

# External Review of ACC – Proposed Terms of Reference

## Background

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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

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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**

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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**

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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**

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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**

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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**

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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.