC directors and staff, and MBIE and Treasury staff. Their open and honest approach to sharing information has greatly assisted in the preparation of this report.

Yours sincerely

Privacy of natural persons

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1 Executive Summary

1.1 Introduction

Finity Consulting Pty Limited (Finity) has been engaged by the Ministry of Business, Innovation and Employment (MBIE) to undertake an independent review of the Accident Compensation Corporation (ACC) and provide quality assurance advice to the Minister for ACC to ensure that ACC has the right approach to turn around its declining rehabilitation performance, identify any gaps, and make recommendations for improvement (the Review).

1.1.1 How is ACC performing? Is it on the right track?

There is much about the ACC scheme that is to be admired and all stakeholders we have interviewed are uniform in their desire to see ACC operate in a financially sustainable manner. ACC's rehabilitation performance has clearly declined, and while efforts are underway to improve, there is insufficient evidence of a turnaround in performance.

The organisation has good intent and foundational elements in place, but until recently, efforts have been fragmented, slow to be embedded, and undercut by a lack of focus on core claims management. Without urgent and disciplined action, the trajectory will not improve meaningfully, and claimants, levy payers, and taxpayers will continue to bear the cost.

Key operational challenges for ACC are claims management inefficiencies and a decline in the effectiveness of rehabilitation support provided to injured people. This means that some injured people are taking longer to recover than is necessary, and the cost of these claims is therefore more than the funding obtained. It is also clear that it is socially and economically beneficial for injured people to return to work and/or their usual daily activities as soon as recovery is possible.

1.1.2 Why is performance declining? What context matters?

This report highlights that there has been a loss of operational focus over time, with strategic ambitions often crowding out core claims functions. The ambitious Next Gen programme was underpinned by certain assumptions that did not hold when scaled up. Inconsistent processes and friction points across systems, policies and roles, combined with weak incentives and accountabilities, both within ACC and across the ecosystem, have all contributed to the decline in performance. These factors have reduced frontline confidence and capability, worsened by mixed messages and shifting models.

ACC has previously faced challenges executing and prioritising strategic initiatives. Achieving turnaround requires organisational focus and understanding what is working and what is not and adjusting accordingly, including stopping some initiatives if appropriate. We encourage ACC to adopt a 'fail fast' approach.

1.1.3 Key contextual factors

ACC operates in a complex, volatile environment, often influenced by shifting societal and governmental expectations. This report emphasises that the environment in which accident compensation schemes operate in alter with changes in (political) ideology. Schemes experience the pendulum effect, with cycles of expansion and tightening that undermine stability; ACC has observably experienced such swings since its creation.

Efficient claims management and effective rehabilitation are at the heart of an effective accident compensation scheme. The constant balancing of influencing factors to ensure financial sustainability for an accident compensation scheme is not an easy task. However, it is not possible to achieve in the absence of a sharp, appropriately resourced and constant focus on claims management and rehabilitation performance.

Much can be done to address the decline in performance without legislative change. However, Australian schemes and ACC's own experience show that legislative changes are required where there has been a significant expansion of scheme boundaries.

1.1.4 Recommendations for operational improvement

This report highlights a suite of recommendations to support effective claims management, improved rehabilitation performance and address ACC's operational issues. We also outline, at a high level, areas where legislative reform may be needed. The decline in ACC's performance cannot be traced to a single factor and cannot be "fixed" by a single action. It will take time and concerted effort and focus.

Our core recommendation is that ACC should 'get back to the basics' of effective and efficient claims management. This does not mean that all other ACC projects are halted. Rather, it means that ACC's Board and senior management should pause other non-core transformational projects and clearly focus on remediating claims management. The core principles and practices of claims management and the implementation of clear and disciplined frameworks for specific cohorts of claims need to be the focus in the immediate term and on an ongoing basis.

A summary of the 'must do' non-negotiables for turning around performance are to:

- Prioritise strategy and leadership attention on core claims management over broader transformational ambitions
- Empower the frontline and build case manager capability, simplify processes, and enable faster, evidence-based decisions
- Address internal friction by removing system, policy, and process inconsistencies that inhibit good claim handling
- Pause or delay initiatives that draw resources away from rehabilitation performance
- Sharpen Treasury's oversight role to focus more heavily on actual performance and execution, not just reporting.

'Nice to do' – medium term opportunities that can support the foundational work and could be deployed to facilitate improved claims and rehabilitation performance include:

- Introduce external benchmarking through pilot use of claims administrators for specific segments
- Reform incentive structures across providers, employers, and claimants to better drive outcomes
- Implement more sophisticated data and triage tools to better match claim complexity to the right service level
- Embed cultural initiatives to improve internal collaboration and performance.

This principled approach should support ACC to reduce 'OCL strain' for specific Accounts in the near to medium term, insofar as such strain is attributable to factors within the control of the ACC.

1.1.5 What support is needed to turnaround performance?

Effective and efficient claims management may mean, at times, the decline of some claims (if they do not meet the statutory definition for a valid ACC claim), or the conclusion of claims payments for people who have been provided with fair and reasonable supports for recovery (based on objective and evidence-based claims management and clinical guidelines). ACC's claims management staff must be provided with the systems, training, clear role descriptions and delegations to make what may be at times, difficult decisions.

For external factors and developments adversely impacting ACC's balance sheet, we refer to the vital monitoring role of Treasury, and we encourage a rich and ongoing communication channel between ACC's Board and senior management with Treasury and the responsible ACC Ministers. This will provide an appropriate mechanism to determine a government policy response if the ACC balance sheet is adversely impacted due to social and/or economic factors outside its control.

1.2 Key findings

Our Report responds to the questions outlined in the Terms of Reference (ToR) and identifies several areas for improvement at the time the report was finalised. However, it would be remiss of us if we did not acknowledge at the outset the work that ACC are currently undertaking to implement changes to strategy and claims management processes.

Table 1.1 – Key findings

ToR Question	Response	Section in Report
1. Does ACC have a strategy in place that ensures the organisation is focused on the right areas?	◦ ACC has an aspirational enterprise strategy in place. The strategy itself cannot address the decline in rehabilitation performance over the long term. The strategy is supported by various programmes and initiatives that are evolving, including a more detailed plan to improve financial sustainability (Financial Sustainability Action Plan) over a three-year period to 2027/28. ◦ It appears that ACC has previously faced challenges executing and prioritising strategic initiatives related to improving or maintaining scheme sustainability. Concerted effort, disciplined change management practices and ruthless prioritisation of resources against competing strategic objectives are required to maintain a consistent focus on the core business, in this instance "the right areas". ◦ To ensure the long-term health of the scheme, ACC would benefit from strengthening its focus on executing and prioritising key strategic initiatives. This involves carefully managing change and ensuring resources are strategically directed towards core business objectives.	4.1

ToR Question	Response	Section in Report
2. Does ACC have the policies, systems, and processes in place to improve claims management and rehabilitation performance? Are claimants receiving the right expectations and support that they require, in a manner that will deliver the best outcomes?	◦ There are currently inconsistencies and unnecessary friction points in ACC's policies, processes and systems that are restricting ACC's ability to deliver best practice claims management and rehabilitation support. This, combined with identified capability gaps, limits injured people receiving the right expectations and support to deliver the best outcomes for ACC and their claimants. ◦ ACC is in the processes of reversing some key elements of the Next Generation Case Management model and processes. In addition, ACC has embarked on a range of initiatives, including those in the FSAP, to provide more internal technical and clinical support to frontline staff and enable evidence-based decisions to be made in a timely manner. These changes have not yet been embedded into ACC's ways of working. This means it is too early to know, with certainty, whether there will be a sustainable improvement in performance and outcomes.	4.2
3. Are the incentives on ACC and other actors in the system (e.g. health and other service providers) sufficient to improve performance and drive value for money?	◦ The current system lacks clear and effective incentives for ACC and other stakeholders to improve rehabilitation outcomes and ensure value for money. Consequently, declining scheme performance leads to increased costs for New Zealand taxpayers and employers through higher levies or government funding. ◦ Compared to Australian jurisdictions, the legislative and regulatory tools to drive good performance and value are weak and insufficient across ACC, claimants, providers, and employers. ◦ While not an immediate priority, ACC should address these incentive structures in the medium to long term.	4.3
4. Does ACC have the accountability framework, forecasting, monitoring and evaluation required for continuous improvement?	◦ ACC's accountability framework exhibits a clear top-down structure for the Board and initial layers of executive management, with defined roles, responsibilities, and reporting lines for the main components of the Service Agreement. ACC undertakes an extensive range of monitoring and forecasting and there appears to be deep expertise and understanding of the scheme and scheme drivers by those performing the functions in subsequent layers of management. ◦ There are indications of potential disconnects between "business" forecasting and actuarial forecasting and between middle management layers and the Executive and Board. ACC may benefit from more targeted monitoring of a fewer number of metrics and strengthening feedback loops.	4.4

ToR Question	Response	Section in Report
5. Does ACC have effective governance, creating an appropriate culture for improved claims management and rehabilitation results?	◦ We do not consider that ACC has had a strong performance culture, largely driven by the lack of incentives on ACC and weak accountabilities. ACC is susceptible to 'pendulum' swings following changes in government and societal expectations and this appears to lead to shifts in ACC's claims philosophy, culture and approach to claims management and rehabilitation. ◦ It does not appear that ACC has consistently valued the claims management and other service delivery functions, recognising these are core to ACC. We have observed ACC is making changes to provide the right tools, investment and support to uplift the quality of claims rehabilitation outcomes. It will take time, concerted efforts and a focus on consistent messaging to make an enduring change to the performance culture.	4.5
6. What performance expectations should be set for ACC and what guidance do they require to deliver on these?	◦ ACC fulfills a vital role in New Zealand's public sector by providing no-fault personal injury cover to residents and visitors. ACC accounts are funded from levies or Government appropriations. To maintain public trust and ensure effective delivery, it is essential to establish clear performance expectations and provide the necessary policy, operational, and governance support. ◦ We have observed performance measures change over time, on occasion driven by changing government expectations. It is important to retain focus on core performance measures, e.g. measures of financial sustainability and return to work, even when performance is "good". ◦ There is clearly some work for ACC to complete before key performance measures return to a more sustainable level. Nevertheless, we suggest that medium term targets are set using ACC's longer term historical performance so that the focus remains on financial sustainability.	4.6
Additional Question*	**Response**	**Section in Report**
Is Treasury's monitoring of ACC's performance appropriate and effective to ensure sufficient focus is given to improving claims and rehabilitation performance?	◦ Treasury has access to a range of accountability documents and key reports to inform their monitoring of ACC's claims management and rehabilitation performance. There are indications that the monitoring of ACC has not received the level of focus that is warranted.	4.7

* A subsequent amendment to the Terms of Reference of the Review was made in March 2025 to address this question.

1.3 Recommendations

There are 11 recommendations that we consider to be high priority, as shown in Table 1.2. In the main report, we include a further 15 recommendations of medium or low priority. We have the priorities of high, medium and low against each other, not against all of ACC's other priorities.

Table 1.2 – High rated recommendations

Recommendation and Ref #		Priority
Reset and simplify strategic priorities to go "back to basics" focusing on claims management and rehabilitation at its core		High
1	Refine the claims management philosophy, document the core principles (including the "what" and "why") and socialise with all relevant staff.	
2	Pause or delay other large-scale transformational initiatives that require significant resource or financial investment and draw significant resources away from claims management and rehabilitation.	
Accelerate decision-making		High
8	Review the fitness for work certification process to ensure that any undue operational bottlenecks are eliminated or minimised.	
9	If not already in place, Intervention thresholds for specific claim types (e.g., minor injuries) will need to be defined and clear timeframes beyond which intervention effectiveness significantly diminishes (i.e. track interventions for specific claim types outside of established timeframes) established.	
10	Expand delegated authority frameworks to reduce unnecessary escalation by granting greater autonomy to frontline managers and local teams – build in clear accountability measures, adequate controls and feedback mechanisms. Case management teams will need to have access to on-the ground technical and clinical support to aid decision making, particularly where discretions are available. This could be achieved by creating multi-disciplinary teams to foster collaboration and access to knowledge (e.g. extension of existing ACC guidance groups)	
Enhance frontline capability		High
13	Continue to invest in advanced training for case managers (e.g. trauma-informed practice, cultural competency, motivational interviewing)	
14	Consider introducing competency-based role hierarchies and clearer specialisation pathways (e.g. complex claims, mental injury, or sensitive claims) for case management, to create career pathways and align skill sets with case complexity	
15	Consider if the use of an external claims administrator for a defined claim segment and time period is a viable option until ACC has built up capability. For example, Employers in the AEP use external claims administrators to manage workplace and non-workplace injuries of their employees. Their performance results could be benchmarked against internal assessors	

Recommendation and Ref #		Priority
Streamline claims triage and routing		High
16	Measure how effectively TED triages claimants to the appropriate teams and continue to refine TED (low, moderate, high complexity), e.g. triaging to reflect bio-psychosocial risk factors	
17	Consider the use of pre-assessment data tools to capture injury details and psychosocial factors digitally, reducing intake bottlenecks	
Treasury to increase interrogation and focus on analysis		High
24	Ensure sufficient focus on analysing and interrogating key accountability documents. For example, Treasury should take account of ACC's annual report and the annual financial condition report. This should include reviewing and understanding through discussion with the authors why key findings and recommendations were made in the financial condition report, appropriate timeframes to resolve, as well as assessing the ACC Board's response to the financial condition report.	

2 Introduction

2.1 Scope of review

Finity Consulting Pty Limited (Finity) has been engaged by the Ministry of Business, Innovation and Employment (MBIE) to undertake an independent review of the Accident Compensation Corporation (ACC) and provide quality assurance advice to the Minister for ACC to ensure that ACC has the right approach to turn around its declining rehabilitation performance, identify any gaps, and make recommendations for improvement (the Review). We commenced the Review in late January 2025 and completed the bulk of our information gathering, stakeholder discussions and analysis in February and March 2025.

The purpose of this report is to document our findings and recommendations.

2.2 Terms of Reference

The Minister for ACC, as the responsible Minister, has the authority to commission a review and confirm the Terms of Reference under section 132 of the Crown Entities Act 2004, in consultation with the Minister of Finance. The terms of reference are set out in a consultancy service order dated 6 January 2025.

The Review focused on areas where ACC has direct influence, in particular claims management where decisions are actively made by ACC on entitlements and cover for claimants.

The Terms of Reference of the Review ask the following key questions:

1. Does ACC have a strategy in place that ensures the organisation is focused on the right areas?
2. Does ACC have the policies, systems, and processes in place to improve claims management and rehabilitation performance? Are claimants receiving the right expectations and support that they require, in a manner that will deliver the best outcomes?
3. Are the incentives on ACC and other actors in the system (e.g. health and other service providers) sufficient to improve performance and drive value for money?
4. Does ACC have the accountability framework, forecasting, monitoring and evaluation required for continuous improvement?
5. Does ACC have effective governance, creating an appropriate culture for improved claims management and rehabilitation results?
6. What performance expectations should be set for ACC and what guidance do they require to deliver on these?

A subsequent amendment to the Terms of Reference was made in March 2025 to address the following question:

7. Is Treasury's monitoring of ACC's performance appropriate and effective to ensure sufficient focus is given to improving claims and rehabilitation performance?

2.2.1 Exclusions from the Review

The scope of the Terms of Reference does not include:

- Process for implementing any recommendations of the review
- Review of the Investments function of ACC, which is being reviewed through a separate process in 2025
- Review of the legislation for ACC broader than how they may be considered in relation to scope points 1-3 above
- Consideration of the parts of the organisation that impact overall long-term sustainability that are not influenceable by ACC, including the Court of Appeal processes
- Consideration of the Government Funding Policy Statements, which will be reviewed in 2025
- Consideration of the sensitive claims and mental injury entitlements
- Consideration of introducing competition into the accident compensation area
- Changes in the way revenue is collected or forecast.

We were subsequently asked if we identified areas where legislation could be introduced to, e.g. to strengthen incentives, that we include these in our report. We include a high-level overview of potential legislative changes in Section 7.

The full scope of the Terms of Reference of the Review is included in Appendix A.

2.3 Information and data for the Review

Finity has met with a range of people across ACC and Government. A list of these meetings is provided in Appendix B. We have also reviewed a wide range of documents and data. A list of key documents and data reviewed will be provided in the final report in Appendix C.

2.4 Structure of this report

This report is structured as follows:

- Section 3 contains key background information on ACC relevant to the Review
- Section 4 addresses the questions posed in the ToR, highlighting our observations and identification of potential issues
- Section 5 sets out our recommendations for ACC
- Section 6 sets out our recommendations for the monitoring function.
- Section 7 discusses ideas for potential legislative changes.

A glossary of abbreviations used in the report are included in Appendix E.

3 ACC – key background information

The ACC scheme provides comprehensive, no-fault personal injury cover for all Aotearoa New Zealand residents and visitors to New Zealand. ACC's role is to help prevent injuries and get injured people back to everyday life if they have had an accident. It does this by funding tailored support such as treatment, rehabilitation and weekly compensation of up to 80% of pre-injury income.

The ACC scheme is managed through five Accounts, with each providing cover depending on the type of injury and the injured person's earner status. Each Account operates independently and cannot cross subsidise another.

> 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 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.
>
> *- Extract from ACC Service Agreement 2024*

The objectives of the ACC scheme, as outlined in the Accident Compensation Act 2001 and related documents, are multifaceted and aim to create a fair and sustainable system for managing personal injuries. The key objectives include:

- Reducing the Incidence and Severity of Injury: A primary function of ACC is to actively promote measures to prevent injuries from occurring in the first place and to minimise the severity of those that do happen.
- Providing Comprehensive Entitlement: The scheme aims to provide a consistent level of assistance to all injured individuals, regardless of how the injury occurred (with some specific exceptions). This "no-fault" principle means that eligibility for cover does not depend on proving fault.
- Ensuring Effective Rehabilitation: ACC is strongly focused on rehabilitation to help injured people regain their health, independence, and participation in life to the maximum practicable extent. This includes providing necessary treatment, support, and vocational rehabilitation to facilitate recovery and return to work (RTW) where possible.
- Providing Fair Compensation for Loss: The scheme aims to fairly compensate individuals for losses resulting from their injuries. This includes weekly compensation for lost earnings, lump-sum payments for permanent impairments, and other forms of financial support.
- Ensuring Administrative Efficiency: The ACC scheme strives to be managed in a timely, consistent, and economical manner, ensuring that resources are used effectively to support injured individuals.
- Monitoring and Improving Access: ACC has a legislative requirement to monitor access to the scheme by Māori and other identified population groups to identify and address any disparities and ensure equitable access to services.
- Ensuring Positive Claimant Interactions: ACC aims to develop and operate under a Code of ACC Claimants' Rights to ensure positive and respectful interactions with claimants throughout their recovery journey.

Maintaining a Fair and Sustainable Scheme: The overarching goal is to maintain a scheme that is both fair to those who are injured and financially sustainable for the long term, ensuring that it can continue to provide support for future generations

3.1 Long-term challenges

Similar to other accident compensation schemes, ACC faces several long-term challenges that could impact its sustainability and effectiveness. We have grouped the long-term challenges that ACC faces by financial, operational, and external factors and discuss them further in Table 3.1.

Table 3.1 – Long-term challenges

Financial Sustainability:	Rising Costs: A significant challenge is the increasing cost of claims. This is driven by several factors: ◦ Increased Claim Volumes: The number of new injury claims continues to grow annually. ◦ Longer Recovery Times: More claimants are staying on weekly compensation for longer periods, including for, what appear to be, non-serious injuries. ◦ Higher Average Claim Costs: The expenses associated with treatment, rehabilitation, and compensation are rising. ◦ Expanding Scheme Boundaries: Court decisions and policy changes have broadened the scope of what the ACC scheme covers, leading to increased liabilities.
	Funding Gap: The cost of claims arising in a year, including provisions for future payments, is greater than the levies collected creating a substantial funding gap. This necessitates either significant levy increases for future generations or substantial improvements in cost management and rehabilitation outcomes.
	Investment Performance: While ACC manages a large investment fund to offset long-term claim costs, the returns on these investments can be volatile and are subject to market fluctuations, impacting the scheme's overall financial health.
Operational Challenges	Declining Rehabilitation Performance: A key concern is the declining rate of successful rehabilitation, meaning injured individuals are taking longer to recover and return to independence and work. This not only increases the cost of weekly compensation but also has negative social and economic impacts.
	Claims Management Efficiency: an ongoing challenge is the efficiency and effectiveness of ACC's claims management processes and whether they adequately support claimants in their recovery.
	Long-Term Dependency: A focus on reducing long-term dependency on the scheme is needed and ensuring that interventions are in place to help individuals regain independence as quickly as possible.
External Factors:	Economic Conditions: Inflation can significantly affect the cost of providing services, while changes in interest rates impact both the returns on ACC's investments and the valuation of scheme liabilities.
	Societal Expectations: Evolving societal expectations regarding the scope of accident compensation and the level of support provided can put pressure on the scheme.

In addition to the factors in Table 3.1, demographic and climate change could also impact ACC in future.

All accident compensation insurers are exposed to unexpected variations from year to year. Long-term scheme performance and financial sustainability is influenced by a wide range of factors. Absolute stability is unattainable given the nature of the insurance provided, including the length of the claim “tail” and hence the uncertainty in both claims and investment outcomes.

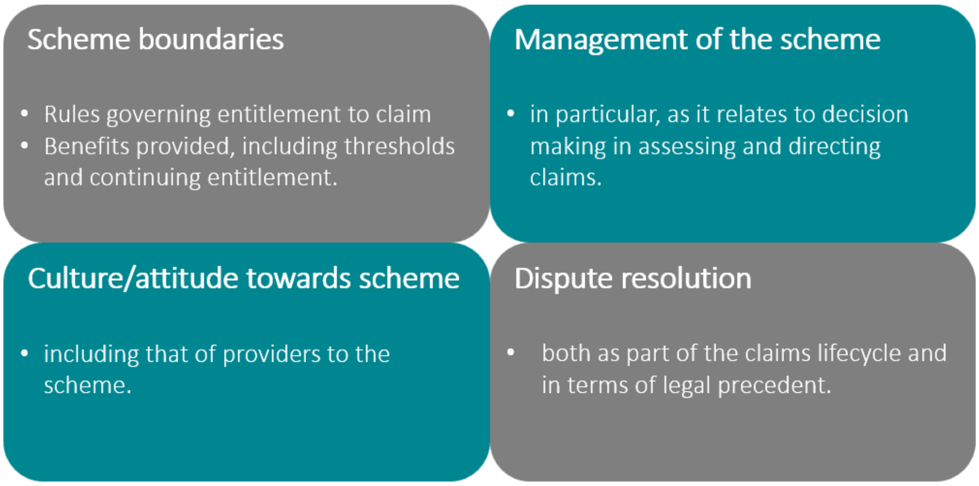
On top of the inherent volatility in accident insurance outcomes, history has shown that the environment in which ACC has operated has altered in (political) ideology, and ACC’s responses have generated cycles of more generosity, followed by a tightening of benefits. This has occurred on more than one occasion.

Addressing these long-term challenges is crucial to ensure that the ACC scheme can continue to provide comprehensive and effective support for injured New Zealanders in a fair and sustainable manner for future generations.

3.2 Contributors to recent decline in performance

From our experience with other schemes, the main determinants of the drivers of changes in costs in accident compensation schemes are shown in Figure 3.1.

Figure 3.1 – Drivers of change in costs in accident compensation schemes



ACC’s operational performance has been declining over the past ten years. The main drivers behind the decline include:

- Increased Claim Volumes: There has been a notable increase in the number of new claims being lodged each year. For example, in 2023/24, there were 71,000 more new claims compared to the previous year, representing a 3.6% increase. Over this period the population increased by 1.7%.
- Longer Recovery Times Increasing Weekly Compensation Costs: Injured individuals, even those with non-serious injuries, are staying on weekly compensation for longer durations. The long-term claims pool (LTCP) has grown by around 6.5% per annum for the last decade, far exceeding population growth. Further, around 60% of the claims in the LTCP relate to fractures and soft tissue injuries. Claims in the LTCP have received > 365 days of cumulative weekly compensation.
- Higher Average Claim Costs: The overall expense associated with each claim is rising. This includes increased costs for medical treatment, rehabilitation services, and social rehabilitation support. The higher costs contributed to a significant increase (approx. $200 million) in the serious injury OCL as at 30 June 2024.

- Deteriorating Rehabilitation Rates: As noted in the 2024 Financial Condition Report, there is a concerning trend of declining success in rehabilitating non-weekly compensation claims in a timely manner.
- Lifetime Costs of Injuries: The costs associated with the lifetime costs have increased, in particular as a result of an increased number of hours of care. For example, care hours for moderate brain injuries (more than four years post accident) have increased by around 5.5% per annum over the last four years.

In addition to the drivers identified above, we recognise that ACC operates in a dynamic and rapidly changing society. Other factors that have directly impacted on ACC's performance during this time include:

- COVID-19: the impact of the COVID-19 pandemic through 2020 and 2021 was hugely significant across all sectors of Aotearoa New Zealand, including ACC. Given the impact the pandemic had on many businesses, employment markets were severely disrupted making RTW very difficult in many circumstances. We have heard from ACC management of the impact this had on ACC's ability to undertake appropriate case management during this time. The effects of this are still being managed for the cohort of claimants impacted during this time.
- Increasing claim complexity and prevalence of mental health issues: Traditionally rehabilitation pathways in compensation schemes assume that recovery follows a normative trajectory. Findings from 2023/24 New Zealand Health Survey indicates that psychological distress is becoming markedly more common with high or very high levels of psychological distress increasing over the last five years (8.3% in 2018/19 to 13.0% in 2023/24). Research commissioned by ACC from 2022 shows there is some evidence of an increase in the proportion of claims with mental health conditions. The analysis showed the claim costs and likelihood of staying on claim are higher when compared to those without identifiable mental health conditions. These trends mean more clients present with intertwined physical and mental conditions, presenting more complex rehabilitation pathways and increased, multidisciplinary case management.
- Changing Government priorities: ACC operates within a broader policy framework reflecting the priorities of the Government of the day. The impact of changes in policy can range from relatively minor to significant, for example supporting the business case for the New Zealand Income Insurance Scheme.
- Constraints in the public health system: The ability to access treatment in a timely manner has in some cases slowed significantly, for example the proportion of patients waiting less than four months for treatment has declined from over 90% pre-COVID-19 to under 60% in the latest FY25 reporting quarter[1]. Slower access to treatment will impact recovery times for some claimants. We also suspect, but have no clear evidence, that some medical practitioners may "stretch" the boundaries of eligibility to access ACC funding and gain faster access to treatment for patients than would otherwise be possible.

  The Ministry of Health briefing to the incoming Minister of Health dated January 2025[2] also noted the impact on access to primary care. Delays to see a GP can impact claimants' ability to be assessed for a medical certificate or as fit for work. We understand that some GPs may provide medical certificates without undertaking a physical examination due to the delays for patients to get an appointment; for example, if the first available appointment is in six weeks, then an initial medical certificate for six weeks is provided, without a medical examination.

[1] Source: https://www.tewhatuora.govt.nz/corporate-information/planning-and-performance/health-targets/health-targets/performance
[2] Source: https://www.health.govt.nz/publications/briefing-to-the-incoming-minister-of-health-january-2025

- Expanding Scheme boundaries: Court decisions and policy changes have broadened the criteria for ACC cover, making more individuals eligible and increasing the scheme's liabilities.

We include two examples below of contributors to the recent decline in performance:

Scheme expansion – Court case ACC vs TN

The case relates to claimants who obtain cover for a mental injury arising from sexual abuse. The Court of Appeal decision in December 2023 clarified that the date of mental injury occurring, rather than the date of first treatment, should be used to determine if a claimant is a potential earner under section 6 of the Act.

The decision means a liability must be established for incurred but not reported (IBNR) claims from the date of the mental injury rather than from the date of first treatment, for abuse happening as a child. The decision also means that many more claimants whose abuse happened as a child are likely to be eligible for loss of potential earnings backdated to their date of mental injury.

A $3.1bn provision (excluding risk margin) was held as at 30 June 2024 within the OCL to cover the expected incurred claim costs for this decision, most of which relates to the IBNR liability.

While changes to legislation fall out the scope of the Review, it is important to note that any expansion to scheme boundaries is likely to impact the operational and financial performance of the scheme.

Next Generation Case Management

As part of ACC's Shaping Our Future Strategy, a new case management model Next Generation Case Management (NGCM) was established. Alongside the new case management model, new technology was deployed, including the introduction of online client portals.

NGCM started in a pilot phase and was rolled out across ACC in tranches beginning in December 2019. Key changes under the NGCM approach included:
- A shift to a many-to-many case management model for a large proportion of claims
- Clients were streamed to Recovery Teams depending on their needs
- Administration, technical and clinical support functions were centralised

ACC's claims rehabilitation performance deteriorated following the implementation of NGCM (noting that other factors contributed to the decline during this period, include impacts related to COVID-19).

In 2022, ACC's Rehabilitation Improvement Group findings related to the NGCM model included:
- ACC's internal processes and case management model can be inefficient and act as a barrier to improving rehabilitation outcomes for clients.
- ACC's task-based approach to work is fragmented and doesn't consistently meet the end-to-end rehabilitation needs of clients.

ACC is in the process of unwinding many aspects of the NGCM approach. We discuss the challenges arising from NGCM and subsequent changes further in Section 4.2.

3.3 Comparisons to other schemes

The ACC scheme is unique in its scope and entitlements. In this report, we provide case studies and comparisons to schemes in Australian jurisdictions. We note that other compensation schemes have their own characteristics, including legislative scope, benefit structure, operational levers and environmental factors. We provide these comparisons as inputs for consideration and acknowledge care is needed in making direct comparisons and forming conclusions and recommendations.

Table 3.2 provides a high-level comparison of ACC accounts to the injury cover provided in Australia.

Table 3.2 – Comparison of ACC accounts with Australian schemes

ACC Account	Underwriter of scheme in Australia	Injury cover provided in Australia*
Work	Government & Private	Statutory benefits & common law
Earners	n/a	Common law in specified instances
Motor Vehicle	Government & Private	Statutory benefits & common law
Non-Earners	n/a	Common law in specified instances
Treatment Injury	Government for public hospitals	Common law
	Private for private hospitals and practitioners	Common law
Sensitive Claims	National Redress Scheme	Statutory lump sum ($150,000 max)
	Government and privately underwritten liability	Common law

* Some of the benefits provided by ACC will be obtained in Australia from Medicare and possibly from discretionary insurance covers such as general accident cover or life insurance.

The key observations of Australian schemes from Table 3.2 are:

- There is not a no-fault insurance offering for general accidents (Earners and Non-Earners accounts). Any insurance coverage is fault-based and would typically be accessed via a public/products liability or general accident insurance policy.
- Each of the accounts are managed and/or regulated by separate organisations. Thus, claims for Work, Motor Vehicle and Treatment Injury are handled differently and more bespoke relating to the insured, the nature of the injury and the overarching legislation.
- Statutory benefits are not available for Treatment Injury claims in Australia.
- While there are schemes in Australia that provide benefits that are similar to ACC for the Work and Motor Vehicle accounts, those schemes have benefit drop downs, cut-offs and varying eligibility requirements.

We provide a more detailed comparison of ACC compared to Australian RTW schemes in Appendix F.

Similar to ACC, several Australian schemes have sought to modernise and improve their management of claims via increased usage of technology. A relevant example is the Victorian Transport Accident Commission (TAC) included below.

Case study: Changes to claims management and technology

Several Australian schemes have sought to modernise and improve their management of claims via increased usage of technology. A relevant example is the Victorian Transport Accident Commission (TAC).

The TAC 2020 Strategy launched in 2016 emphasised making the TAC more accessible and effective in serving the needs of Victorians. A key focus was on listening to clients and designing services based on their feedback, aiming for simpler processes. Several of the aims of the strategy and changes made align with ACC's NGCM strategy.

The changes made by TAC saw a significant increase in claims durations and costs with many claims having very limited touch points with TAC claims managers. Upon observing the deteriorating claims experience, TAC reintroduced many of the "checks and balances" that had been relaxed or removed as part of the focus on client feedback rather than client outcomes.

A key learning from the TAC example is that it is possible to turn around deteriorating claims experience without legislative intervention in situations where the deterioration has largely come about as a result of changes in claims handling practices.

4 Key findings

In this section, we respond to the questions posed in the ToR. We provide our observations of the current status and discuss potential issues and challenges identified.

4.1 Does ACC have a strategy in place that ensures the organisation is focused on the right areas?

ACC has an aspirational enterprise strategy in place. The strategy itself cannot address the decline in rehabilitation performance over the long term. The strategy is supported by various programmes and initiatives that are evolving, including a more detailed plan to improve financial sustainability (Financial Sustainability Action Plan) over a three-year period to 2027/28.

It appears that ACC has previously faced challenges executing and prioritising strategic initiatives related to improving or maintaining scheme sustainability. Concerted effort, disciplined change management practices and ruthless prioritisation of resources against competing strategic objectives are required to maintain a consistent focus on the core business, in this instance "the right areas".

To ensure the long-term health of the scheme, ACC would benefit from strengthening its focus on executing and prioritising key strategic initiatives. This involves carefully managing change and ensuring resources are strategically directed towards core business objectives.

In addressing this question, we have considered not only ACC's strategy but also aspects of the execution and prioritisation of strategic initiatives relating to improving claims management and rehabilitation performance. We have taken the strategy to be Huakina Te Rā and the most relevant plan to execute on the strategic priority of 'Improve rehabilitation performance' to be the FSAP.

4.1.1 Current status

ACC's 10 year enterprise strategy Huakina Te Rā was launched in July 2023, replacing the previous 'Shaping our Future' and 'Whāia Te Tika" strategies. The three goals in Huakina Te Rā are:

- Mana taurite | Equity: Prioritising our efforts to ensure everyone who needs our help can get the services they need.
- Ringa atawhai | Guardianship: Focusing on partnership with Māori. Improving ease and simplicity of our experiences and keeping a close eye on efficiency and financial responsibility.
- Oranga whānau | Safe and resilient communities: Helping whānau and communities reduce the impact of injury and better support those people who have been impacted. Enabling and supporting initiatives that are locally designed and delivered.

Huakina Te Rā does not explicitly refer to claims management or rehabilitation. However, during 2023/24, ACC identified four strategic priorities for the next three years under the Huakina Te Rā workplan:

1. Improve rehabilitation performance
2. Improve Scheme access and experience for Māori and identified populations
3. Drive an injury prevention culture across Aotearoa New Zealand
4. Deliver an efficient, capable, and resilient organisation.

> The most significant of these priorities for more immediate impact on the financial condition of the Scheme is rehabilitation performance. Delivering effective rehabilitation, especially for people requiring longer-term support, is one of the most effective ways that ACC can simultaneously improve client outcomes and financial condition.
>
> *- Extract from ACC Financial Condition Report 2024*

Since 2022, ACC has established a number of programmes and initiatives focusing on improving financial sustainability. Some of these programmes, in particular, those related to improving rehabilitation performance. are described below.

- In 2022, the Rehabilitation Performance Programme (RPP) was established to improve the capacity and capability of frontline staff to support client rehabilitation.
- The Rehabilitation Improvement Group (RIG) was established alongside as an exploratory group to understand the end-to-end experience of the rehabilitation system and identify opportunities for improvement.
- Throughout 2023, in addition to delivering the findings from the RIG, ACC completed two other substantive reviews: an internal review of ACC's Injury Prevention strategic approach and an external review of Health Commissioning.
- In 2024, the (Rehabilitation) Investment Plan was established and outlines ACC's priorities for improving rehabilitation outcomes for FY24/25 to FY27/28. The Investment Plan has 3 phases: Stabilise, Enhance and Change.
- The Rehabilitation Performance Improvement Programme (RPIP) was formed in FY24/25 to support the Stabilise initiatives under the Investment Plan. The 4 RPIP workstreams are:
  1. Build Case Management muscle
  2. Accelerate and Scale Integrated Recovery
  3. Optimise Social Rehab Investment
  4. Growing our enabling capabilities
- In FY24/25, a Financial Sustainability Action Plan (FSAP) was established to deliver savings over the 3 years to FY27/28 through a mix of operational and legislation changes. The FSAP plan was developed by ACC with involvement from MBIE and Treasury. The FSAP targets a $3.8 billion reduction in the OCL by June 2028 via targeted initiatives relating to weekly compensation and social rehabilitation benefits. Social rehabilitation benefits include capital purchases and non-capital services provided to serious injury and non-serious injury clients.

  These areas have been targeted due to their long-term nature and the fact that even small, sustained improvements can have a material impact on ACC's financial sustainability. The RPIP has become the delivery mechanism for the priority initiatives in the FSAP. It is clear that a great deal of work has been undertaken to identify a wide variety of initiatives intended to influence either claimant or provider behaviour in order to address the known issues with declining financial and claims performance. While we understand that the FSAP was created in a "top down" manner, the initiatives within the FSAP were identified as part of prior exploratory work programmes, or identified by operational staff.

4.1.2 Challenges identified

ACC has an enterprise strategy in place to improve financial sustainability, including a shorter term plan (FSAP). We identified the following challenges that may inhibit ACC from being able to efficiently deliver on the strategy:

- The enterprise strategy, Huakina Te Rā, does not sufficiently focus on improving scheme sustainability and performance

  We consider ACC's Huakina Te Rā enterprise strategy to be balanced and aspirational, which is not unusual for an enterprise strategy. However, we note that at the time of its creation, there were clear indications that the long-term financial condition of the scheme was under pressure and the scheme's performance was continuing to deteriorate. While an aspirational strategy such as Huakina Te Rā would be sound in a situation where the scheme is performing well. Given the performance of ACC over the past 10 years, we consider that a more appropriate strategy would prioritise, and focus on, sustainability and financial performance.

  With the benefit of hindsight, the Huakina Te Rā goals dilute the message/ focus on the three long term outcomes (outlined in Section 3) that ACC needs to achieve – i.e. Injury prevention; rehabilitation; and ensuring the scheme remains affordable and sustainable. Our view is that in broadening to an aspirational strategy, ACC has deprioritised the significance and value of effective claims management.

- The ability to execute FSAP initiatives and realise planned savings

  The benefits realised from the Integrated Change Investment Portfolio, which included NGCM, have fallen well short of expectations. The reasons for this vary and we have not explored these in detail. However, it appears that the risks that may arise in moving initiatives from a defined pilot to wider rollout were not adequately considered. Furthermore, it appears were delays recognising results were not as planned and to then take remedial action. It's important to learn from this experience. This is often referred to as a "fail fast" approach.

  The implementation of FSAP initiatives commenced in the last 6 months and includes a dedicated delivery programme for implementation. In our Review, we found the initiatives support the goal of improving financial sustainability.

  The FSAP was created "top down", noting that the initiatives were identified as part of prior programmes. It is essential that execution risks are clearly understood and there is sufficiently focused monitoring, with processes in place to effect remedial action quickly if required. There is also risk the plan is not sufficiently socialised with ACC staff, with a resulting lack of buy-in and understanding of the FSAP initiatives.

  It is important that ACC remain vigilant and identifies emerging issues or experience different to expectations and to quickly adjust initiatives as required. This is often referred to as a control cycle approach and we discuss this further in Section 4.4.

- Maintaining focus on the core business

  The business mantra, 'execution eats strategy for breakfast' is pertinent in this context. Having a strategy does not guarantee focus on the right activities in day-to-day operations.

  We acknowledge that ACC can be directed to focus on areas that sit outside its core business, which may lead to detrimental impacts on the core business. An example of this was the significant work undertaken by ACC is supporting the business case for the New Zealand Income Insurance Scheme in 2021/22. While this sits outside of ACC's control, it is important to note the impact of political activity on ACC's ability to fulfil its core purposes.

  From discussions with ACC's Board and Executive, we understand that the FSAP is a key priority. We consider this ensures that the "right areas" are in focus.

However, for these initiatives to succeed, it is crucial to have a robust process for prioritisation of resources against competing strategic objectives, and disciplined change management practices. Without these foundational elements, even well-intentioned initiatives risk falling short of their goals or creating unintended financial and operational challenges.

ACC's initiatives or activities can be loosely categorised into remedial, business-as-usual and transformational. Under this categorisation, the FSAP would be considered to be remedial; the initiatives aim to "fix" issues, which may have arisen due to gaps in business-as-usual processes. Business-as-usual activities "keep the lights on" and required for continuity, stability and performance of the core business and include continuous improvement initiatives. Transformation projects or initiatives requires significant Board and management attention and diverts focus and resources from the core business.

While the FSAP has been noted as a key priority, it does not appear that ACC is pausing, or resetting timeframes on, other initiatives in the meantime. As noted above two substantive reviews were completed on Injury Prevention and Health Commissioning. While there is value in these initiatives, particularly those that are more business-as-usual in nature, it may be beneficial to pause or at least delay change that require higher investment or "transformational" change. For example, in the Health Commissioning space, we consider initiatives that relate to increased oversight of providers, including closer management of provider contracts, setting clearer expectations of providers and active monitoring of provider costs to be business-as-usual in nature. On the other hand, we consider initiatives that require more fundamental redesign of provider contract delivery models to be more transformational in nature.

Our view is that ACC has a large enough programme of work ahead of it to move to 'back to basics' rehabilitation and focus on claims management that pausing other significant transformational initiatives for a period will be beneficial.

4.2 Does ACC have the policies, systems, and processes in place to improve claims management and rehabilitation performance? Are claimants receiving the right expectations and support that they require, in a manner that will deliver the best outcomes?

There are currently inconsistencies and unnecessary friction points in ACC's policies, processes and systems that are restricting ACC's ability to deliver best practice claims management and rehabilitation support. This, combined with identified capability gaps, limits injured people receiving the right expectations and support to deliver the best outcomes for ACC and their claimants.

ACC is in the processes of reversing some key elements of the Next Generation Case Management model and processes. In addition, ACC has embarked on a range of initiatives, including those in the FSAP, to provide more internal technical and clinical support to frontline staff and enable evidence-based decisions to be made in a timely manner. These changes have not yet been embedded into ACC's ways of working. This means it is too early to know, with certainty, whether there will be a sustainable improvement in performance and outcomes.

The first question incorporates whether ACC has the appropriate teams and structures to deliver improved claims management and rehabilitation.

The second question requires consideration of the expectations and support required to contribute to the best outcomes. An important aspect of the rehabilitation process is setting clear and appropriate expectations. By 'best outcomes', we refer to ACC's stated objectives to maximise recovery, minimise the impact of injury (financially and otherwise) and facilitate RTW and function as soon as possible. Research shows the value of early, targeted intervention:

Returning to work – better outcomes

Early, targeted intervention is critical. When support is provided within the first 20 days, about 70 per cent of injured workers return to their jobs. By 45 days the rate falls to 50 per cent, and after 70 days it drops to 35 per cent.[3]

Early RTW and allowing injured persons to return to pre-injury activities, boosts physical and mental recovery. It also cuts long-term disability risk, keeps workers connected to their workplace and prevents further deconditioning. Better RTW outcomes also protects worker's income, limits wage-replacement payments and lowers overall claim costs – benefitting both claimant and the scheme.

4.2.1 Current status

ACC's approach to improving claims and rehabilitation performance is fundamentally predicated on reversing many of the policies and procedures of the NGCM programme. Key aspects of this reversal include:

- Dismantling some of the 'many to many' claims management design
- Recruiting staff to provide the capacity required to reinstitute 'one to one' case management.

[3] Source: Helping people return to work: Using evidence for better outcomes - A Position Statement, The Royal Australasian College of Physicians and The Australian Faculty of Occupational and Environmental Medicine, 2010, p 14

We consider that ACC's revision of NGCM is an important step to improve outcomes. Our experience with injury compensation schemes conclusively supports one to one case management as being more likely to support claimants to RTW than the 'many to many' model. In moving to the revised model, ACC are aware that there are currently case management capability gaps. Other schemes have had similar gaps when implementing similar changes, including iCare:

Case study: iCare's Case Management

In 2019-20, iCare, New South Wales workers' compensation insurer undertook a comprehensive overhaul of its case management model in an attempt to streamline processes and reduce costs. The NSW Auditor-General's Performance Audit: iCare's Management of Workers' Compensation Claims (2021) found that widespread staff layoffs led to a serious loss of institutional knowledge, creating a capability gap once the new system failed to deliver as expected. Moreover, a Public Accountability Committee inquiry revealed that iCare struggled to backfill roles with adequately trained personnel, contributing to operational inefficiencies and increased claim backlogs.

As noted in Section 3.2, ACC's claims management and rehabilitation performance deteriorated following the implementation of NGCM. While we consider reversing aspects of NGCM to be a positive and important step to improve both performance and outcomes, there are potential challenges that ACC will need to specifically address to sustainably lift claims management and rehabilitation performance. The revised case management model is segmented as shown in Table 4.1

Table 4.1 – Revised case management model

Team	Severity/complexity	Claim management model	Duration of claims managed	FTE (approx.)
Assisted Recovery	Low complexity, short-duration injuries (largely medical-only or brief weekly compensation) with self-care capability	Predominantly many-to-many with a separate ring-fenced 1:1 team for weekly-comp claims	0–90 days	300
Supported Recovery	Moderate complexity, longer duration (often up to 365 days)	Dedicated 1:1 case managers	0-90 days (earner clients), 90-365 days (more complex needs)	620
Integrated Recovery	High complexity, long-term-risk claims with significant medical / psychological needs. However, this cohort is expected to achieve independence from ACC.	Dedicated 1:1 case managers	Over 365 days	250

Team	Severity/complexity	Claim management model	Duration of claims managed	FTE (approx.)
Partnered Recovery	Very high complexity / permanent or catastrophic injuries (incl. sensitive claims)	Dedicated 1:1 case managers	Indefinite / life-of-claim	200
Hāpai	Culturally responsive case management for kiritaki Māori in supported recovery and partnered recovery	Dedicated 1:1 case managers	Various	30

We note that ACC has embarked upon several initiatives to address declining rehabilitation performance and increasing social rehabilitation costs in recent years. One example is the use of the Support Needs Assessment Guidance Group (SNAGG) and the Residential Guidance Group (RGG). From our interviews and review of documents, we understand that under SNAGG and RGG, ACC is making more evidence-based decisions. We consider that such steps are important and support them.

ACC's Dispute and Review data shows a very high percentage (~95%) of decision reviews upheld in in ACC's favour. While ostensibly a positive indicator (target is >87%), there is a balance that needs to be achieved. A high upheld decision rate could reflect an overly conservative risk behaviour on the part of frontline staff. Some of our interviewees stated that there is a tendency for frontline staff to not question coverage and entitlement, or to delay any adverse (to the claimant) decision, even with sufficient information on the claim to warrant a review or cessation of entitlements. Based on our observations, this may be due to a combination of gaps in capability, clinical support and guidance. We note that in addition to the financial impact of delaying adverse decisions, this may also lead to claimants having an expectation of getting more benefits than they are entitled to.

4.2.2 Challenges identified

- Staff retention risk

  ACC has recruited an additional 250 FTE as part of the process to reinstitute 'one to one' case management. It takes many months for claims staff to attain base competency (6 – 12 months is typical).

  From our interviews, we observe that ACC's service delivery organisational structure does not create a compelling career pathway. There are insufficient incentives to progress through case management competencies, and capable staff can be expected to look outside the service delivery team to progress (or aspire to be team leaders after years of service). We consider staff turnover and disengagement are real risks facing the organisation and may put further pressure on closing capability gaps.

- Systems are not enabling best practice case management

  Our high-level assessment of the technology systems and tools is that they are sufficient but are not enablers of good case management. We see strong opportunities for the case management system to be consolidated and enhanced in the medium term, including use of generative AI capabilities, decision support and task automation.

  During the course of our review, some additional tools have been rolled out as part of RPIP. We were encouraged to hear positive feedback from case managers relating to tools that appear to be designed to address the pain-points for case managers, e.g. case load on a page. We encourage ACC to continue with deployment and updating of systems as well as continuing iterative processes and involving frontline staff feedback on initial prototypes.

- Triaging process needs further / continual refinement

  ACC is replacing Engagement Model Decision (EMD), an automated front-end decision tool that assigns clients to recovery streams within ACC's service model with Triage Engagement Decision (TED). ACC has identified issues with triaging under the EMD tool where claims triaging is not categorising claims appropriately, leading to improper use of claims management resources. TED ostensibly appears to improve claims triaging on EMD. We have not delved into the mechanics of the model, but based on discussions with ACC managers, we suggest ACC continue to evolve and refine TED. One example is to use the triaging process to better reflect bio-psychosocial risk factors throughout the life of a claim.

- Segmented operating model could drive unintended behaviours

  ACC's current claims operating model is based upon a high degree of segmentation. Although we consider that segmenting claims based upon injury, RTW (if relevant) and expected duration is essential to creating tailored interventions, the model in use has some key risks.

  The current segmentation model is overly complicated. There are 4 key claims streams (Supported Recovery, Assisted Recovery, Integrated Recovery and Partnered Recovery), however, within those streams, there are sub-specialities, each with slightly different case management approaches.

  A key risk with such a finely tuned model is that claims can 'bounce around' and without practical work arounds continuity of case management can be jeopardised. It can also create incentives within the teams to "game" the system; for example, claims approaching 12 months duration might become neglected in the hope that the long term claims pool case manager will address any shortcomings.

- Lack of empowerment and support in decision making leads to indecision or delays

  Our review of the delegations framework, interviews with management and frontline staff leads us to conclude that there is an over reliance on centralised decision making, particularly for denial decisions (coverage, entitlements).

  We were advised during our interviews that these clinical and technical escalations created undue delay. As many decisions are referred outside the operational teams, this can disempower frontline staff. We heard several interviewees also comment that building some multidisciplinary capability within teams might obviate the need to seek guidance and decision support from centralised resources. We note that ACC have begun building some multidisciplinary capability in the Integrated Recovery team.

  It is important that there is strong clinical and technical support available to support case managers to drive better rehabilitation outcomes based on evidence-based treatments without unnecessary delay that may impede rehabilitation progress.

- Intervention is delayed and not targeted to achieve optimal rehabilitation outcomes

  Robust evidence demonstrates that prompt, targeted intervention is the most effective lever for improving return-to-work outcomes. Safe Work Australia's 2024 literature review concludes that coordinated, multi-domain action taken within the first weeks markedly shortens recovery time and lifts RTW rates across injury types.[4] International evidence echoes the theme: a systematic review of 153 studies identified early case-manager contact and workplace involvement as common features of

[4] Source: https://www.safeworkaustralia.gov.au/sites/default/files/2024-04/early_intervention_in_the_workers_compensation_process_-_final_report.pdf

successful RTW programmes.[5] Accordingly, this report focuses on early, tailored intervention as a critical driver of both claimant wellbeing and scheme sustainability.

Although one cannot directly compare the drivers of ACC's rehabilitation performance with international counterparts that do not cover both non-work and work injuries, we observed that the timeframes in place to obtain outcomes are longer than desirable. Australian experience and research strongly point to early intervention as being a cornerstone of improved outcomes.

For example, the Supported Recovery RTW team aim for outcomes within the first 90 days, we consider that this is too long. Intensive case management and rehabilitation focusing on RTW should target the first 30 days (or up to 45 days at most).

Similarly, the 365 days threshold for the Integrated Recovery Team which aligns to the long-term claims pool is somewhat arbitrary. It may well be that 365 days plus is 'too late' to meaningfully impact many of the claims in that cohort.

In addition to early intervention, case management activities should be tailored to provide substantial RTW support, e.g. different activities between say, 45 – 90 days compared to 90 – 180 days.

We note that with the current (high) level of claims, it may take some time to move to optimal intervention timeframes.

An example of an alternative approach follows:

NSW Injury Management Plan (IMP)

- The IMP should be established as soon as practicable following an injury, especially if it's a significant injury, and if the worker cannot return to their pre-injury role for more than 7 days.
- The initial IMP should be updated with the initial liability letter (Day 7) and a collaborative, tailored IMP should be completed within 20 days.
- Further updates are needed if there are significant changes during recovery, such as a shift in RTW goals, referral to rehabilitation, changes in capacity, or if surgery or treatment is approved.

In New Zealand, by contrast, ACC must decide within 13 weeks of claim acceptance whether the worker needs a rehabilitation plan and, if so, prepare it in consultation with the worker. Although this is mandated by legislation (section 75), we consider that 13 weeks is too long, and that ACC should aim to undertake rehabilitation planning as soon as possible. ACC also has limited employer and employee obligations in developing a rehabilitation plan. We discuss incentives on claimants and employers in Section 4.3.

- Limited use of available levers to manage claimants back to independence

We were informed by some ACC managers that claim 'exit strategies' including vocational independence assessments have been underutilised since the NGCM programme was introduced. In recent times this appears to be regaining some traction, with a 5% increase in the rolling-12 number of vocational independence decisions over the past 8 months. This achievement has been restricted by capability gaps, lack of assessor availability, complexity of the process and competing priorities.

We consider that the vocational independence process is a fundamental tool that should be factored into a claims management plan. This should be implemented as soon as possible and not left to be a last step.

[5] Source: Hoefsmit, N., Houkes, I. & Nijhuis, F.J.N. Intervention Characteristics that Facilitate Return to Work After Sickness Absence: A Systematic Literature Review. *J Occup Rehabil* **22**, 462–477 (2012).

From our interviews and review of documents, we understand that ACC is now making more evidence-based decisions than under NGCM, by accessing internal technical and clinical advice. The one-to-one case management approach lends itself to better informed decision-making than the previous many to many model.

We repeat our earlier comment on the importance of setting clear expectations and also note the importance of consistently managing claims within scheme boundaries using all the levers available.

In our discussions, the fitness for work certification process was noted as an area impacting return to independence, due in part to the constraints in the broader health system.

- Absence of a formal Quality Assurance programme

  The absence of a quality assurance framework across service delivery also poses the risk of inconsistent practices and procedures. We expand further on this in Section 4.5.

4.3 Are the incentives on ACC and other actors in the system (e.g. health and other service providers) sufficient to improve performance and drive value for money?

The current system lacks clear and effective incentives for ACC and other stakeholders to improve rehabilitation outcomes and ensure value for money. Consequently, declining scheme performance leads to increased costs for New Zealand taxpayers and employers through higher levies or government funding.

Compared to Australian jurisdictions, the legislative and regulatory tools to drive good performance and value are weak and insufficient across ACC, claimants, providers, and employers.

While not an immediate priority, ACC should address these incentive structures in the medium to long term.

In responding to this question, we have defined incentives as either a reward or penalty for taking action aimed at improving ACC's performance or driving value for ACC's money. The scheme's rehabilitation system is made up of ACC (as an organisation), those who act on the scheme's behalf (i.e. health and other providers that are paid by ACC for services), the claimants and their employers. When considering other actors in the system, we have included employers and the claimants themselves

4.3.1 Incentives on ACC

We consider the lack of incentives is by design. ACC is a state-run monopoly and does not face competitive pressures (apart from larger employers that are in the Accredited Employers Programme (AEP)). In the absence of direct incentives to effectively and efficiently manage claims, steerage of ACC essentially falls back to regulatory and ministerial settings (Statements of Intent, Letters of Expectation) which can be subject to political influence.

There are incentives for the government to improve performance and drive value for money. At a high level, if scheme performance deteriorates, New Zealand taxpayers and employers pay more either directly through increased levies or indirectly via increased appropriations.

As noted in Section 4.2, there appears to have been limited use of the levers available to ACC, that is, it appears that ACC has erred on more generous application of discretionary entitlements rather than strictly enforcing scheme boundaries. Whilst we acknowledge that the exercise of discretion is a feature of the Act, historically, the ACC has generally adopted a more beneficial approach in making decisions on entitlements.

Although performance measures are set at the organisational level, e.g. in the annual Service Agreement, there does not appear to be impactful sanctions for poor performance. This also means that are weak incentives on senior leaders at ACC, which then filters down to management and frontline staff, the latter having inadequate key performance targets. While annual performance reviews are undertaken for all staff with ratings aligned to remuneration increases, the process is largely qualitative rather than quantitative. We discuss this in further detail in Section 4.5.

4.3.2 Incentives on claimants

As a general statement, the scheme is designed to incentivise claimants to recover and make return to pre-injury activities possible as soon as it is medically safe and return to work (where relevant). This is done both directly and indirectly, through financial limits on compensation and by offering structured support. However, we note that there are no aspects in legislation requiring return to work.

We note these incentives can be less effective where there are increased claims complexities. In Section 3.2, some external factors that are considered to be contributors to the recent decline in performance were noted.

More claims now involve gradual process injuries, mental health related claims (including secondary psychological injuries and PTSD) and chronic pain and age-related conditions and have different impacts on each account. For example, in the Work and Earners accounts, more complex injuries, combined with an ageing workforce and changing workplaces (e.g. more specialised roles so that alternative duties are harder to find) mean that the incentives inherent in ACC scheme design become less effective. These trends mean more clients present with intertwined physical and mental conditions, presenting more complex rehabilitation pathways and increased, multidisciplinary case management.

The pathway to a full rehabilitation and return to pre-injury activities can involve moving from the care of ACC to other public organisations, such as the Ministry of Social Development.

4.3.3 Incentives on employers

The Work account is funded through levies on employers and the self-employed. For employers under the experience rating programme, there is an incentive to keep their levies down by preventing injuries and supporting injured employees to recover at work.

Employers are a key stakeholder in the RTW process, however there is no requirement for employers to collaborate with ACC and the injured worker on RTW plans (noting AEP as an exception).

Not all employers can accommodate reduced duties or gradual return, nor are they aware of, or willing to invest in job redesign or workplace modifications or understand the system well enough to navigate it proactively

In small businesses especially, the employer may simply prefer to replace the injured worker rather than manage a phased return.

An exception is the AEP where there is a clear incentive for employers. The AEP includes some of New Zealand's largest employers. There are around 130 employers in the AEP, encompassing approximately 435,000 full-time equivalent employees, around 23 per cent of New Zealand's total FTEs. Under the AEP, sufficiently large employers manage their employees' claims for work injuries and occupational diseases in-house. In return for taking on some of the financial liability and claim management of work injuries, accredited employers receive a reduction in their work account levy.

Employer obligations – ACC compared with Australian scheme

ACC offers a more supportive model with penalties primarily tied indirectly to levy increases or accreditation loss for AEP. In comparison, Australian schemes generally include more stringent and varied penalties for employers. We note that ACC covers both work and non-work injuries, unlike Australian schemes that cover only work injuries

An important distinction between the ACC Scheme and Australian counterparts is that New Zealand employers are not obligated to hold the pre-injury job.

Employer obligations are strongly enforced and legislatively mandated in Australian jurisdictions. E.g. in NSW, employers cannot terminate the employment of a worker because of incapacity within the first 6 months. On the other hand, ACC relies on good faith efforts on the part of the employer to, e.g. to provide suitable duties. The absence of a statutory duty for New Zealand employers to keep an injured worker's position appears to dilute incentives for returning persons-to-work plans.

4.3.4 Incentives on health practitioners and other providers

ACC operates a 'Fee-for-Service' payment model with health practitioners and other providers for the majority of medical and rehabilitation provided to claimants. Under this model, ACC generally pays health providers on a per consultation, per treatment, or per procedure basis. Injured claimants may see multiple providers across different specialities and treatment modalities as part of their rehabilitation.

ACC approves and pays for services delivered. While ACC contracts include reporting requirements relating to client participation and other outcomes, there are no clear requirements for the claimant to get better or return to work.

ACC has introduced a different reimbursement via the care pathway model. The Escalated Care Pathways (ECP) pilot and Integrated Care Pathways (ICPMSK) deliver specialised care and treatment by bringing together an interdisciplinary team of health providers for patients with complex musculoskeletal injuries. The ICPMSK programme was launched in March 2024, following the ECP pilot. It is likely too early to confirm that the model is improving performance and can scale to incentivise a broader range of providers. Caution may be needed before extending the care pathway model more broadly than complex musculoskeletal injuries.

There are no obligations on vocational providers to assist with finding another suitable avenue of employment. When employment ends, displaced workers can transition from the Scheme to the lower Jobseeker benefit if eligible, which may heighten their risk of prolonged unemployment and associated health or financial pressures. At a system level, this design can shift some longer-tail costs away from employers and ACC toward the broader welfare budget, potentially masking the full economic impact of workplace injury. We note that historical transition rates from ACC to welfare benefits sit at around 4% per annum.

As part of ACC's business-as-usual changes in the commissioning of services, ACC has been using data analytics and monitoring to take a more active approach to provider management and negotiation of contracts.

There are some misaligned incentives for health practitioners in New Zealand, and these can contribute to sub-optimal outcomes, such as, delays in recovery and return to pre-injury activities and dependency on treatment. We are not making any inferences that providers are not seeking the best outcomes for injured persons.

Some of the challenges with the ACC, claimant and health provider dynamics are:

- In general, the more appointments or treatments delivered, the more the provider earns. This can unintentionally create a bias toward ongoing care over recovery and discharge, especially in non-acute injury cases like soft tissue injuries, back pain, or psychological trauma.
- There is no clear pressure for functional outcomes. For example,
  - a physiotherapist is paid per session whether or not the patient shows measurable improvement
  - A GP can issue medical certificates for work absence without necessarily being involved in a structured RTW plan
  - Some practitioners may focus on treatment maintenance rather than proactive recovery planning, and there is little downside for "erring on the side of caution" certifications for time off work.
- Care is fragmented and is not usually under a single coordinated care plan unless ACC itself steps in with case management, which often only happens for high-cost, long-duration claims. This can cause duplicated, inconsistent, or even contradictory treatments which delay recovery and can leave the claimant "stuck" in the system longer than necessary.

- Lack of incentive to encourage RTW programmes. Many practitioners feel their role is solely to address medical recovery, not vocational planning. Unless ACC or the employer specifically encourages RTW planning, it often isn't initiated by health providers. Accordingly, even if a claimant could return to modified duties, many providers simply continue certifying 'unfit for work' until full recovery, unintentionally prolonging absence.

- We acknowledge that ACC has made some moves to address these issues, for example through vocational rehabilitation programmes that involve active RTW planning, piloting bundled payments or outcome-based contracts in some provider sectors and using case managers more often for complex cases to unify treatment plans.

- We note from ACC's 'System Commissioning & Performance 25/26 Commissioning Plan' that system redesign and implementation will take time and that "market realities have necessitated a 'slow down to speed up' approach" in some areas. We concur with ACC, that to ensure immediate impact from commissioning activity, significant priority be applied to work supporting the FSAP, for example, on the long-term claims pool.

4.4 Does ACC have the accountability framework, forecasting, monitoring and evaluation required for continuous improvement?

ACC's accountability framework exhibits a clear top-down structure for the Board and initial layers of executive management, with defined roles, responsibilities, and reporting lines for the main components of the Service Agreement. ACC undertakes an extensive range of monitoring and forecasting and there appears to be deep expertise and understanding of the scheme and scheme drivers by those performing the functions in subsequent layers of management.

There are indications of potential disconnects between "business" forecasting and actuarial forecasting and between middle management layers and the Executive and Board. ACC may benefit from more targeted monitoring of a fewer number of metrics and strengthening feedback loops.

This section focuses on the internal components of ACC's accountability framework, forecasting, monitoring, and evaluation. External monitoring by Treasury is discussed in Section 4.7.

We note that the reference to continuous improvement in the question, which we define as making small incremental changes which can lead to significant improvement in efficiency, effectiveness and/or quality over the long run. ACC has had a number of internal large-scale change programmes over the past 10 years, including external factors such as COVID-19 and changes in government expectations. We acknowledge that this is not conducive to and is potentially at odds with a continuous improvement environment.

4.4.1 Current status

In considering the accountability framework, forecasting, monitoring and evaluation process we have focussed on the "internal" components of the various elements.

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

The Service Agreement is an annual statutory requirement. In this agreement, ACC set their performance measures and targets, with agreement from the Minister for ACC. The agreement outlines the alignment with the Ministers' Letter of Expectations and the initiatives planned by ACC in pursuit of its goals.

The ACC Board, via the People and Culture Committee with the Board Chair, set annual key performance objectives for the Chief Executive. These performance objectives are then cascaded to the broader Executive Team and reflected in development plans.

ACC's accountability framework exhibits a clear top-down structure for the Board and initial layers of executive management, with defined roles, responsibilities, and reporting lines for the main components of the Service Agreement.

We understand that there is joint ownership of the FSAP, between MBIE and ACC, with key accountabilities residing within the Service Delivery area.

Accountability is often managed via performance-based remuneration. We understand that ACC's performance-based remuneration structure was discontinued several years ago for front line staff due to identified issues with the incentives it created. The removal stemmed from a recognition that these incentives were not effectively driving overall business performance and, in fact, may have been misaligned with key strategic objectives. This highlights a crucial lesson: performance-based pay systems require careful design to ensure they genuinely reward behaviours that contribute to the long-term success of the organisation and avoid unintended negative impacts. We note that performance-based incentives were removed from Chief Executive remuneration in 2018, following a government directive. ACC Investments staff receive performance-based remuneration.

Based on our discussions with ACC, it is apparent that Service Agreement KPIs and FSAP targets are not cascaded to broader staff, including those in Service Delivery. Prior to NGCM, frontline staff had metric-based performance targets, but these were seen by ACC to drive unintended and detrimental claims management behaviours. Instead, staff in the Service Delivery area, are assessed against a behaviour competency framework under the four strategic priorities areas. We discuss ACC's performance culture in Section 4.5.

Effective monitoring, forecasting, and evaluation are crucial for providing ACC, MBIE, Treasury and the Ministers with timely warnings of emerging issues and identification of improvement opportunities. ACC undertake an extensive range of monitoring and forecasting, primarily undertaken in the Strategy, Engagement & Prevention area and the Corporate and Finance area (including Actuarial Services). Given the size, nature and complexity of the scheme, ACC appears to have access to good quality data and supporting information and the framework for performance indicators is structurally sound. This lays the foundations for effective monitoring and forecasting of operational and financial performance.

Evaluation is the systematic assessment of the effectiveness, efficiency, and impact of programs, policies, or interventions. While ACC has a Monitoring and Evaluation Learning Framework (MEL) that provides guidance, its existence does not guarantee the consistent application of robust monitoring and evaluation practices. Outside of the scheme actuarial valuation (which is technically not an evaluation), it is not clear how any strategies, pilots or interventions are being systematically assessed and adapted as required. This links to our earlier comments on strategic execution in Section 4.1.

4.4.2 Challenges identified

- **Volume of performance monitoring may reduce the ability to focus on key areas**

  ACC's performance monitoring packs are comprehensive, and one can get lost in the myriad of measures. For example, we were supplied with an Executive monthly performance pack and Executive quarterly performance pack, both running over 30 pages.

  This is not to say there is no value in detailed monitoring. While macro-level monitoring and forecasts are essential for senior executive oversight, more detailed and objective forecasts are needed to inform and manage frontline staff and their managers effectively. This may be achieved by starting with 10-12 high level "headline" measures and cascading down to sub-metrics and detailed operational KPIs. However, the success of this approach is strongly linked to addressing the challenges below.

  Given the impact of the OCL on ACC's financial position, it is reasonable that movements in the OCL are closely monitored. This is a somewhat reactive approach; monitoring changes that may have happened many months ago. There is benefit in building exception monitoring of the underlying fundamentals (driving the OCL) to identify early changes in trends. As we discuss below, adjusting assumptions in the OCL basis will generally occur after there is clear evidence of the adverse or positive trend.

- Potential disconnect between business and actuarial forecasts

  A key component of continuous improvement is collaboration and teamwork. Based on our discussions and review, there appears to be a disconnect between "business" forecasts and the actuarial forecasts, as they often pertain to different metrics. This is not unusual in accident compensation schemes but it does make identification of issues more challenging. We are not suggesting that strict alignment between the forecasts is required, however given the long-tail nature of the scheme, actuarial involvement is strongly encouraged in the business forecasting of claims.

  From our experience with long-tail schemes and our discussions with ACC's actuaries, we are aware that there can be a delay in allowing for improving operational performance in the OCL and hence financial results. We consider it is a reasonable approach to require evidence of improvements before adjusting assumptions in the OCL basis, and note that actuarial valuations are subject to external audit. As an example, if the expected benefits of the Integrated Change Investment Portfolio (ICIP) were fully factored into the outstanding claims valuation in previous years, the reversal of these benefits when not realised would result in an additional strain to the valuation in subsequent years.

- "Voice" of middle layers of management

  Deep domain expertise is required in the management of accident compensation schemes. We observed the strength and depth of experience in the middle layers of management across the service delivery functions and the areas performing monitoring and forecasting. In our discussions and from reviewing documentation, it is evident that the capability to identify early warning signals and drivers of declining performance exist at ACC. It appears that these messages have either not been received or not prioritised by executive management and/or Board.

  One example is noted in ACC's 2023 internal review of NGCM . The review notes that in regard to the NGCM experience from 2019 "Gaps became evident between the blueprint and the delivered product" and "There was a reluctance or lack of knowledge to stop or reset the roll out, aided by incomplete reporting of backlogs, challenges, measures and outcomes".

  Another example is the Annual Financial Condition Report which includes broad, longer-term recommendations on how ACC can improve its financial condition. A recommendation from the 2020 Financial Condition Report, recommended that ACC increase its focus on outcomes for clients receiving social rehabilitation care and capital. Similar recommendations were repeated in subsequent reports through to 2024. We note that the FSAP established in 2024 contains 4 initiatives related to social rehabilitation. The 2024 Financial Condition Report contained four recommendations, all of which were in the 2023 Financial Condition Report (acknowledging that some progress was made on the recommendations). In comparison, we observe that it would be unusual for all recommendations in Financial Condition Report for a private insurer operating in the New Zealand to be carried over without strong action from the Board and/or the Regulator (in that case, the Reserve Bank of New Zealand).

- Inconsistent or irregular feedback loops

  In Section 4.1, we included a brief overview of exploratory work and programmes undertaken by ACC to determine initiatives to improve financial sustainability. It is to be expected that not all identified initiatives will achieve the desired results. If a 'control cycle' approach is taken incorporating clear accountability, monitoring, and feedback loops, then it is more likely that the most effective initiatives will be implemented and wasted resources will be minimised (i.e. knowing when to stop).

4.5 Does ACC have effective governance, creating an appropriate culture for improved claims management and rehabilitation results?

We do not consider that ACC has had a strong performance culture, largely driven by the lack of incentives on ACC and weak accountabilities. ACC is susceptible to 'pendulum' swings following changes in government and societal expectations and this appears to lead to shifts in ACC's claims philosophy, culture and approach to claims management and rehabilitation.

It does not appear that ACC has consistently valued the claims management and other service delivery functions, recognising these are core to ACC. We have observed ACC is making changes to provide the right tools, investment and support to uplift the quality of claims rehabilitation outcomes. It will take time, concerted efforts and a focus on consistent messaging to make an enduring change to the performance culture.

We are aware that ACC Board has commissioned an independent culture review of ACC to provide assurance as to whether ACC meets good practice for providing a positive, inclusive and safe workplace.

In addressing this question, we have considered whether there a strong performance culture and governance framework at ACC to enable excellent case management and rehabilitation.

4.5.1 Current status

We observed that ACC's claims philosophy, culture and approach tends to shift over time, leaning from predominantly 'hard' financially and outcomes-driven focussed to 'soft' customer experience-oriented periods. Many people we spoke to referred to the 'pendulum' swings of ACC's approach. Such oscillation is somewhat inevitable in compensation schemes but is also less than desirable. Legislative and operational settings need to be calibrated to minimise such big swings.

> "The history of the ACC scheme to date is one of recurring crises resulting from rapid and unaffordable expansion of the claims liabilities, followed by periods of greater focus on claims management and rehabilitation,"
>
> *- 2010 report by the Steering Group for the Stocktake of ACC Accounts*

Ultimately, ACC will need to balance both client experience and satisfaction with scheme performance and a sustainability focus. To this end, ACC needs to refine its claims management philosophy, document the core principles that support the philosophy and communicate the 'what' and 'why' of its claims philosophy to all staff. Having a well-defined and socialised claims philosophy can provide a useful anchor point, guiding all staff in their roles as decision makers and scheme administrators.

We do not consider there to have been a strong performance culture at ACC. In Section 4.3, we concluded that we have found no evidence that there are tangible incentives in place for ACC. In Section 4.4, we noted that ACC set the Service Agreement metrics and targets with agreement from the Minister for ACC and that the Service Agreement and FSAP metrics are not cascaded to broader staff. ACC monitors a number of different metrics and undertakes detailed analyses. The speed and persistency to take action where operational and financial performance is "off-track" has not been consistent.

We consider claims management and other service delivery functions to be at the core of compensation schemes. It does not appear that ACC has consistently valued these functions and the role they play in improving scheme financial sustainability. Changes made to the case management model through NGCM led to case managers not receiving the right tools, investment and support to make the right decisions. As noted previously, changes are being made to reverse NGCM structures and provide increased support to uplift the quality of claims rehabilitation outcomes.

4.5.2 Challenges identified

- Accountability appears blurred

  From our interviews and review of relevant documents, we considered that accountability and ownership of strategic initiatives relating to claims performance could be made clearer. This will mean developing and ascribing key accountability maps and statements to senior leaders for various initiatives, as well as joint ownership of the strategy (including the FSAP). ACC should also incorporate a responsibility and accountability matrix for all its strategic initiatives.

- Absence of measurable KPIs cascading from executive down to frontline staff

  We consider that ACC does not have appropriately documented performance expectations for all of its staff. A culture of high performance requires strongly linked and cascading KPIs from the executive level to frontline staff.

  From our interviews and document review we did not see for example, appropriate KPIs for case management staff. We would expect to see a balanced scorecard approach with measurable targets to drive appropriate performance and behaviour.

  While service ethic appears strong, an unintended, but unavoidable, outcome of not having a clear set of performance expectations to measure against is the challenge of assessing staff performance and responding where this is below expectation.

  ACC have shared frameworks and practices in place or being established for the annual performance development cycle and performance improvement plans for Service Delivery teams. These include establishing KPIs linked to ACC's strategic priorities, coaching conversations and HR processes around managing poor performance.

- Quality Assurance is a key aspect of claims governance, and it is missing

  From our interviews and document review, we understand that ACC's claims and rehabilitation function does not have a formal quality assurance programme (QAP). Rather, we were advised that informal QA is undertaken at team level by team leaders at regular frequency.

  The absence of an ACC-wide QAP can create inconsistent processes and practices across teams. A QAP can also provide opportunities to identify both 'soft' and 'hard' claims leakage and the root causes of any systemic issues. From our discussions with management, we observed that the idea of an internal, ACC-wide QA function is highly desirable.

  While a dedicated QA function is not in place, there are existing ACC functions that could be leveraged or expanded to support this role. In particular, the Integrity Services team, which currently leads fraud detection efforts, already possesses capabilities that align with quality oversight.

- Inadequate fraud controls

  We interviewed some relevant ACC managers about ACC's fraud control framework. Our discovery sessions included reviewing the 'MyACC fraud' case, which was picked up in November 2023 after ACC initially detected a small number of unusual transactions. The perpetrators of the fraud used MyACC to submit fraudulent travel reimbursement claims to ACC for financial gain. We were advised that the initial detection by ACC was fortuitous rather than system driven. We were also advised that although work is happening in this area, at this stage, ACC does not have an overarching fraud framework. We consider therefore that ACC does not currently possess the capability or capacity to properly address potential or actual losses from fraud, waste and abuse.

Furthermore, we heard from staff that there is currently no oversight of fraud stemming from providers, although a solution for this is in development.

We are aware of the role of ACC's 'integrity unit', however we have been told that this team requires additional resourcing and uplift to their capability. Currently the team comprises 22 FTE, of whom 6 are dedicated integrity advisers, managing instances of fraud with the broader team supporting this work. There is also a low take up of initiatives and advice from this team. Staff recounted occasions where fraud-prevention advice was noted but not actioned (for example, strengthening MyACC transactional monitoring or introducing real-time earnings alerts when injured persons are supposed to be not working). Post-incident reviews of the MyACC fraud suggested that early warnings were not escalated or prioritised, allowing losses to accumulate. We consider that significant opportunities exist for ACC to use more sophisticated fraud detection tools.

4.6 What performance expectations should be set for ACC and what guidance do they require to deliver on these?

ACC fulfills a vital role in New Zealand's public sector by providing no-fault personal injury cover to residents and visitors. ACC accounts are funded from levies or Government appropriations. To maintain public trust and ensure effective delivery, it is essential to establish clear performance expectations and provide the necessary policy, operational, and governance support.

We have observed performance measures change over time, on occasion driven by changing government expectations. It is important to retain focus on core performance measures, e.g. measures of financial sustainability and return to work, even when performance is "good".

There is clearly some work for ACC to complete before key performance measures return to a more sustainable level. Nevertheless, we suggest that medium term targets are set using ACC's longer term historical performance so that the focus remains on financial sustainability.

4.6.1 Current status

There is an established process in place for the Minister for ACC to set performance expectations for ACC, via Letters of Expectations and Service Agreements. There is also a process for these expectations to be reported and monitored by Treasury.

As noted in Section 3 and ACC's 2024 Annual Report, to deliver the Scheme ACC has three outcomes to achieve over the long term:

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

Outcome 1 falls out the scope of our review. The 2024 Service Agreement includes a key performance measure and target(s) for 'Injury prevention return on investment'. If not already done, we consider it would be beneficial for ACC to foster cross-agency collaboration e.g. across Worksafe, NZ Transport Agency Waka Kotahi, Sport NZ, to enhance and consolidate injury prevention and rehabilitation insights and costs.

Outcome 3 extends into areas outside our scope, e.g. funding ratios, total expenditure paid and investment management performance. The 2024 Service Agreement includes key performance measures and targets for 'New year costs movement excluding legislation and policy changes' and 'Actuarial movement (influenceable)'. We consider that these key performance measures remain appropriate to measure long-term scheme affordability and sustainability.

In this section, we focus on Outcome 2.

Table 4.2 shows how 'Rehabilitate injured people more effectively' measures could be categorised.

Table 4.2 – Rehabilitation measure categories

Category	2024 Service agreement measures
Rehabilitation outcomes	◦ Return to independence for those not in the workforce ◦ Average weekly compensation days paid (<1 year) (Total) ◦ Sustained return to work rate ◦ Growth in the long-term claims pool
Customer expectations	◦ Public trust and confidence ◦ Overall Client Satisfaction
Operational performance	◦ [Speed of cover decision: non-complicated claims]* ◦ [Speed of cover decision: complicated claims]*

* Tracked as an Operational metrics, not in the Service Agreement.

We note that there are other key performance measures that are set for organisations, e.g. systems availability, employee engagement, privacy breaches, equity; these are not the focus of this section.

4.6.2 Improvement opportunities

We have observed performance measures changing over time, at times driven by changing government expectations. It is important to retain focus on core performance measures, e.g. measures of financial sustainability and return to work, even when performance is "good".

Table 4.3 – Performance Measures

Rehabilitation outcomes	
Include RTW measures for lower durations	Commonly reported in Australian schemes. ACC previously reported: ◦ RTW within 70 days / 10 weeks (This is included in the FSAP) ◦ RTW within 273 days ◦ Number of long-term clients returned to independence in the past 12 months
Include social rehabilitation measures	ACC should use their recent deep dive in social rehabilitation to identify the most impactful metrics to monitor ACC previously reported: ◦ Growth in average care package relative to outstanding claims liability valuation assumptions ◦ Proportion of clients with care hours significantly above or below benchmarks FSAP includes: ◦ Net change in care hours per week from claims reviewed ◦ Average care hours per Serious Injury claim ◦ Provider travel growth rate and cost avoided
Compare to Australian schemes (where appropriate)	ACC previously reported: ◦ Durable RTW monitor and set the target relative to Australia

Customer expectations	
Consider if additional measures are needed	Measures reported by other schemes or previously reported by ACC: ◦ Number of complaints ◦ Disputes upheld in favour / Percentage of ACC reviews upheld
Operational performance	
Consider if additional measures are needed	Measures reported by other schemes or previously reported by ACC: ◦ Average time to resolution for claims with reviews ◦ Speed of cover decisions
Consider what measures can be added to monitor use of exit levers	It is important for ACC to use levers available and use discretions appropriately

70-day and 273-day rehabilitation rates

Both the 70-day and the 273-day weekly compensation measures track how successfully shorter-duration claims are managed and, if performance declines, may be a lead indicator of future growth in long-term claims.

Tracking performance against the 273-day weekly compensation measure is also particularly important for clients and New Zealand society as a whole. Research shows that injured workers who do not return to work within this period will not, on average, recover their pre-injury economic status.

- Extract from ACC Annual Report 2012

With the establishment of the FSAP, there are additional detailed performance measures being monitored to track the progress against planned FSAP savings. These performance metrics relate to weekly compensation and social rehabilitation benefits which as noted in Section 4.1 have been targeted due to the material impact that changes in these costs have ACC's financial sustainability. Other payment types, including serious injury, elective surgery, public health acute services and medical costs make up a smaller proportion of the OCL but are greater proportion of new year costs. It is important that ACC have frameworks in place for exception monitoring for other payment types so that early changes in trends can be identified. We do not consider it necessary to specify these as additional performance measures in the Letter of Expectation or Service Agreement. Instead, we see the role of Treasury as key in maintaining an open and ongoing communication channel with ACC, monitoring changes in performance and taking appropriate action.

We refer to our earlier comments in Section 4.4 regarding the volume of performance monitoring measures and how this may reduce the ability to focus on key areas. A solution could be to focus on a smaller number of key performance measures and include reporting on metrics related to historical claims volumes, e.g. number of registered claims, total number receiving weekly compensation payments and number of new serious injuries. ACC is already reporting on these in their Annual Report. These metrics provide important context to emerging experience. They can also aid Treasury as the monitor when analysing ACC's performance, in particular having access to the numbers behind key performance measures that are rolling averages or proportions of claims.

There is clearly some work for ACC to complete before key performance measures return to a more sustainable level. Nevertheless, when considering setting (stretch) targets for the medium term, it is beneficial to look at ACC's longer term historical performance. Two examples are:

- The long-term claims pool grew at less than 4% p.a. between 2012 and 2018. The 2024 Service Agreement set a 6.5% target in 2027/28.
- The 70-day RTW was over 70%. The FSAP has a target of 62.8% in 2027/28

In addition to key performance measures, we include recommendations in Section 5 which could form part of expectations for ACC.

4.7 Is Treasury's monitoring of ACC's performance appropriate and effective to ensure sufficient focus is given to improving claims and rehabilitation performance?

Treasury has access to a range of accountability documents and key reports to inform their monitoring of ACC's claims management and rehabilitation performance. There are indications that the monitoring of ACC has not received the level of focus that is warranted.

4.7.1 The monitoring role

We have not done a comprehensive assessment of the governing statutory frameworks for ACC; however, we highlight key provisions under two Acts.

- The Accident Compensation Act 2001 provides the statutory framework for the ACC Scheme, including principles of financial responsibility (s166A), the funding policy statement (s166B), the requirement for ACC to enter into a Service Agreement with the Minister (s271), and to prepare a Statement of Intent (s272), an Annual report (s278) and a Financial Condition Report (s278A).
- ACC is governed by applicable requirements of the Crown Entities Act 2004. This Act provides for the role of the Responsible Minister (s27) and the role of the Monitor in providing advice to Ministers (s27A).

The Responsible Minister is the Minister for ACC and Treasury is the ACC Monitor. Treasury advises the Minister for Finance in relation to the investment performance of ACC, and it advises the Minister for ACC in relation to the general performance of ACC. We note that while Treasury monitors ACC and advises the Minister, it does not have any powers to intervene in the operation and management of ACC.

The 'Owner's Expectations' document, published by Treasury in July 2024, sets out expectations for Crown companies and entities on which Treasury provides ownership, governance and performance advice. This document includes details of the roles of the Ministers, Treasury and the Board.

Role of the Treasury

"The Treasury acts on behalf of Ministers and advises them on setting expectations and on the performance of each board and organisation overall, with a particular focus on protecting and actively optimising the Crown's investment in the entity." ...

"The Treasury assesses entity performance across four dimensions:
1. Strategy, investment and alignment
2. Leadership
3. Organisational performance
4. Delivery of results.

Where the Treasury identifies areas that an entity may need to develop or strengthen, it adopts a risk-based approach. This means that in-depth analysis or strategic reviews may be appropriate in some cases."

- Extract from Treasury's Owners' Expectations, July 2024

In our view, key attributes required to be an effective and appropriate monitor include:

- Clarity of role and mandate: Treasury, ACC and other government entities should be clear on the role of Treasury as the monitor.

- Regular and effective performance monitoring tracking against both expectations and long-term trends: Identify early warning signs and undertake deeper analysis as required.
- Expertise and capability to assess and provide insight into sector performance and risks
- Constructive relationships with the monitored entity at various levels from Board to management: open communication with timely information flows while being prepared to challenge when necessary.

It is important to note that ACC is not subject to regulatory oversight by any entity. Several states in Australia have forms of prudential and regulatory supervision for accident compensation schemes. However, it is not within the remit of this Review to comment on the benefits or disadvantages of regulatory versus monitoring oversight.

4.7.2 Current status

A Letter of Expectations is issued to the ACC Board by the Minister of Finance and the Minister for ACC at least annually. The letter sets out the Government's key priorities and the Ministers' expectations of ACC for the upcoming year.

Table 4.4 outlines the key statutory documents produced by ACC and sent to Treasury.

Table 4.4 – Key statutory documents produced by ACC

Statement of Intent	Sets out ACC's strategic objectives that it intends to achieve or contribute to for the period to which it relates. ACC produces this every three years. Most recent version covers the period 2023-2027. Refer section 272 of the Accident Compensation Act 2001 and Part 4 of the Crown Entities Act 2004.
Service Agreement	Produced annually. Most recent version covers the period July 2024 to June 2025. Required in accordance with section 271 of the Accident Compensation Act 2001.
Annual report	The ACC must include in its annual report under section 150 of the Crown Entities Act 2004 annual financial statements for each Account. Required in accordance with section 278 of the Accident Compensation Act 2001.
Financial Condition Report	ACC must prepare an annual report on its financial condition as soon as practicable after the end of each financial year, and provide the report to the Minister. The report must provide advice in relation to ACC's operations, financial condition and liabilities and discuss the implications of any material risks to ACC that have been identified in the report. The Minister must provide a copy of the report to the Minister of Finance and present the report to the House of Representatives. Required in accordance with section 278A of the Accident Compensation Act 2001.

In addition to the documents listed in Table 4.4 , Treasury also receives quarterly Service Agreement performance reports from ACC. This cadence of reporting appears to be appropriate (noting that we do not consider monthly reporting is necessary under current circumstances).

Treasury meets on an 'as needs' basis with ACC's Board and senior management, including the actuarial team.

We did not elicit detailed feedback from Treasury in relation to their use and reliance on these documents. Our general observation is that Treasury has access to a range of accountability documents and key reports to inform their monitoring of ACC's claims management and rehabilitation performance and to:

- Ensure that ACC is clear about the Government's performance expectations
- Provide for ACC's strategy and actions in response, and
- Monitor and track actual performance.

As the Monitor, in our view these documents combined with constructive engagement with ACC's Board and management, provide Treasury the base information to identify the needs for further information requests and to brief the Minister for ACC with talking points and questions in their interactions with ACC.

4.7.3 Challenges identified

Given the significant impact of ACC on the Government's Balance Sheet, effective and appropriate monitoring of ACC are key to providing the Ministers with early warning signs of (emerging) problems. It is clear that there has been a significant decline on ACC's operational and financial performance over the past few years. These problems have been outlined in key accountability documents provided by ACC to Treasury and the Minister.

There are indications that the monitoring of ACC has not received the level of focus that is warranted. In reviewing performance monitoring documentation provided by Treasury, it appears that monitoring has historically been more focused on ACC's investments performance, and less on the claims management performance and factors impacting the OCL. Treasury has indicated that it is preparing an enhanced framework for its monitoring of ACC.

From our interviews and reviews of documents, we have identified shortcomings in the current external monitoring model.

1 Lack of clarity in Treasury's monitoring role

We understand aspects of Treasury's monitoring role are included in Treasury's Owner's Expectations document, the Memorandum of Understanding between Treasury and MBIE and Treasury's monitoring framework.

We observed a lack of clarity about the purpose of and execution of Treasury's monitoring role. This was confirmed in our discussions with Treasury and ACC.

Beyond Treasury's monitoring role with ACC, interviewees noted there is a wider lack of clarity of the roles of each of MBIE, Treasury and ACC.

2 Adequacy of resourcing and capabilities of the Treasury team

Treasury noted that ACC is one of the most complex entities being monitored and that they are capacity constrained.

The monitoring team outlined an unfavourable comparison with staff numbers available in other Treasury monitoring teams for government entities. Our observation is that that the Treasury monitoring team may not be sufficiently resourced, in terms of staff numbers and capability in relation to government insurance schemes. We have not compared the capabilities or size of the other Treasury monitoring teams for government entities.

As has been noted in this report, specialist expertise in accident compensation schemes is essential for governing and managing ACC, given its complexity, unique features and the long tail nature of the scheme. The same expertise requirements should extend to the monitors and advisors of the scheme. We note that Treasury also acts as the monitor of the Natural Hazards Commission (another systemically important government insurance scheme, albeit with a different remit).

Based on our discussions with the monitoring team, there is an acknowledgement that there is a need to develop knowledge and experience in relation to large and complex insurance schemes, particularly in relation to the outstanding claims liabilities.

ACC also emphasised the complexity of the scheme, and the need for the monitor to have significant expertise in injury compensation schemes. The actuarial aspect of performance monitoring was noted.

We consider that it is essential to demonstrate in-depth experience in order to build a credible strategic and working relationship between ACC and Treasury.

3 Clarity on the Government's response if monitoring indicates declining claims management and rehabilitation performance

ACC's Board is responsible for determining specific strategies and actions to meet performance expectations and improve claims management and rehabilitation performance. The Ministers can commission reviews of ACC's performance.

Treasury advises the Minister for ACC in relation to ACC's performance. Such advice may be initiated from Treasury's review of documentation supplied by ACC or other interactions with ACC. Treasury also provides advice to the Ministers regarding the content of the Letters of Expectation.

However, as noted above, the Treasury does not regulate ACC, and it is not able to take action to require or enforce certain actions by ACC. This may result in ACC receiving notice of expectations that appear to be somewhat ad hoc and not sufficiently timely to respond to performance 'red flags'.

5 Recommendations for ACC

We have structured our recommendations to improve ACC's claims and rehabilitation performance across the four dimensions: Strategy and performance, Operational policies and practices, Service and case management, Governance, monitoring and oversight, and. We have the priorities of high, medium and low against each other, not against all of ACC's other priorities. Recommendations relating to Treasury's monitoring of ACC are discussed in Section 6.

5.1 Strategy and performance

Table 5.1 – Strategy and performance

Recommendation		Priority
Reset and simplify strategic priorities to go "back to basics" focusing on claims management and rehabilitation at its core		High
1	Refine the claims management philosophy, document the core principles (including the "what" and "why") and socialise with all relevant staff.	
2	Pause or delay other large-scale transformational initiatives that require significant resource or financial investment and draw significant resources away from claims management and rehabilitation.	
Continuous improvement culture		Medium
3	Strengthen change management capability to facilitate the successful implementation of strategic initiatives by promoting accountability, transparency and empowerment at all levels within ACC.	
4	Implement stronger governance and accountability measures to address any gaps in actioning recommendations from the Financial Condition Report – a management action plan addressing any outstanding issues and escalation to the Board should form part of the framework.	
5	Mandate a clear, consistent and robust business case framework for all strategic initiatives and pilots including ongoing benefit realisation monitoring Establish clear processes for systematically evaluating the effectiveness, efficiency, and impact of initiatives and pilots. This should include defining evaluation criteria, data collection methods, and reporting mechanisms. Ensure that monitoring and evaluation are embedded as integral components of all significant projects and initiatives from their inception.	
Optimise performance monitoring for the audience		Low
6	Consolidate high-level monitoring to focus on less metrics. Continue with detailed Operational-Level Monitoring. Enhance monitoring when required to track absolute numbers and metrics at a granular level.	
7	Enhance monitoring and forecasting at operational levels to support frontline management in planning, decision-making, and performance management. Clearly link forecast metrics to key operational activities and outcomes. Establish closer collaboration between actuarial and the business forecasting of claims to provide a more holistic and consistent view of future performance and allowing impact on OCL to be monitored.	

5.2 Operational policies and practices

Table 5.2 – Operational policies and practices recommendations

Recommendation		Priority
Accelerate decision-making		High
8	Review the fitness for work certification process to ensure that any undue operational bottlenecks are eliminated or minimised.	
9	If not already in place, Intervention thresholds for specific claim types (e.g., minor injuries) will need to be defined and clear timeframes beyond which intervention effectiveness significantly diminishes (i.e. track interventions for specific claim types outside of established timeframes) established.	
10	Expand delegated authority frameworks to reduce unnecessary escalation by granting greater autonomy to frontline managers and local teams – build in clear accountability measures, adequate controls and feedback mechanisms. Case management teams will need to have access to on-the ground technical and clinical support to aid decision making, particularly where discretions are available. This could be achieved by creating multi-disciplinary teams to foster collaboration and access to knowledge (e.g. extension of existing ACC guidance groups)	
Integrate systems used by frontline staff		Low
11	Integrate claims, rehabilitation, and provider management systems to enable real-time data sharing – prioritise the consolidation of key platforms (EOS, Salesforce, ProMap) to eliminate duplication of effort	
12	Accelerate implementation of systems tools to support case management e.g. flag to identify claimants at risk of poor outcomes or long-term disengagement (through the use of predictive analytics), decision support (next best action and suggested claim pathways), summarising notes to send to providers to review (using generative artificial intelligence with a manual internal review). Ensure algorithm transparency and auditability and that tools are properly tested at scale prior to full implementation to avoid disruption.	

5.3 Service and case management

Table 5.3 – Service and case management

Recommendation		Priority
Enhance frontline capability		High
13	Continue to invest in advanced training for case managers (e.g. trauma-informed practice, cultural competency, motivational interviewing).	
14	Consider introducing competency-based role hierarchies and clearer specialisation pathways (e.g. complex claims, mental injury, or sensitive claims) for case management, to create career pathways and align skill sets with case complexity	
15	Consider if the use of an external claims administrator for a defined claim segment and time period is a viable option until ACC has built up capability. For example, Employers in the AEP use external claims administrators to manage workplace and non-workplace injuries of their employees. Their performance results could be benchmarked against internal assessors	
Streamline claims triage and routing		High
16	Measure how effectively TED triages claimants to the appropriate teams and continue to refine TED (low, moderate, high complexity), e.g. triaging to reflect bio-psychosocial risk factors	
17	Consider the use of pre-assessment data tools to capture injury details and psychosocial factors digitally, reducing intake bottlenecks	
Implement targeted intervention pilots and measure the result		Medium
18	Consider running parallel pilots with abridged timeframes for claims streams, measure and adjust interventions accordingly. Targeted and earlier intervention should impact on rehabilitation outcomes. Undertake granular, timely monitoring to breakdown what is and isn't working. Ensure these reports are available to frontline staff and team leaders performing the pilot. A suggested guide for targeted pilots (noting ACC should engage with SMEs to design and implement): i Front-end load: intensive rehabilitation and RTW support for relevant claims in the first 30 – 45 days. Focus on early 3-point contact (treating GP, employer, worker), Injury Management or RTW Planning ii Addressing barriers: 45 – 90 days, including case conferencing, treatment plans (holding practitioners accountable), suitable duties focus iii Holistic management: 90 – 180 days, focussing on the above plus investigating bio-psychosocial factors, social rehabilitation iv Complex cases: 180 – 365 days, investigating prolonged recovery, alternative duties and instigating the vocational independence process where appropriate	

5.4 Governance, monitoring and oversight

Table 5.4 – Governance, monitoring and oversight

Recommendation		Priority
Set clearer accountabilities and expectations		Medium
19	Create balanced scorecards of performance for all levels, from executive, cascading to frontline staff– all staff should have "soft" (behavioural, conduct, qualitative) and "hard" (measurable, quantitative) key performance measures.	
20	Develop key accountability maps and statements for all senior leaders for the various strategic initiatives as well as a "RACI" matrix (Responsible, Accountable, Consult, Inform)	
21	Consider a formalised consequence management framework (CMF) that is sufficiently impactful and proportionate to address performance and risk management failures Re-evaluate the use of incentive payments and consider implementing appropriate, well-designed performance-based incentives to motivate and reward accountability for achieving targets and driving improvement	
Strengthen quality assurance		Medium
22	Create a quality assurance programme (QAP) of centralised reviewers to promote case management consistency across teams Use statistical sampling methods and review outcomes for root causes, any claims leakage and systemic issues; feed the results back to relevant teams and across service delivery	
Strengthen integrity and fraud detection capabilities		Medium
23	Review whether fraud (including claimant, staff and provider fraud) detection capabilities are sufficient or require systems uplift – implement real-time monitoring systems and strengthen internal controls to detect and address anomalies before they escalate. In this context, fraud extends to benefit/income maximisation.	

6 Recommendations for the monitoring function

Table 6.1 – Recommendations for the monitoring function

Recommendation		Priority
24	Treasury to increase interrogation and focus on analysis Ensure sufficient focus on analysing and interrogating key accountability documents. For example, Treasury should take account of ACC's annual report and the annual financial condition report. This should include reviewing and understanding through discussion with the authors why key findings and recommendations were made in the financial condition report, appropriate timeframes to resolve, as well as assessing the ACC Board's response to the financial condition report.	High
25	Strengthen Treasury's monitoring resourcing and capabilities. Monitoring staff need in-depth training, experience and knowledge of accident compensation schemes, claims management and economic and social factors that can impact the propensity to make a claim with ACC, and the value of claims. Treasury's internal monitoring resources could be supported via access (on a needs basis) to independent actuarial advice.	Medium
26	Clarify Treasury's monitoring role In consultation with ACC and MBIE, take steps to clearly articulate and document the purpose of the monitoring role of Treasury. This may be achieved by reviewing and updating the current Memorandum of Understanding between Treasury and MBIE. Consider if further clarification is required to the specific options available to Treasury and the ACC Minister to respond to emerging performance challenges, informed by the scale of the challenge and the need for remedial actions. For example, this may be achieved by developing a monitoring framework with specific matrix of ministerial actions (including timing and nature/levels of response) that can be taken linked to key specific performance metrics and performance against these metrics.	Medium

7 Potential legislative changes

Legislative change was not within the scope of our engagement and the ToR. However, we have been asked to provide brief commentary about possible legislative reform. Broadly, the areas of legislative change that we have focused on in our discussions with stakeholders relates to:

1. Changes to address significant scheme expansion
2. Changes to put stricter criteria around discretionary benefits
3. Changes to introduce (further) incentives on employers and claimants.

7.1 Changes to address significant scheme expansion

In Section 3.2, we noted that the expansion of scheme boundaries can have a significant impact on scheme costs. A potential area of legislative change is to consider where ACC cover has been broadened following a court decision and/or policy change, making more individuals eligible beyond the original intentions of the legislation. A recent example is the court case ACC vs TN.

7.2 Changes to put stricter criteria around discretionary benefits

There are benefits under the Accident Compensation Act 2001 that are considered discretionary and are subject to specific criteria and guidelines. These include some benefits relating to vocational rehabilitation assistance, social rehabilitation, treatment and rehabilitation services.

The level of discretion within the Accident Compensation Act 2001 has changed over time, for example in relation to social rehabilitation. Examples of social rehabilitation include modifications to the home, transport for independence, attendant care and aids and appliances. The use of terms such as “necessary and appropriate”, “restores health and independence”, ‘maximum extent practicable”, and “contributes to rehabilitation outcomes” provides a great deal of operational flexibility and discretion.

It is important to recognise that changes to criteria around discretionary benefits requires careful legislative reform to ensure that cost containment doesn't compromise recovery, independence, or dignity. The goal should be to improve efficiency, promote independence, and reduce long-term reliance through smarter service delivery and better-aligned incentives.

Table 7.1 outlines some general reform ideas that aim to deliver targeted and efficient social rehabilitation support that is aligned with claimant recovery goals, thereby reducing long-term costs of accident compensation schemes without undercutting quality of life for the claimant. These ideas are intended to be a starting point for consideration; some may not be appropriate to ACC and others may already be incorporated into ACC’s processes.

Table 7.1 – Reform ideas (Discretionary benefits)

Introduce Tiered Entitlements Based on Functional Potential	
1	Legislate for a “functional independence” assessment framework: Define clear categories of support (e.g. high, moderate, low) based on an individual's capacity to regain function and independence.
2	Tailor social rehabilitation services accordingly: Those with higher recovery potential receive more intensive time-limited services; long-term entitlements reserved for cases with permanent impairment.

Incentivise Independence, Not Passive Support	
3	Outcome-linked funding model: Enshrine a funding mechanism that rewards services and providers based on improving functional outcomes, not service volume.
4	Client independence milestones: Embed legislative provisions for clients to "graduate" from support services upon reaching specific capabilities (e.g. managing activities of daily living "ADLs" without aid).
Mandate Periodic Review of Long-Term Supports	
5	Statutory review intervals (e.g. every 12–24 months): All ongoing social rehabilitation support (e.g. home help, transport, housing modifications) must be reassessed regularly for continued need and appropriateness.
6	"Sunset clauses" for temporary supports: Certain entitlements (e.g. home help) expire unless renewed after reassessment.
Modernise and Rationalise Support Categories	
7	Redefine "reasonable support" in legislation: Update to reflect modern expectations and cost-effectiveness (e.g. prioritising assistive technology over human help where feasible).
8	Codify assistive tech-first principle: Make low-cost, high-impact technology (mobility aids, smart home devices) the first-line support over more expensive personal care.
Invest in and Mandate Evidence-Based Practice	
9	Legislate use of proven interventions only: Create a requirement that social rehabilitation services be evidence-based, with sunset clauses for outdated or ineffective supports.
10	National procurement and pricing frameworks: Centralise contracting and pricing for common rehab services and assistive devices to improve value-for-money.

7.3 Changes to introduce (further) incentives on employers and claimants

In Section 4.3 we noted that ACC, particularly when compared to Australian jurisdictions, has weak and insufficient incentives on claimants and employers.

Striking the right balance between support and incentivising functional recovery is crucial for ACC's sustainability and claimant outcomes. To improve RTW outcomes and reduce overdependence on ACC, legislative reforms could focus on aligning incentives for claimants, employers, health providers, and ACC itself. Table 7.2 outlines some general reform ideas structured around aligning incentives. Similar to Table 7.1, these ideas are intended to be a starting point for consideration; some may not be appropriate to ACC and others may already be incorporated into ACC's processes.

Table 7.2 – Reform ideas (Incentives)

Mandate Early Intervention and RTW Planning	
1	Statutory timeframe for RTW planning: Require that a personalised RTW plan be developed within a specific period (e.g. 10 working days) of claim acceptance.
2	Shared RTW responsibility clauses: Codify duties for employers, claimants, and providers to actively participate in return-to-function efforts, with consequences for non-engagement.

Introduce Graduated Compensation and Incentives.		
3	Graduated income compensation: Introduce a step-down model (e.g. 100% for 4 weeks, then 85%, then 75%) to gently encourage return to work while still providing support.
4	Partial return-to-work support: In addition to the abatement system, allow and encourage employers to support part-time or modified work by offering temporary grants.
Incentivise Employers and Providers	
5	Expand experience-rated employer levies: Link ACC premiums more closely to workplace safety and RTW performance (similar to workers' compensation models in some international jurisdictions).
6	Provider incentives: Introduce separate fees payable to providers for completing RTW plans or multi-party case conferences.
Strengthen Vocational Rehabilitation Mandates	
7	Legislative requirement to offer retraining: Where a claimant cannot return to their original job, ACC must offer vocational rehabilitation or upskilling options.
8	Right to alternative employment assistance: Codify a legal right to support for new employment pathways (e.g. training grants, job coaching) to prevent long-term disengagement.
Limit Duration with Clear Review Pathways	
9	Regular legislative reviews of ongoing claims: Require formal functional capacity and progress reviews at defined intervals (e.g. 3, 6, 12 months).
10	Cap on long-term compensation with override conditions: Introduce a soft cap (e.g. 2 years) for non-serious injuries, after which reassessment is required, with clinical override possible.
Embed Recovery-Focused Culture in Legislation	
11	Change statutory objectives: Amend the Act's purpose to explicitly prioritise functional recovery, independence, and return to work as key goals alongside compensation.
12	Statutory definition of "reasonable effort": Define expectations around claimant participation in recovery and RTW — to prevent disengagement without punitive framing.

7.4 Targeted legislative amendments versus a holistic review

Targeted legislative reforms by their very nature fix symptoms whereas a holistic review redefines the system to better serve its purpose. We have observed in compensation schemes in Australia that legislative amendments addressing only certain aspects of a system, such as one entitlement type, can lead to pressure being placed on other benefit types.

Case studies: Targeted legislative amendments

NSW CTP scheme: In 1996, the Motor Accidents Act 1988 was amended by the Motor Accidents Amendment Act 1995. This changed the CTP scheme in NSW, particularly by restricting the availability of damages for non-economic loss (general damages) in case of minor injuries. The 'success' of the scheme was short-lived, in part, due to the substitution effect of other compensation types replacing general damages, in particular gratuitous and paid care and economic loss. Escalating costs led to wholesale reviews of the CTP scheme through the passing of the Motor Accident Compensation Act 1999 and then the Motor Accident Injury Act 2017.

South Australia's workers compensation scheme: This scheme was significantly transformed through targeted legislation changes to employer obligations, benefit payments and dispute resolution processes. Changes were made primarily through the Return to Work Act 2014, with subsequent amendments such as the Return to Work (Scheme Sustainability) Amendment Act 2022 and the Return to Work (Employment and Progressive Injuries) Amendment Act 2024. This is an example of scheme reforms that have been more successful in reshaping a scheme.

The New Zealand government could consider a holistic and comprehensive review of the Accident Compensation Act 2001, rather than taking a piecemeal approach to 'fix the symptoms'. This could enable policymakers to review whether the Act's objectives, definitions and entitlements all support the same vision of modern rehabilitation and recovery and future-proof aspects of the system. In addition to promoting operational efficiency, a wholesale review can also more closely align the ACC with modern public policy goals including early intervention, wellbeing, social investment and productivity enhancement and clarify ACC's role in the broader system. We recognise the significant scale of such a comprehensive review and the time that this would take and do not consider this to be a priority that needs addressing in the medium term.

An example of a holistic review of a compensation scheme

In June 2024 the Australian government announced an independent review of the Safety, Rehabilitation and Compensation Act 1988 (SRC Act), which is the legislation that underpins the Comcare scheme. This marks the first major review of the Commonwealth workers' compensation scheme in over a decade, and the first significant reform proposal since its inception in 1988. The Comcare scheme covers over 470,000 employees, including those from the Commonwealth Government, the ACT Government, and various private corporations.

The government emphasised the evolving nature of workplace injuries and illnesses over the past 35 years, highlighting the necessity of the review to ensure the scheme remains effective and supportive. Minister Tony Burke stated that "The nature of workplace injuries and illnesses have changed a lot over the last 35 years. This review will tell us what we can do to futureproof the scheme and make sure we're getting the best outcomes for injured workers."

In reviewing aspects of the scheme, including governance, usability and entitlements to "modernise the scheme", the review panel's work will involve extensive stakeholder engagement to gather insights and feedback from those directly impacted by the scheme. This inclusive approach aims to ensure that the review reflects the diverse experiences and needs of all stakeholders.

Recommendations from the panel and a final report are due to government in September 2025.

8 Reliances and limitations

8.1 Distribution and use

This report is being provided to MBIE for the purposes stated in the full Terms of Reference (Appendix A of this report). It is not intended, nor necessarily suitable, for any other purpose. This report should only be relied on by MBIE for the purpose for which it is intended.

Finity understands this report may be published on the MBIE website and distributed to other Ministers and tabled in the New Zealand Parliament. This is acceptable provided that the entire report, rather than any excerpt, be distributed and published. No other distribution of this report is permitted without our prior written consent.

Any third party receiving this report should not rely on it, and this report is not a substitute for their own due diligence. We accept no liability to third parties relying on our advice.

Finity has performed the work assigned and has prepared this report in conformity with its intended utilisation by a team of people who are technically competent in the areas addressed and for the stated purposes only. We have not verified if activities undertaken at an operational level are consistent with management representations and documentation. We have not tested systems and processes in the course of our assessment.

Please read the report in full. If you only read part of the report, you may miss something important. If anything in the report is unclear, please contact us.

8.2 Data and other information

Finity was provided with data and other information from ACC, MBIE and Treasury for this Review. We also met with staff from ACC, Treasury, MBIE and the Office of the Minister for ACC. We have relied on the accuracy and completeness of all data and other information (qualitative, quantitative, written and verbal) provided to us for the purpose of this report. We have not independently verified or audited the data. It should be noted that if any data or other information is inaccurate or incomplete, we should be advised so that our advice can be revised, if warranted. We will provide a listing of key documents and data reviewed will be provided in the final report.

8.3 Nature of the review

This independent external review is a review for reasonableness. The matters detailed in our report are only those which have come to our attention thus far during the course of performing the review and do not necessarily constitute a comprehensive statement of all existing issues and actions being undertaken.

Many things may change in the future. We have formed our views based on the current environment and what we know today. If future circumstances change, it is possible that our findings may not prove to be correct. As well as difficulties caused by limitations on the historical information, outcomes remain dependent on future events, including legislative, social, operational, market and economic developments.

Whilst the independent external review may act to increase the confidence in the judgements made in implementing recommendations, it does not necessarily reduce the inherent uncertainty of the eventual outcome.

Appendices

A Full Terms of Reference

Background

Accident Compensation Corporation (ACC) is the Crown entity set up under the Accident Compensation Act 2001 to deliver Aotearoa New Zealand's Accident Compensation Scheme ('the Scheme'). ACC's purpose is to deliver and commission services via the Scheme to help prevent injuries and get 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.

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 ACC has three outcomes to achieve over the long term:

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

ACC's operational performance has been declining over the past ten years. Drivers behind this include poor rehabilitation rates, an increase in the cost of weekly compensation and increasing payments for social rehabilitation support.

The goal is for claimants to be rehabilitated so they can get back to independence as quickly as possible following injury. This means receiving the right support at the right time. If this is done effectively, it will result in both positive and better life outcomes for claimants as well as reduced costs and liability for ACC.

Purpose

The purpose of the review is to give assurance that ACC has the right approach to turn around its declining rehabilitation performance, identify any gaps, and make recommendations for improvement.

The review will focus on areas where ACC has direct influence, in particular claims management where decisions are actively made by ACC on entitlements and cover for claimants. The successful vendor will draw on the body of knowledge built up in the industry about how to carry out effective claims management that both helps claimants rehabilitate as well as reduce costs. Within this, consideration could be given to the following areas:

- Capability
- Operational policies and practice
- Functions
- Service and case management model, including commissioning
- Governance, monitoring and oversight

Scope

The review will focus on the following key questions:

1 Does ACC have a strategy in place that ensures the organisation is focused on the right areas?

2 Does ACC have the policies, systems, and processes in place to improve claims management and rehabilitation performance? Are claimants receiving the right expectations and support that they require, in a manner that will deliver the best outcomes?

3 Are the incentives on ACC and other actors in the system (e.g. health and other service providers) sufficient to improve performance and drive value for money?

4 Does ACC have the accountability framework, forecasting, monitoring and evaluation required for continuous improvement?

5 Does ACC have effective governance, creating an appropriate culture for improved claims management and rehabilitation results?

6 What performance expectations should be set for ACC and what guidance do they require to deliver on these?

Recommendations

The review will provide advice on whether ACC has the right approach in place to turn around its claims management performance and make recommendations on areas where ACC's operational and claims management processes could be improved to support stronger rehabilitation performance and, ultimately, improve cost effectiveness and efficiency in relation to areas ACC have influence over.

This should include general observations on the review, noting the engagement and transparency of ACC's Board and organisation towards the review process.

Exclusions from the review

The scope of the Terms of Reference will not include:

- Process for implementing any recommendations of the review.
- Review of the Investments function of ACC, which is being reviewed through a separate process in 2025.
- Review of the legislation for ACC broader than how they may be considered in relation to scope points 1-3 above.
- Consideration of the parts of the organisation that impact overall long-term sustainability that are not influenceable by ACC, including the Court of Appeal processes.
- Consideration of the Government Funding Policy Statements, which will be reviewed in 2025.
- Consideration of the sensitive claims and mental injury entitlements.
- Consideration of introducing competition into the accident compensation area.
- Changes in the way revenue is collected or forecast.

Responsibilities

The Minister for ACC, as the responsible Minister, has the authority to commission a review and confirm the Terms of Reference under section 132 of the Crown Entities Act 2004, in consultation with the Minister of Finance.

The ACC Board and organisation is expected to engage effectively and efficiently with the reviewer appointed to support the outcomes of the review.

Timeline and deliverables

The reviewers would be expected to begin the information gathering process in mid-January.

The review deliverable is a report outlining the findings by June 2025. Additional deliverables, which will include a progress report by late March 2025, will be confirmed once the successful vendor has had initial conversations with ACC on their approach for how they will undertake the review.

Before finalising the report, ACC would be provided a draft copy of the review report for a four-week period of consultation, during which they would be able to provide a formal response to the findings.

A final review report will be provided to Ministers within six months of finalisation of the Terms of Reference, allowing for a period of contract negotiations with the preferred supplier and acknowledging the Christmas/New Year shutdown period.

Extension to scope

On 31 March 2025, MBIE asked Finity to extend the review and consider Treasury's monitoring role and its contribution to ACC's effective governance and accountability in relation to claims management and rehabilitation.

MBIE specifically asked Finity to:

- review Treasury's response to, and advice on, the key accountability documents (the Statement of Intent, Service Agreement, Annual Report and the Financial Condition Report) over the past two years, in relation to claims management and rehabilitation
- interview Treasury's advisors to validate the information in the documents and gain any further insights
- where required, providing suggestions or recommendations in the Review report.

B Interviews

During our Review, we met with individuals at ACC, and Treasury as listed below. We also met with the Minister for ACC, ministerial officials and MBIE.

Table B.1 – ACC interviews

ACC		
Board Chair	Head of Performance and Analytics	Manager, Actuarial Monitoring and Insights
Deputy Board Chair	Head of Policy, Evidence and Insights	Manager, Actuarial Service Delivery
Board Member	Head of Risk and Assurance	Manager, Enterprise Performance
Chief Executive	Head of Service Operations	Manager, Māori Health
Deputy Chief Executive – Corporate and Finance	Head of Service Support, Service Delivery	Manager, Service Delivery DCE office
Deputy Chief Executive – Service Delivery	Head of Strategy, Enterprise Planning and Change	Manager, Supported Recovery
Deputy Chief Executive – Strategy, Engagement and Prevention		Assisted Recovery CSL
Deputy Chief Executive - System Commissioning and Performance	Manager Integrity Services	Integrated Recovery CSL
Deputy Chief Executive - Technology and Data	Manager of Integrated Recovery	Principal Advisor, Service Delivery
Head of Actuarial Services/Appointed Actuary	Manager Operations Integration	Programme Manager, RPIP
Head of Client Recovery	Manager Partnered Recovery	Supported Recovery CSL
Head of Customer Connection	Manager Resolution Services	Supported Recovery RTW
Head of Financial Services	Manager Service, Strategy & Insights	System Design Lead, RPIP
Head of Health Partnerships	Manager, Actuarial Fund and Advice	ACC's external actuaries

Treasury		
Deputy Secretary Financial and Commercial	Manager, Commercial and Institutional Performance	Director, Commercial Performance and Governance
Principal Advisor, Commercial and Institutional Performance		

C List of information sources

Table C.1 – List of key information sources

Category	Information sources
Overview of ACC	• Briefing to Incoming Ministers • Organisational charts • Governance manuals and committee charters • Strategy documents
Accountability documents	• Letters of Expectations • Scheme Agreements • Annual Reports • Financial Condition Reports • Monthly and quarterly reports to the Minister
Performance and Operational Data	• Scheme KPIs, dashboards, and performance reports • Scheme cost drivers • More detailed segmentation of data underlying performance monitoring dashboards • Caseload data • Dispute and review metrics • AEP audit examples
Policies, processes and procedures	• Delegation frameworks • Knowledge case management examples • Monitoring and Evaluation Learning Framework • Case management capability framework • Service delivery team definitions and presentations • Service delivery KPIs, objectives and performance practices

Category	Information sources
Projects and programmes	Papers and documents relating to: • Shaping Our Future • Next Generation Case Management • Integrated Change Investment Portfolio • New Zealand Income Insurance Scheme • Rehabilitation Improvement Group • (Rehabilitation) Investment Plan • Financial Sustainability Action Plan • Rehabilitation Performance Improvement Programme • System Commissioning and Performance • Injury Prevention • Integrated services for sensitive claims
Other	Papers and documents relating to: • Outstanding claims liability • Social rehabilitation • Long term claims pool • Triaging tools (TED) • Clinical governance • Enabling technology • Access reporting changes • Maternal Birth injury changes • Impacts of court decisions
Treasury	• Treasury Owner’s expectations manual • Engagement Plan between Treasury and ACC • Treasury Briefing reports relating to claims rehabilitation and performance from March 2023 to March 2025

D Timeline and deliverables

We commenced the Review in late January 2025 and completed the bulk of our information gathering, stakeholder discussions and analysis in February and March 2025.

A Progress Report was delivered to MBIE on 28 March 2025. A Draft Report was delivered to MBIE, Treasury and ACC on 28 April 2025 and there was a two-week period of consultation, during which we received feedback regarding the report and findings.

This Final Report for the Review is being provided to MBIE, Treasury, ACC and the Minister for ACC in June 2025.

E Glossary

Table E.1 – Glossary terms

Abbreviation	Term
ACC	Accident Compensation Corporation
AEP	Accredited Employer Program
AI	Artificial Intelligence
The Act	Accident Compensation Act 2001
CMF	Consequence Management Framework
CTP	Compulsory Third Party
DPMC	Department of Prime Minister and Cabinet
ECP	Escalated Care Pathways
EMD	Engagement Model Decision
FSAP	Financial Sustainability Action Plan
IBNR	Incurred but not reported
ICIP	Integrated Change Investment Portfolio
ICPMSK	Integrated Care Pathways
IMP	New South Wales Injury Management Plan
LTCP	Long-term Claims Pool
KPI	Key Performance Indicators
MEL	Monitoring & Evaluation Learning Framework
MBIE	Ministry of Business, Innovation and Employment
NDIS	National Disability Insurance Scheme
NGCM	Next Generation Case Management
OCL	Outstanding Claims Liability
QAP	Quality Assurance Programme
RIG	Rehabilitation Improvement Group
RGG	Residential Guidance Group
RPP	Rehabilitation Performance Programme
RPIP	Rehabilitation Performance Improvement Programme
RTW	Return-to-work
SNAGG	Support Needs Assessment Guidance Group
TAC	Transport Accident Commission
TED	Triage Engagement Decision
ToR	Terms of Reference

F Comparison with RTW schemes in Australia[6]

Theme	New Zealand (Accident Compensation Act 2001)	NSW SIRA	Typical Australian approach (States & Territories)	Key difference
Overall scheme design	Single, universal, no-fault ACC scheme funds treatment, income support and rehab for *all* injuries (work and non-work). ACC also acts as the “insurer”.	Employers must be covered under the NSW workers compensation scheme; licensed insurers manage claims, while SIRA sets the rules.	11 separate workers-comp schemes (8 States/Territories + 3 Commonwealth schemes). Employers buy insurance from scheme agents or self-insure.	NZ is centralised and uniform; Australia has various schemes as they are state based. Some of the rules can vary.
Duty to have a workplace RTW program / policy	N/A. There is no statutory obligation to draft or adhere to a RTW plan.	Compulsory. Every employer must have a documented RTW program within 12 months of starting business, aligned with its insurer’s injury-management program.	NSW, Vic, Qld, WA, ACT and Tas legally compel employers to have a documented RTW / injury-management program, often with penalties for non-compliance.	NZ imposes no obligation on employers in terms of RTW.
Who develops the individual plan?	ACC must decide within 13 weeks of claim acceptance whether the worker needs a rehabilitation plan and, if so, prepares it in consultation with the worker (s75).	The employer must develop a Recover at Work Plan whenever the worker cannot resume pre-injury duties. The insurer prepares a separate injury-management plan for significant injuries.	The employer (sometimes the insurer) must draft a Recover-at-Work / RTW / Injury-Management, usually as soon as incapacity is evident (e.g. immediately in NSW; “as soon as practicable” in WA; 4-week trigger in SA).	In Aus there is more onus on the employer to drive RTW plans and actions.

[6] Safe Work Australia, *Comparison of Workers’ Compensation Arrangements in Australia and New Zealand* (29th ed, 2023)

Theme	New Zealand (Accident Compensation Act 2001)	NSW SIRA	Typical Australian approach (States & Territories)	Key difference
Suitable / alternative duties	Suitable duties are broadly defined – environment where they can perform duties that won't injure them further, There is no enforceable obligation to hold the pre-injury job.	Statutory obligation to provide "suitable work" unless not reasonably practicable (s 49). Employer cannot sack a worker because of incapacity within the first 6 months.	Most States compel employers to provide suitable employment (e.g. NSW s49, Vic 52-week duty, Qld 12-month duty). Time-bound obligations and penalties apply.	NZ relies on good-faith effort rather than statutory compulsion.
Time limits	Only statutory time limit is the 13-week decision on whether a rehab plan is required, which is relatively long. No mandated "3-point contact".	Insurer must contact worker, employer and treating doctor within 3 working days of a significant injury; Limits also exist for admin tasks like requesting pay information. Employer must have a RTW plan ready when the worker first starts suitable duties.	Several schemes impose tight insurer contact (3 days in NSW & ACT) and plan-issue deadlines (e.g. WA "as soon as practicable", SA 4 weeks).	NZ regime is less prescriptive with time limits.
Return-to-work coordinators	Not required.	Mandatory for Category 1 employers; must be trained/experienced and listed in the RTW program. Category 2 employers must at least nominate a responsible person.	Mandatory above wage/headcount thresholds in NSW, Vic, Qld, SA, Tas, ACT.	There are lighter compliance obligations in NZ.

Theme	New Zealand (Accident Compensation Act 2001)	NSW SIRA	Typical Australian approach (States & Territories)	Key difference
Incentives & subsidies	No statutory wage subsidies, premium discounts or second-injury protections. Assistance is negotiated case-by-case through ACC vocational rehab funding.	Multiple subsidies: JobCover Placement (up to $27.4 k), Recover-at-Work Assist for small business, premium exemptions and funding for modifications.	Multiple targeted incentives (NSW JobCover, Vic WISE, SA RISE, Qld Recover@Work, NT Alternative Employer scheme, etc.).	Australian schemes actively subsidise employer participation; NZ does not.
Worker obligations	s72 ACC Act – must cooperate with rehab, attend assessments and authorise release of information. Similar to AU.	Must participate in injury-management plan, nominate a treating doctor, and make reasonable efforts to return to work (ss 47-48).	Comparable duties exist in every State (e.g. NSW s47–48, Vic s111–117).	Largely aligned.

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