



DETERIORATING ACC

Time for a change

Abstract

ACC proposes to increase levy rates for the next three years. This increase is required due to cost increases and deteriorating rehabilitation results.

These expensive failings need to be reversed if levy rates are to be contained now and in the future.

Every year the ACC Board and Chief Executive write about improving rehabilitation performance but every year the results deteriorate. A significant revision is indicated, particularly in view of the \$7.2 billion deficit announced on 16 October 2024.

ACCs failings since 2012 are listed in this report. The situation is worsening and more robust action is required than simply increasing levies to pay for the failures of the current Board and Executive.

Robert Sellars
Sellars.bob@gmail.com

Contents

Introduction	2
Woodhouse principles for ACC	2
Performance of ACC.....	2
ACC Income and Expenditure	3
Relevant history	3
ACC Board and Executive	4
Board.....	4
Executive	4
Rehabilitation problems, increasing costs and ongoing deterioration of outcomes	5
Return to work rate.....	5
Rehabilitation	6
ACC efforts to improve rehabilitation outcomes.....	7
Rehabilitation contracts.....	7
Rehabilitation outcomes	8
MBIE advice to Ministers	8
Bureaucratise.....	9
Injury Prevention	9
Medical Certification – Unfit For Work (UFW).....	11
ACC interventions	12
ACC Staff Numbers	12
ACC staff - understanding their job.....	13
Censoring public information.....	14
Reducing costs	14
Ministers challenge to ACC.....	15
Opinion	15

Introduction

There are two main reasons justifying an increase in the levy. These are:

1. An increase in benefits paid and increased operating costs of the ACC scheme beyond the rate of inflation and other economic factors outside ACCs control.
2. The ongoing failure of many ACC programs and rehabilitation, resulting in increased costs in excess of inflation-related and politico-economic reasons.

ACC's 2023 Financial Condition Report notes "Over the past five years declining claim performance has resulted in \$2.9 billion of influenceable OCL strain".¹

Reducing expenditure by improving rehabilitation and return-to-work performance and modifying injury prevention activities will remove the need for an increase in the levy rate.

The statistics in this submission have been sourced from ACC Quarterly and Annual Reports, ACC Financial Condition reports and Official Information Requests.

Woodhouse principles for ACC

The Woodhouse Report proposed that personal injury cases be handled by a social insurance provider and recommended five principles. These were the founding ACC principles in 1967:

1. **Community responsibility:** The community is obligated to compensate its members when they are incapacitated.
2. **Comprehensive entitlement:** Individuals should be fully entitled to compensation.
3. **Complete rehabilitation:** Rehabilitation should be the primary goal of the compensation authority.
4. **Real compensation:** Individuals should receive adequate compensation for their injuries.
5. **Administrative efficiency:** The compensation system should be run efficiently

To pay for the cost of ACC, levies are collected from individuals and businesses. The ACC investment fund exists to cover all future costs of injuries.

Performance of ACC

The cost of administering ACC has increased over the past decade at a much greater rate than the increase of claims.

Over the past decade, expenditure has increased at a significantly greater rate than the increase in levies and investment income. The increase in expenditure has not improved the return-to-work rate or the rehabilitation rate and injury prevention expenditure has not decreased the rate of injuries.

¹ ACC Financial Condition Report 2023 p.37

I have made several submissions and met with senior ACC staff intermittently since 2011 but ACC have chosen to ignore my analyses and suggestions. Similarly, letters to various Ministers for ACC have also been ignored.

The four major sections of this report are:

1. **Return-to-work:** There has been a steadily deteriorating rate since 2012 despite numerous contract changes.
2. **Rehabilitation:** Increasing treatment costs, lengthening treatment times, increasing rehabilitation expenditure and poorer outcomes.
3. **Injury Prevention:** Hundreds of millions of dollars have been spent with no discernible benefit.
4. **Medical Certification:** Medical practitioners have steadily increased the amount time they have certified patients as being unfit for work. The average time off work has increased, meaning that weekly compensation payments have increased.

ACC Income and Expenditure

ACC income is from levies and investments.

ACC Expenditure is for income reimbursement, treatment and rehabilitation and administration.

In the 10 years from 2014 to 2023 costs have increased at a greater rate than has income, leading to a 60% ‘profit’ decrease.

Inflation in the 12 years since 2012 is 28% and population has increased by 18%. However, levy income has decreased in real terms with only a 24% increase.

Year	Levy Income	Investment income	Claims Costs	Profit
2013-2014	\$4.73 billion	\$1.62 billion	\$3.65 billion	\$2.70 billion
2022-2023	\$5.86 billion	\$3.26 billion	\$8.03 billion	\$1.09 billion
10-year increase	24%	101%	120%	60% decrease

Relevant history

On 15 December 2011 I wrote to the (then) Minister for ACC, Hon Judith Collins regarding the new Vocational Rehabilitation Contracts. I predicted increased costs and poorer rehabilitation and return-to-work performance.

I received a brief reply from her 15 weeks later on 10 April 2012 that concluded...

“I am also advised that the review of vocational rehabilitation services was undertaken to achieve an improved quality of service and outcomes for clients. It also sought to place greater emphasis on earlier return to work.”

However, the Minister’s optimistic predictions have not been achieved, quite the opposite in fact. I have made several submissions since 2012 to ACC and Ministers for ACC but my analyses and suggestions have been ignored. Quality of service and outcomes have deteriorated and the return-to-work rate has steadily decreased.

Metric	2012	2024	Result
70-day return to work rate	70.6%	60.1%	17.5% worse
9-month return to work rate	93.9%	87.6%	6.1% worse
Medical certificates <i>Fully unfit for work</i>	1-14 days..... 57% 15-28 days... 16%	1-14 days:43% 15-28 days: ...21%	25% worse 31% more
Rehabilitation <i>Cost p.a.</i>	\$26,954,824	\$64,688,598	240% increase
Injury Prevention <i>Spend p.a.</i>	\$23 million	\$62 million	170% increase
ACC claims p.a.	1.700 million	1.994 million	17% increase
NZ Population	4.4 million	5.2 million	18% increase

ACC Board and Executive

Board

Since 2012 the ACC has had 45 members. The great majority of board members had financial backgrounds and very few had medical backgrounds. Only three (Professor Des Gorman, Professor Gregor Coster and Professor Kath McPherson) had any expertise in Occupational Medicine or Rehabilitation.

This imbalance has contributed to ACCs failure in its raison d'être of providing complete rehabilitation. The ACC Investment fund has performed well but this is not what ACC was setup to achieve. Administrative efficiency has been largely achieved at enormous cost, but the Board and Executive have failed in rehabilitation, return-to-work and injury prevention activities..

Executive

The Deputy Chief Executive - System Commissioning and Performance is the only executive member taking responsibility for ACCs health pathways design, rehabilitation system redesign and strategic commissioning of services, as well as a focus on monitoring and managing provider performance and outcomes.

Administering the scheme and its finances are obviously a more important role than actively providing complete rehabilitation.

Rehabilitation problems, increasing costs and ongoing deterioration of outcomes

Several aspects of ACCs administration of treatment, rehabilitation and return-to-work have proven to be expensive failures over the past decade.

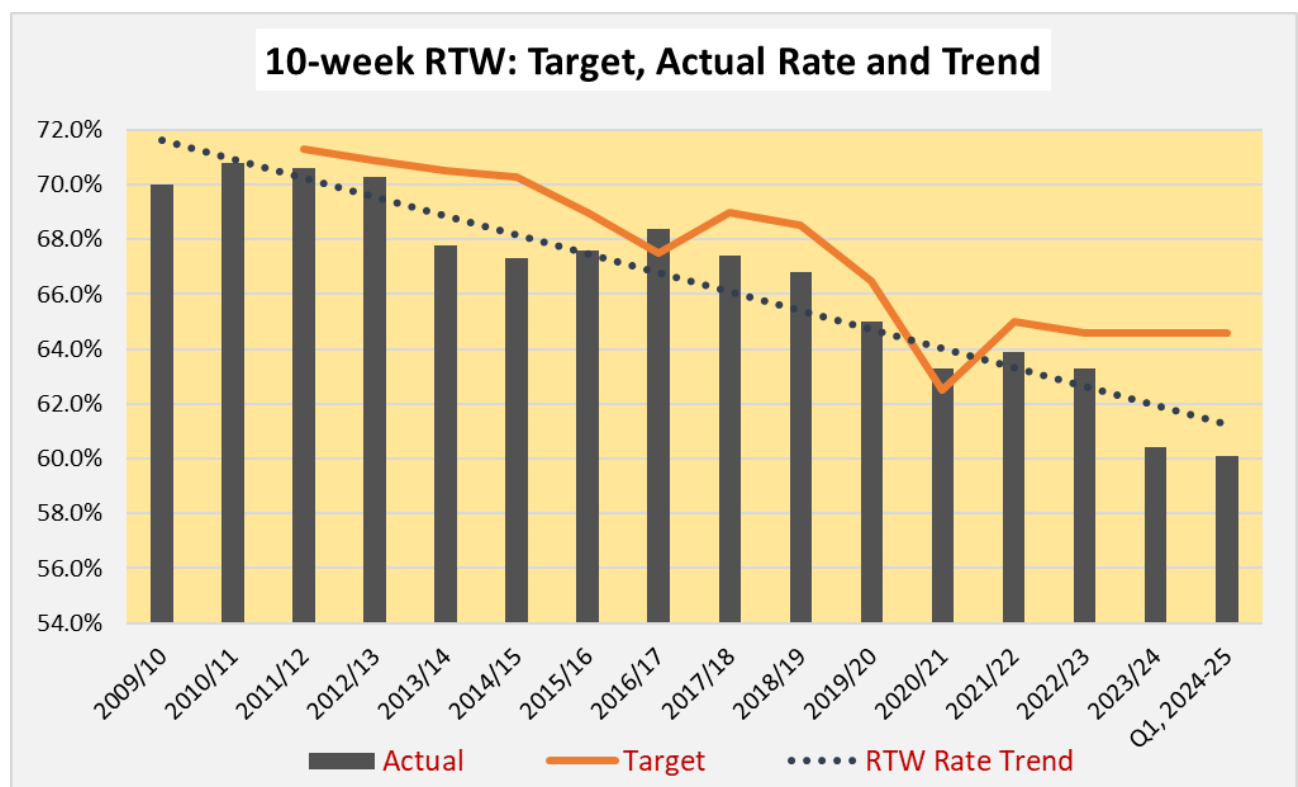
Brief commentary and outcome charts follow. All the information has been sourced from ACCs Annual and quarterly reports, financial condition reports and from statistics supplied from Official Information Requests to ACC.

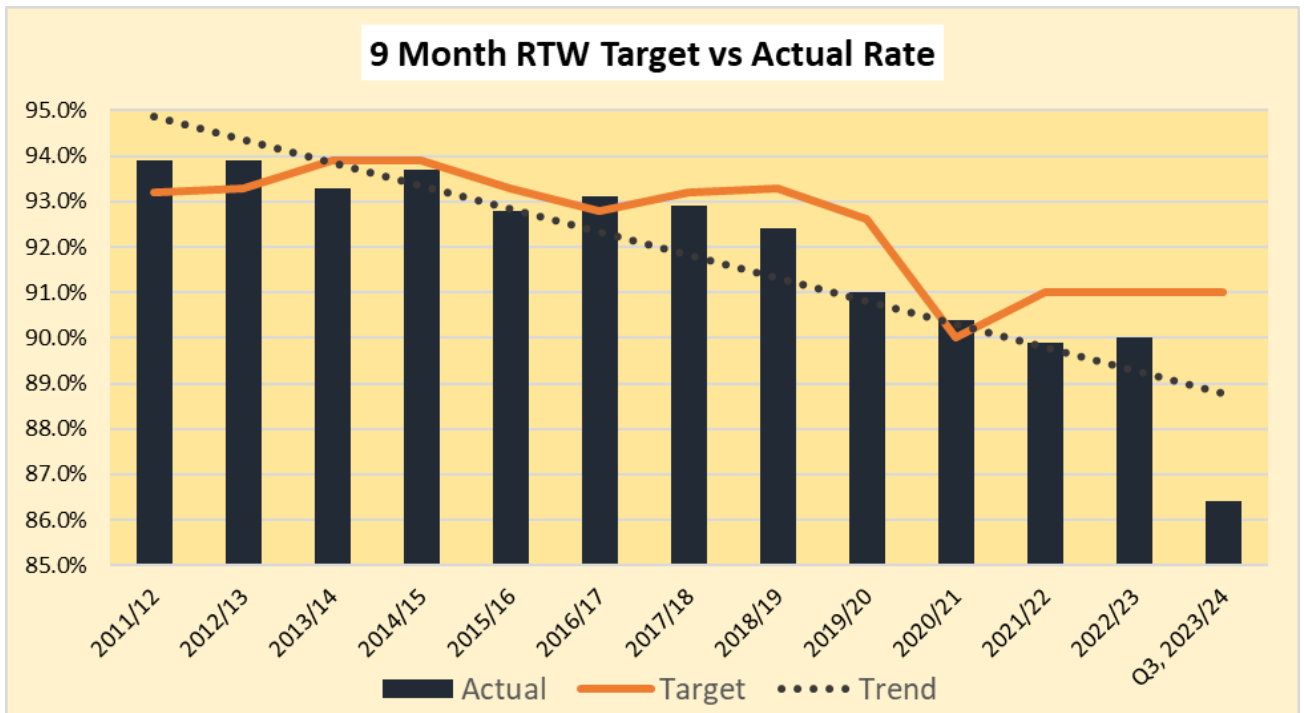
Return to work rate

In 2012 ACC changed the contracts for Return-to-Work services. Contracts were awarded to about 12 companies NZ-wide who then subcontracted much of the actual professional work, mainly to physiotherapists and occupational therapists. These companies were supposed to recommend rehabilitation interventions to ACC and were expected to adhere to specific time-frames. Essentially, this new management style inserted an extra layer of private company managers between ACC Case Managers and Patients.

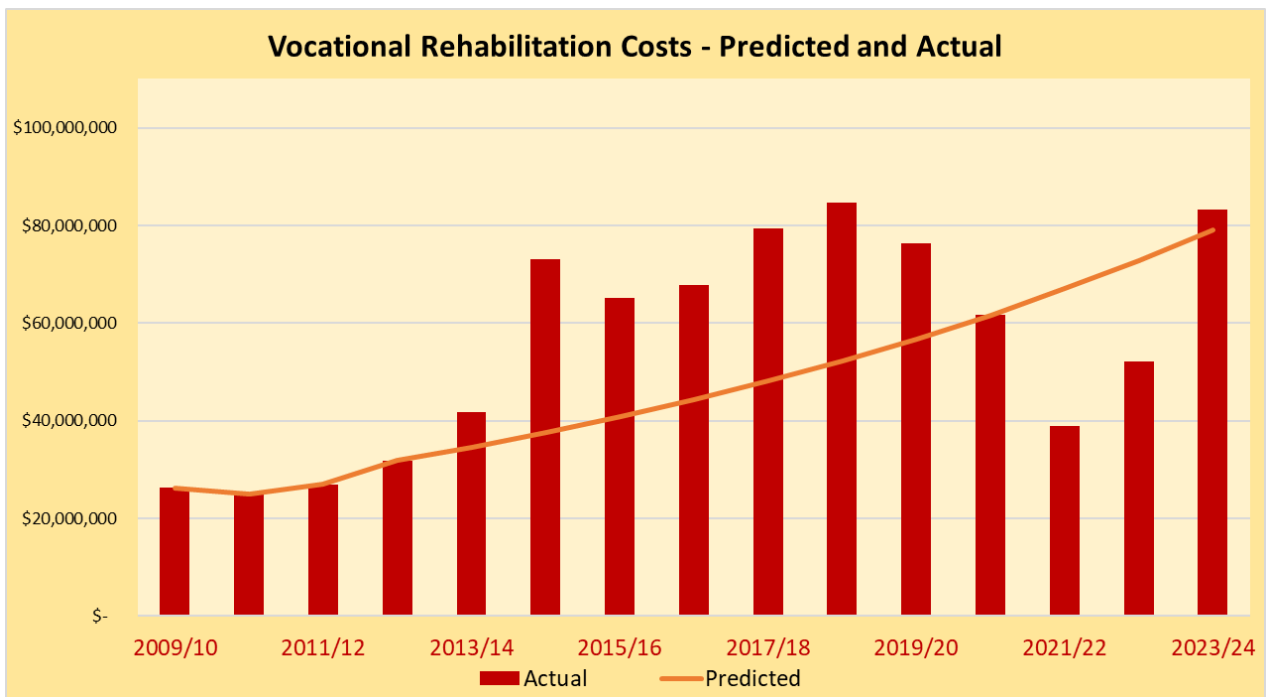
The following return-to-work graphs illustrate the failure of this style of management, despite numerous attempts by ACC to improve outcomes. All the subsequent contract changes were unsuccessful and only resulted in poorer results.

The only two times when the 70-day targets were met was when the target had been decreased. The deteriorating trend is obvious in both the 70-day and 9-month return-to-work rates.





Rehabilitation



Since 2010, expenditure has exceeded predictions² by \$129 million.

² Predictions were made based on actual expenditure from the previous year plus an allowance for increasing claims and inflation. Accordingly, a yearly increase of 108.61% has been used.

- Covid restrictions between 2020 – 2022 resulted in a marked decrease in expenditure. Significantly, the return-to-work rate and certified time off work did not change.
- Decreased expenditure during Covid probably saved ACC more than \$70 million.
- The increasing number of claims correlates with the failure of injury prevention programmes.

ACC efforts to improve rehabilitation outcomes

Since the contract changes in 2012 ACC has published about 114 interventions, none of which have affected the declining rehabilitation rate.

- The quarterly reports contain numerous rehabilitation interventions with very professional-sounding but incomprehensible titles. Some examples...

Action plans	Feasibility plans	Tactical action
Transformation program	Holistic provider strategy	Robotics process automation
Tactical response plan	Remedial action plans	Engagement action plans
Joint action plans	Cross organisational plan	Harm Reduction Action Plan
Client-centric design project	Capability streaming	Escalated care pathway
Closed loop feedback	Client centric rehabilitation	Strategic and bolder intentions

- The titles and descriptions of some interventions are unbelievably complex and are prime examples of ‘bureaucratese’. A typical example from the 2016/17 3rd quarter report...

“The Client Centric Rehabilitation Plan and Platform continues to develop a framework for pathway development and roll-out based on both internal ACC and external health pathways. Work is ongoing to analyse impact of process and policy changes to existing solutions.”

Result: A complete failure - the next two years had the greatest excess of rehabilitation expenditure to date and the return-to-work rate continued to deteriorate.
- The 1st quarterly report for 2023-24 contains the following comment about rehabilitation...

The annual growth rate of both new claims and new weekly compensation commencements continue to fall back towards pre-COVID-19 growth rates. However, this higher-than-expected growth rate results in additional workload pressures on customer facing teams and exacerbates deteriorating rehabilitation performance, increasing costs and risk of additional OCL strain.

Given the highly paid ACC executive and economic expertise of the Board this failure to predict the obvious return to pre-covid normality is disturbing. NZ Treasury, Business NZ, banks and other financial and business organisations published predictions about recovery and ACC should have been looking at these to make the obvious prediction of a return to normality.

Rehabilitation contracts

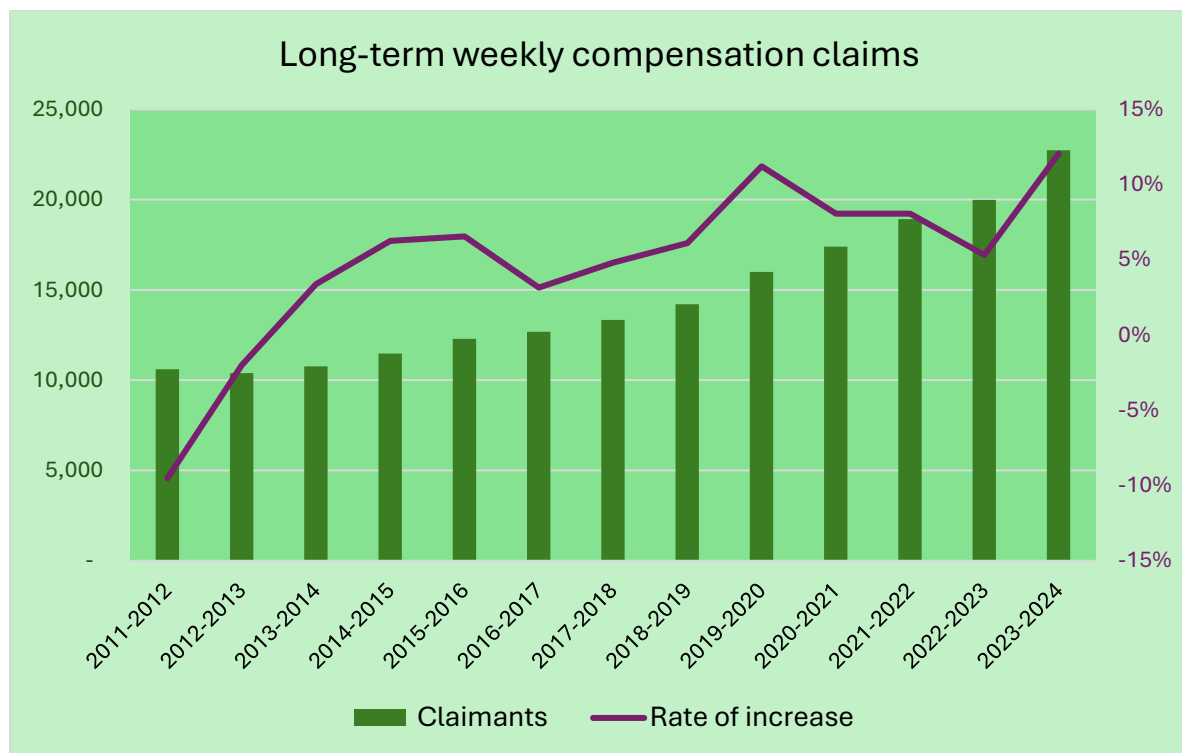
Since 2012, contracts have been awarded for a range of rehabilitation and return-to-work interventions. Some of the early contracts involved comprehensive reports, up to 12 pages for an initial assessment plus regular progress and final reports, as well as very tight timeframes. Almost all these contracts have since been revised, abandoned or replaced. Some contracts

ran concurrent with replacement contracts, adding to the complexity of trying to fit an injured patient to the administrative requirements.

Since 2012, 65 different service contracts have been used. Providers have complained repeatedly that complying with reporting requirements takes up just as much time or more than is spent treating injured clients. No outcome studies have been published.

Rehabilitation outcomes

The combination of effective injury prevention and effective rehabilitation ought to result in a quicker return to work and fewer long-term claimants. However, the rapidly deteriorating 10-week return-to-work chart (page 8) and the rapidly increasing number of long term claimants (chart below) illustrate the worsening failure of ACC to ‘understand’ rehabilitation.



MBIE advice to Ministers

MBIE submitted a comprehensive paper “[Budget 2024: ACC summary portfolio information for your discussion](#)” on 2 February 2024 to Hon Matt Doocey and Hon David Seymour. In terms of rehabilitation and injury prevention this report merely stated the obvious with no suggestions on how outcomes might be improved.

Item 38. Improve rehabilitation outcomes:

- a. reverse ACC's long-term trend of declining rehabilitation performance, and
- b. use injury prevention as a lever to improve performance, by reducing incidence, severity, and in turn, cost of injury.

Item 52; This briefing does not provide a full assessment of ACC's efficiency and financial sustainability. This is a much broader question that could be progressed after Budget 2024 if necessary.

Bureaucratise

Some of ACCs comments about rehabilitation are nonsensical. For example...

1. "In June 2013, our ten-week rehabilitation rate was 70.2%. It is now 66.9%. This apparent deterioration in rehabilitation performance actually means that 15,089 more clients returned to work within ten-weeks. It does also mean that 9,727 more clients did not return to work within ten-weeks." *2018-19 3rd quarter report.*
2. This year, we established a Rehabilitation Improvement Group to further support rehabilitation performance. The Group will build understanding of the drivers of performance to target more effective interventions. To ensure the long-term sustainability of the Scheme, a focus on short-term rehabilitation performance is required to sustain improvements in longer-term rehabilitation performance. *2023 Annual report p.29.*

So, in item 1 the rehabilitation rate deteriorated. Apparently this helped more clients back to work but also meant that more clients did not return to work. *Mathematical gymnastics!*

In item 2 this statement, which was also reiterated by the Chief Executive, noted the establishment of the 'Rehabilitation Improvement Group' to sustain the scheme, focus on improvements and target more effective interventions. By the following year this 'Group understanding' resulted in marked deterioration of just about all metrics related to rehabilitation, injury prevention and return-to-work. *So much for 'understanding'!*

Injury Prevention

ACC has a legislative requirement to provide Injury Prevention programs and initiatives.

From 2011 to 2024 ACC has spent more than \$785 million on injury prevention programs, with another \$103 million budgeted for the 2014 financial year. "Injury prevention" should obviously result in fewer injuries.

The following table illustrates the failure of ACCs Injury Prevention programs.

The biggest increase by far is for weekly compensation claims, for injuries that require time off work and often requiring extended treatment and rehabilitation.

	2012	2023	Change
All New Claims	1,685,296	1,994,850	18% increase
New weekly compensation claims	82,573	152,079	84% increase
NZ Population	4,408,100	5,245,079	19% increase

- In 2023, 93% of all ACC claims were minor, requiring treatment only.

- The marked increase in weekly compensation claims correlates with the failure of the injury prevention programs of ACC and Worksafe.
- The long-term claims pool increased by 13.7% in 2024, compared to 2023.

The 2023 Financial Condition report from ACC, published November 2023 states:

1. Injury prevention is not currently having a significant impact on the financial sustainability of the Scheme.
2. Two key issues are limiting the performance of the injury prevention portfolio:
3. The scale of the investment is not sufficient to result in a meaningful reduction in the cost of claims each year.
4. Much of ACC’s investment is underperforming.
5. Some programmes are performing well, but there is also a risk that overall portfolio performance will continue to decline.
6. ACC is working on a new strategic approach to increase the scale and the performance of the injury prevention portfolio.

The benefits from Injury Prevention since 2006 are summarised by ACC as...

- Targeted Investments:** ... 52.3% of benefits realised
- Treatment Safety:** 9% of benefits realised
- Workplace:**..... 2 of 11 programs in delivery are performing well.
- Worksafe:**..... In 2022-23 some benefits were realised.
- Strategic:** No claim benefits realised
- Maori:** Most investments are yet to factor.
- Total:**..... Overall outlook uncertain, most benefit realisation is in the future.

ACC writes “Since 2012 there have been 63 injury prevention programs that haven’t delivered any benefits”.

ACC is now working on a new strategic approach to increase the scale and the performance of the injury prevention portfolio. ACC is developing a new strategic approach that will integrate injury prevention into everything it does. This approach could create new opportunities to deliver better prevention outcomes and make a meaningful difference to levies and appropriations by reducing new year claim costs.

Opinion: ACC has had 12 years of trying and has spent \$705 million on programs that have not had any effect and have not reduced the injury rate. The notion that ACC has suddenly found a new strategic approach to reverse 12 years of failures is unbelievable and not supported by the 2024 results. The optimistic wording in the paragraph above is similar to what has appeared repeatedly in the Quarterly and Annual reports since 2012.

ACC are required to provide injury prevention initiatives. Unfortunately, providing these initiatives is the easy part. Producing positive outcomes has not happened.

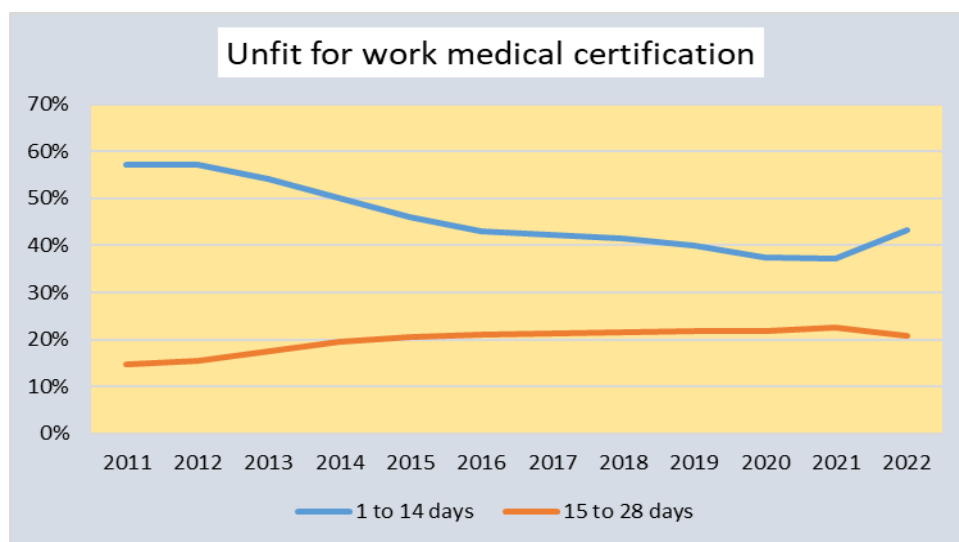
Since 2011 ACC has spent more than \$785 million in various injury prevention programs. However, the overall rate of injuries continues to increase at a greater rate than the population increase. Plainly, the expensive advertising and intervention programs have been a waste of time and money.

Medical Certification – Unfit For Work (UFW)

Medical Practitioners are the usual arbiters of how much time off work an injured worker requires.

If injury prevention programs worked then there is an assumed expectation that time off work would gradually decrease as claim numbers reduced, treatment and rehabilitation interventions became more effective and workplaces become more aware of the need to assist in return-to-work programs.

However, the following chart illustrates the opposite with doctors certifying longer time off work. This information about medical certification times was provided by ACC following an OIA request.



From 2012 to 2022 there was

- 24% decrease in UFW certificates for 1 – 14 days.
- 49% increase in UFW certificates for 15 – 28 days.

ACC have not investigated why injuries now require much more time off work.

Opinion: There are several reasons why doctors have been signing injured workers as “unfit for work” for longer periods of time. This is despite efforts by Worksafe and ACC to make workplaces safer and instituting strictly monitored rehabilitation programmes.

1. *Pressure on doctors from rehabilitation providers: The longer that patients can be kept on treatment the more profitable it is for the commercial rehabilitation companies who now dominate the rehabilitation and return-to-work industry.*
2. *Doctors not wanting to face the risk of time-wasting interactions with ACC and employers questioning the doctor’s opinions.*
3. *Doctors not wanting to argue with patients who believe they are the best arbiters of ability to work.*
4. *Overworked doctors not wanting to repeatedly see injured workers simply to renew a sick note.*

ACC interventions

ACC has many highly paid staff in rehabilitation-related positions, and since 2012 they have produced more than 100 plans and interventions, none of which have had any effect on improving rehabilitation outcomes or return-to-work rates.

Three examples of failed interventions:

1. **Tactical Response Plan:** This was one of the more bizarre improvement proposals from ACC. This Plan was first publicised in the 1st quarterly report 2017-18, ran for 7 months and then disappeared. On enquiry, ACC stated it was “was not a title or formal plan” ...but was vaguely described as...“a collective group of operational actions designed to provide focus around performance in the early durations”. ACC later admitted that this ‘not-a-plan’ did in fact involve 7 plans and 19 actions and dozens of management staff. It did not improve the rehabilitation rate or return to work percentage and the Tactical Response Plan was abandoned 7 months after initiation and no outcomes or project review were published.

A copy of my report on the TRP is appended to this submission.

2. **Performance Action Plan:** Despite the failure of the Tactical Response Plan, ACC tried again the following year with a “Performance Action Plan” but again this disappeared without trace.
3. **Quad bike Crush Protection Devices (CPD):** For more than a decade CPDs have been proven to minimise and/or prevent injury. ACC and Worksafe established a program between 2019 – 2024 to subsidise the cost of a CPD on quad bikes for small farmers. There are about 80,000 quad bikes on NZ farms of which only 15% have a CPD fitted and since 2010 there have been 697 serious harm injuries and 61 deaths. Just 773 subsidies (\$139,000) were paid out, despite extensive research, publicity and management by ACC and Worksafe. The program has now ended.
By any measurement this is an appalling failure with farmers and farm workers continuing to be killed and maimed on quad bike rollovers because of the lack of a CPD. Just one person with tetraplegia can cost ACC tens of millions of dollars for lifetime support.

ACC Staff Numbers

2012 ACC employed 2,849 fulltime and temporary staff.

2023 ACC employed 4,700 full-time and temporary staff.

- 1,360 staff (29%) are paid more than \$100,000 per year.
- 65% increase in staff numbers between 2012 to 2023.
- 18% increase in claims 2012-23

There is nothing written in the ACC Annual reports explaining what these extra staff do.

However, the ~114 rehabilitation plans, programmes and projects have required the attention of many of these highly paid ACC staff. It is disappointing that none of these interventions had any effect on rehabilitation rates or return-to-work rates.

Opinion: It appears that well-paid ACC staff are merely searching for work to justify their continuing employment. However, these senior ACC managers have no or little understanding of what effective treatment and rehabilitation entails or the intricacies of workplaces.

ACC staff - understanding their job

ACC staff spend a lot of time “understanding” aspects of rehabilitation and return-to-work. Why highly paid senior staff need to spend so much time and effort “understanding” is unknown, particularly as no programs have worked and outcomes continue to deteriorate.

In the past two years there have been many programs devised by ACC that need “understanding”. The programs where “understanding” is mentioned or inferred are listed in the following table.³

Program Title	Program content	Outcome and notes
End to end journey	Understanding key scheme performance drivers, improving rehabilitation performance and developing a prioritized work programme.	No rehabilitation improvement, return-to-work results worsened
Addressing rehabilitation performance	Developing a 3-year investment plan	No rehabilitation improvement, return-to-work results worsened
Identifying opportunities for improvement	Progression of substantive exploratory work to deepen understanding of current rehab system	No opportunities identified yet.
Rehabilitation Improvement Group	Building an understanding of the drivers of performance and the most effective available interventions.	No interventions identified
Performance drivers	During 2023-24 a “very clear understanding” has been developed. Development of a prioritised work programme and improving rehab performance.	“Understanding” might have been achieved but no positive results have been noted.
It is what we’re doing right now	Building greater awareness of ACCs range of services	No outcomes reported
Redesign elements of the rehabilitation system	Deepening understanding of the end-to-end rehabilitation system	No improvements in outcomes reported
Further support of rehabilitation performance	Building understanding of the drivers of performance to target more effective interventions.	“A focus on short-term rehabilitation is required to sustain improvements in longer-term rehabilitation performance” !?
Rehabilitation performance	The ‘system design team’ will be fully understanding the current understanding of ACC customers. ‘Performance reporting’ will create a clear enterprise level of how rehab results have been affected by external factors in the wider system.	No effect on outcomes

³ The pompous language in this table is either directly quoted or paraphrased from the actual wording in ACCs quarterly and Annual Reports for 2023 – 2024.

Program Title	Program content	Outcome and notes
Statement of performance	Building understanding of the end-to-end client recovery journey to allow prioritisation of actions to increase effectiveness.	No change to outcomes
PROMs	Working towards readiness to design for the capture of PROMs (Global Patient Reported Outcome Measures) at scale for appropriate clients.	“Appropriate clients” not identified.
Short-term rehabilitation and return-to-work within 10 weeks	in December 2022, ACC established a broader Rehabilitation Improvement Group to fully understand the drivers of performance to target more effective interventions and better monitor their impact.	Since 2022 the 10 week RTW rate has deteriorated markedly and there has been no change in rehabilitation outcomes
3-year Investment Plan (2024 Annual Report)	We have developed a deeper understanding of our performance drivers to deliver on the priority to improve rehabilitation performance	This is to specifically address rehabilitation performance.

Censoring public information

For many years ACC have published quarterly reports for the first 3 quarters of the financial year. These have been comprehensive reports of ACC’s financial position and reports on ACC activities. The 3rd quarterly report for the 2022-23 year was 42 pages, about mid-range for all quarterly reports from 2011 – 2023

- The average length of quarterly reports 2011 – 2023 is about 45 pages.
- The average length of quarterly reports 2023-2024 is about 20 pages.

Some important information that has been included in the quarterly reports for decades, such as the 90-day and 9-month return to work rates, is now missing. This information now requires an OIA request, which typically means a 20 day wait

From a rehabilitation perspective the RTW rates are a valuable indication about treatment, rehabilitation and RTW interventions. In the 2023-24 quarterly reports the references to rehabilitation are text only with no supporting statistics.

Reducing costs

In March 2016 I wrote to Hon Michael Woodhouse, Minister for ACC expressing my concern at the direction ACC was heading and raising many of the issues repeated in this December 2024 report. I suggested seven strategies to reduce costs.

Mr Woodhouse finally replied 21 months later on 12 December 2017 that he was no longer the Minister for ACC and advised that I communicate with the current ACC Minister Hon Lees-Galloway. He eventually replied over two years later on 20 June 2020 saying he would speak to the ACC board. The only item of substance in his brief letter was...

“I assure you that whilst this is an operational matter for the ACC Board, it is important to me that expenditure by ACC produces good rehabilitation outcomes for claimants and value for money for levy payers.”

I never heard from Mr Lees-Galloway again or from anyone in ACC. Nothing has happened since and the failures documented in this submission have continued.

These ACC failures contribute to the escalating costs that are partly and significantly responsible for the planned increase in levy rates.

ACC is focused more on running the organisation on a commercial rather than operating for its primary purpose as written by Sir Owen Woodhouse - "Rehabilitation should be the primary goal of the compensation authority".

Ministers challenge to ACC

The Minister for ACC, Hon Matt Doocey, included the following two paragraphs in the 2024 Annual Report:

I have challenged ACC to deliver rehabilitation more efficiently by better supporting all injured New Zealanders to have a quicker and more sustainable return to work. I am assured by ACC's plans towards improving performance and look forward to the outcomes of this plan becoming tangible and the impact this will have on injured New Zealanders.

I acknowledge that injury prevention is a key lever to sustainably improving the performance of the Scheme. The work ACC is undertaking to refresh its injury prevention strategy covers where and how injury prevention initiatives will be delivered is promising. Reducing the incidence and severity of injuries will assist with reducing the cost of injuries.

The scorecard for these challenges shows that ACC is failing the Minister's expectations...

- The 10-week Return to Work rate for the first quarter of 2024-2025 has deteriorated to its worst-ever level. **FAIL**
- Vocational rehabilitation costs for the first quarter of 2024-2025 have increased 4.6% compared to the same period in 2023-2024. **FAIL**
- The Long-term claims pool increased by 13.7% in just one year (2023 Annual Report vs 2024 Annual Report).
ACC predicted in the Q1 report for 2022-23 "The planned benefits for short-term rehabilitation outcomes from the Rehabilitation Performance Programme initiatives are expected to minimise entries into the LTCP. Minimising entries is key to reducing net long term pool growth. **FAIL**
- Claims 2023 vs 2024: 12.5% increase. ACC writes "This calculation includes the impact of changes to rehabilitation performance, new claim volumes, claims handling costs and other operational costs." **FAIL**

Opinion

ACC has publicised about 114 plans, projects and programs since 2012 in attempts to address deteriorating rehabilitation and return-to-work outcomes. All have failed. In addition, the \$785 hundred million spent on Injury prevention programs has not prevented a rapid rise in ACC

claims over the past 12 years. It is no surprise that ACC now has a \$7.2 billion deficit, at least partly due to the rehabilitation, return-to-work and injury prevention failures.

My letter to Hon Judith Collins in 2011 predicted a significant increase in costs and was critical of the wisdom of putting in an expensive extra layer of bureaucracy when deciding on rehabilitation direction. 13 years later ACC are finally removing some of the unnecessary hundreds of ACC staff.

However, much more needs to be done to reduce the costs and improve the rehabilitation and return-to-work outcomes back to where they were 13 years ago. If costs are reduced and outcomes improved then the effectiveness of ACC should finally reach what Sir Owen Woodhouse envisaged in 1979.

Complete rehabilitation:

Rehabilitation should be the primary goal of the compensation authority.



Robert G M Sellars