RESEARCH NOTE

HALF A TURNAROUND

WHY ACC'S RECOVERY MUST BE BUILT ON REHABILITATION, NOT EXITS

JUNE 2026

OLIVER HARTWICH

THE NEW ZEALAND INITIATIVE

www.nzinitiative.org.nz

About the Author

Dr Oliver Hartwich

Dr Oliver Hartwich is the Executive Director of The New Zealand Initiative. Before joining the Initiative, he was a Research Fellow at the Centre for Independent Studies in Sydney, the Chief Economist at the Policy Exchange in London, and an advisor in the UK House of Lords.
Oliver holds a master's degree in economics and business administration and a PhD in Law from Bochum University in Germany

Published June 2026 by
The New Zealand Initiative
PO Box 10147
Wellington 6143
New Zealand
www.nzinitiative.org.nz

Views expressed are those of the author and do not necessarily reflect the views of The New Zealand Initiative, its staff, advisors, members, directors or officers.

Research Note
ISSN 2816-0347

About the New Zealand Initiative

The New Zealand Initiative is an independent public policy think tank supported by chief executives of major New Zealand businesses. We believe in evidence-based policy and are committed to developing policies that work for all New Zealanders.
Our mission is to help build a better, stronger New Zealand. We are taking the initiative to promote a prosperous, free and fair society with a competitive, open and dynamic economy. We develop and contribute bold ideas that will have a profound, positive, long-term impact.

Contents

Executive summary ... 1
1. Introduction: Why ACC matters ... 3
1.1 A cornerstone of the social contract ... 3
1.2 A hidden engine of productivity ... 3
1.3 From sacred cow to turnaround project ... 4
1.4 Structure of this report ... 4
2. The evidence of decline, 2015–2025 ... 6
2.1 Fewer people returning to work ... 6
2.2 Longer stays on the scheme ... 7
2.3 The explosion in long-term dependency ... 7
2.4 The financial reckoning ... 8
2.5 A false economy: spending on dependency instead of recovery ... 9
3. How operational decisions drove the decline ... 11
3.1 The transformation programme and 'Next Generation Case Management' ... 11
3.2 The 2021 funding changes: gates across the rehabilitation pathway ... 11
3.3 A culture of bureaucracy ... 12
3.4 Provider disengagement: a strained and shrinking network ... 12
3.5 A failure of governance ... 13
4. The turnaround machinery, 2025–2026 ... 14
4.1 The Finity review ... 14
4.2 The Letter of Expectations and the Turnaround Plan ... 14
4.3 New leadership and monitoring ... 14
4.4 The early results ... 15
5. What is driving the improvement: rehabilitation or removal? ... 16
5.1 The gatekeeping surge ... 16
5.2 The exit wave ... 16
5.3 Treasury's verdict on attribution and targets ... 17
5.4 Why this cannot simply be banked ... 18
6. The contradiction: adding gates to an early-intervention strategy ... 19
6.1 Vocational rehabilitation: a new gate between employers and help ... 19
6.2 Pain management: redesigning away early intervention ... 19
6.3 Social rehabilitation: tightening that reaches people mid-recovery ... 20
6.4 Provider funding, access and viability ... 20
6.5 The risk the turnaround is not managing ... 21
6.6 The pattern, and the lesson ACC has already been taught ... 21
7. What good looks like: the international evidence ... 22

7.1 The mandate for speed ... 22
7.2 Funding for success ... 22
7.3 The lesson for New Zealand ... 23
8. Finishing the turnaround: a reform programme ... 24
8.1 Make rehabilitation real ... 24
8.2 Measure honestly ... 25
8.3 Govern for the long term ... 26
9. The return on investment ... 27
9.1 The fiscal case ... 27
9.2 The productivity dividend ... 27
10. Conclusion: restoring the promise of rehabilitation ... 28
Endnotes ... 29

Executive summary

New Zealand's Accident Compensation Corporation spent a decade in decline. Injured people waited longer for help, returned to work less often and stayed on compensation in record numbers, and the scheme's liabilities doubled. For most of that decade the deterioration drew little scrutiny.

That has changed. The Government commissioned and published an independent review confirming the decline, the Minister issued a Letter of Expectations demanding a turnaround, and ACC produced a Turnaround Plan, a new strategy, new targets and a new board chair. It now reports on its progress every month. The numbers are moving. Growth in the long-term claims pool fell from nearly 15 percent in early 2025 to zero by April 2026, and ACC's actuaries recorded the first net release since June 2018 in the part of the Outstanding Claims Liability that management can influence.[1]

This report acknowledges that progress. But it is only half a turnaround. ACC cannot yet show that the improvement is rehabilitation-led: its own return-to-work measure cannot tell genuine recovery from a simple end to payments, and the published data cannot separate how much of the gain reflects better rehabilitation from how much reflects tighter eligibility decisions.

In the year to September 2025, ACC made almost 173,000 decisions to decline cover or entitlements, up 13.6 percent. Suspensions of weekly compensation rose 80 percent and declines of social rehabilitation rose 60 percent. More than 8,700 long-term clients left the long-term pool in the year to June 2025, yet only 13 percent returned to their pre-injury role, and for thousands ACC could not say why they left. ACC counts a person as having 'returned to work' five weeks after their payments stop, without checking whether they are working.[2]

At the same time, ACC's operational decisions are working against the early-intervention machinery its own plan calls essential. Employers may still refer an injured worker for workplace rehabilitation, but the service can no longer begin until ACC approves it. The pain contract is being redesigned for December 2026 around a new approval gate with no timeliness standard. And an independent review found significant inequities in access to physiotherapy for high-needs, rural and deprived communities, problems providers attribute to unsustainable funding.

Treasury has seen the risk. Its advice to ministers, released in May 2026, attributes the improvement so far "in large part" to case-management changes made before the Turnaround Plan, judges the most ambitious of the 2030 targets unachievable "within the current legislative settings", and reveals that ministers decided not to take the plan to Cabinet, leaving it Board-led and implemented through ACC's accountability documents. Tighter eligibility decisions may deliver short-term savings, but they cannot by themselves sustain better rehabilitation outcomes.[3]

The danger is not that the turnaround fails this year, but that it succeeds on paper while failing in substance: costs shifted to households, the health system and the welfare system rather than reduced, injured workers exited rather than recovered, and the backlash that review applications, up 36 percent, and election-year politics already foreshadow. New Zealand has run this cycle before, swinging between permissiveness and austerity with rehabilitation the casualty at both extremes.

ACC's own commitments point the way out. This report proposes seven reforms in three groups. The first would make rehabilitation real: a 28-day needs assessment, restored direct employer and general-practitioner referral, sustainable provider funding and completion of the one-to-one case-management rebuild that drove the genuine gains. The second would measure honestly, verifying return-to-work against employment data and publishing the decline, suspension and overturn figures.

The third would strengthen governance, legislative scrutiny and permanent public reporting, including a structured voice for the employers and workers who fund the scheme.

The prize is large. ACC's external actuary estimates that better rehabilitation could release $500 million to $800 million from the Outstanding Claims Liability within two years, if performance improves as modelled. Under current projections, levy rates and Crown appropriations across the scheme would need to rise at their applicable caps for at least a decade, and durable rehabilitation gains are among the largest levers ACC can directly influence. Beyond the scheme's books, returning thousands of workers to productive employment recovers output that the decline has cost a country that can least afford it.[4]

ACC was built to turn injury into recovery. The turnaround has shown the organisation can change course. The task now is to steer towards rehabilitation, not merely away from cost.

1. Introduction: Why ACC matters

1.1 A cornerstone of the social contract

New Zealand's Accident Compensation Corporation is the custodian of a unique social contract. For half a century, the scheme has provided comprehensive, no-fault personal injury cover for all residents and visitors, a system unparalleled in its scope and ambition.

The arrangement rests on a historic compromise. In exchange for guaranteed care and support, New Zealanders forgo the right to sue for personal injury. The uncertainty and expense of adversarial litigation is replaced with collective responsibility, funded by all.

The scheme's philosophy was set by the 1967 Woodhouse Report. Its foundational principles included community responsibility, comprehensive entitlement and, crucially, complete rehabilitation. The new system was designed not simply to compensate for loss but to actively restore function.

That rehabilitative mandate is codified in the Accident Compensation Act 2001. The Act's purpose is not merely to manage claims but to enhance the public good by minimising the "impact of injury on the community". The Act requires ACC to provide rehabilitation to assist in restoring a claimant's health, independence and participation to the maximum extent practicable. ACC is therefore more than a financial insurer: its statutory task includes supporting recovery and participation.

For a country whose productivity already lags its peers, how well ACC rehabilitates is not a peripheral concern: it shapes the wellbeing of individuals, the resilience of communities and the productive capacity of the economy.

1.2 A hidden engine of productivity

ACC is rarely discussed as a driver of national economic performance. That is an oversight. A system that returns injured people to the workforce quickly is also a largely unrecognised component of New Zealand's economic machinery.

New Zealand faces a well-documented productivity problem. For decades, the economy has grown mainly by adding more workers and more hours, rather than by producing more value from each hour. In GDP per hour worked, New Zealand lags roughly 40 percent behind comparable small advanced economies such as Denmark and Finland.[5]

The connection to ACC is direct. A nation's productivity depends on the effective use of its human capital, and managing injury well is part of that. Time spent fully or partly unable to work reduces potential output, though some claimants work reduced hours while receiving partial compensation. A scheme that gets people back to work quickly adds to economic performance. A scheme defined by delay drags it down.

The scale of the drag is not trivial. BusinessNZ has estimated the avoidable loss of productive capacity caused by the decline in rehabilitation performance since 2018 at $5.7 billion in the 2023/24 financial year alone, within a total productive-capacity loss of $12.2 billion. This is a modelled measure of lost productive capacity, not an estimate of GDP foregone.[6]

This report therefore proceeds from a clear premise. Analysing ACC's performance is not just social policy or fiscal management. It is an essential part of any serious strategy to lift New Zealand's productivity.

1.3 From sacred cow to turnaround project

For most of the past decade, ACC's decline attracted strikingly little public attention; criticising the scheme felt almost unpatriotic. As this report's author argued in The Australian in October 2025, ACC had become New Zealand's sacred cow, a programme so wrapped in national identity that it escaped the scrutiny that might have caught its problems earlier, even as its deficits grew so large that the Minister of Finance introduced a supplementary fiscal measure that reports the Government's operating balance excluding ACC.[7]

That changed quickly. Across 2025 and early 2026 the Government commissioned an independent review, issued a new Letter of Expectations under Ministers Simpson and Willis, and oversaw a Turnaround Plan, a new strategy, a new board chair and monthly public reporting. Chapter 4 describes that machinery in detail. The Finity review, delivered in June 2025 and published in January 2026, confirmed the decline in blunt terms.

The question for ACC policy has therefore changed. Until 2025, it was: what has gone wrong, and why is nobody acting? In 2026, it is: ACC has accepted the diagnosis, so is the cure working, and will it last?

The answer, developed in chapters 4 to 6, is that the turnaround is real but lopsided. ACC cannot yet show those gains are rehabilitation-led, because its own measures cannot separate genuine recovery from tighter eligibility decisions. And several of ACC's operational decisions are undermining the early-intervention commitments at the heart of its own plan. The reform programme in chapters 8 and 9 shows how to finish the job.

1.4 Structure of this report

Chapters 2 and 3 document the decline of 2015 to 2025 and diagnose its causes, drawing on ACC's own published data, the Finity review and the experience of frontline providers. Chapter 4 describes the turnaround machinery assembled since late 2025. Chapter 5 examines what is actually driving the improved numbers. Chapter 6 sets out the contradiction between the Turnaround Plan's commitments and ACC's concurrent operational decisions. Chapter 7 benchmarks New Zealand against high-performing international schemes. Chapter 8 presents the reform programme, and chapter 9 the fiscal and economic returns. Chapter 10 concludes.

Key terms used in this report

Key terms	
Weekly compensation	ACC income support for people unable to work because of injury
Long-term claims pool	People receiving weekly compensation for more than a year
Outstanding Claims Liability (OCL)	The estimated future cost of injuries that have already happened
Influenceable strain	An increase or decrease in the liability arising from factors ACC may be able to influence or mitigate, at least partly
Vocational / social rehabilitation	Help to return to work / help to live independently at home
Sensitive claims	Claims mostly related to sexual abuse or assault
Continuance rate	The proportion of claimants who keep receiving weekly compensation each week
Suspension	A decision to stop a client's weekly compensation
Review	A claimant's formal challenge to an ACC decision

Gross and net exits	Gross counts everyone who left the long-term pool; net excludes those who later returned
Incurred but not reported	The estimated cost of injuries that have occurred but have not yet been claimed
Funding ratio	Assets held relative to an account’s liabilities
New-year cost	The expected lifetime cost of injuries that occur in a particular year
Entitlement	Treatment, compensation or support ACC is required, or has decided, to provide
Vocational independence	Assessed capacity to work in suitable occupations, whether or not the person has a job

2. The evidence of decline, 2015–2025

This chapter establishes the factual baseline, drawing mainly on ACC's own published data, supplemented by BusinessNZ analysis where noted. The pattern is consistent across every measure that matters. Injured New Zealanders took progressively longer to recover. More people became dependent on long-term support. And the scheme's costs escalated as a direct result.

Table 1. ACC's decline in five numbers

Measure	Earlier period	Latest period	Change
Return to work within 10 weeks	2015/16: 66.6%	2024/25: 59.8%	down 6.8 points
Average days paid, short-term weekly-compensation exits	2015/16: 64.8 days	2024/25: 74.7 days	up about 15%
Long-term claims pool	2014/15: 11,456	June 2025: 24,549	+114%
Outstanding Claims Liability	2015: $30.3b	2025: $63.6b	+$33.3b
Rehabilitation spend per weekly-comp claim	2017/18: $1,714	2023/24: $1,512	down in nominal terms

Sources: ACC Turnaround Plan 2025/26 and Annual Report 2025; the rehabilitation-spend row uses BusinessNZ analysis of ACC data.

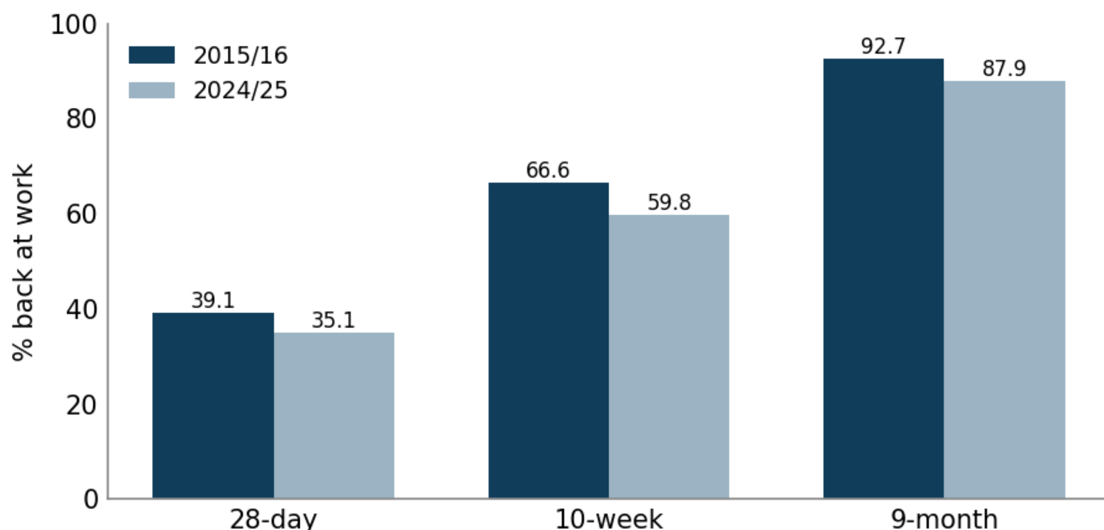
Note: These are ACC's published return-to-work measures; chapter 5 discusses their limitations.

2.1 Fewer people returning to work

For claimants who were working before injury, a central measure of the scheme's performance is whether they return to work safely and durably; for others, health, independence and participation are the relevant outcomes. On this measure, ACC's own Turnaround Plan now documents the decline its earlier reporting obscured.

Between 2015/16 and 2024/25, the proportion of claimants back at work within 28 days fell from 39.1 percent to 35.1 percent. The ten-week rate fell from 66.6 percent to 59.8 percent. The nine-month rate fell from 92.7 percent to 87.9 percent.[8] The deterioration shows at every measured point in the recovery pathway. A person who misses the early window of recovery is far more likely to miss every later one.

Figure 1. Return-to-work rates, 2015/16 vs 2024/25



Source: ACC Turnaround Plan 2025/26.

The deterioration was not a pandemic artefact. ACC's own Financial Condition Report recorded in 2019, before COVID-19 reached the country, that New Zealand's return-to-work rate had fallen to its lowest point in 17 years.[9] The structural problem predated the disruption and outlasted it.

The front end of the claims process is where the damage concentrates. The ten-week return-to-work rate is an important early indicator, because failure to intervene in the early weeks is a primary driver of escalating claim duration and cost. A fall of nearly seven percentage points on this measure, sustained over a decade, represents many thousands of people each year whose recovery stalled in the window when it is easiest.

2.2 Longer stays on the scheme

People who do not return to work stay on the scheme, and the duration data records the consequence. The average time a client receives income compensation rose from 64.8 days to 74.7 days over the decade to 2024/25, on ACC's own published figures.[10] In 2024/25 the measure deteriorated again, missing its target of 73.5 days.

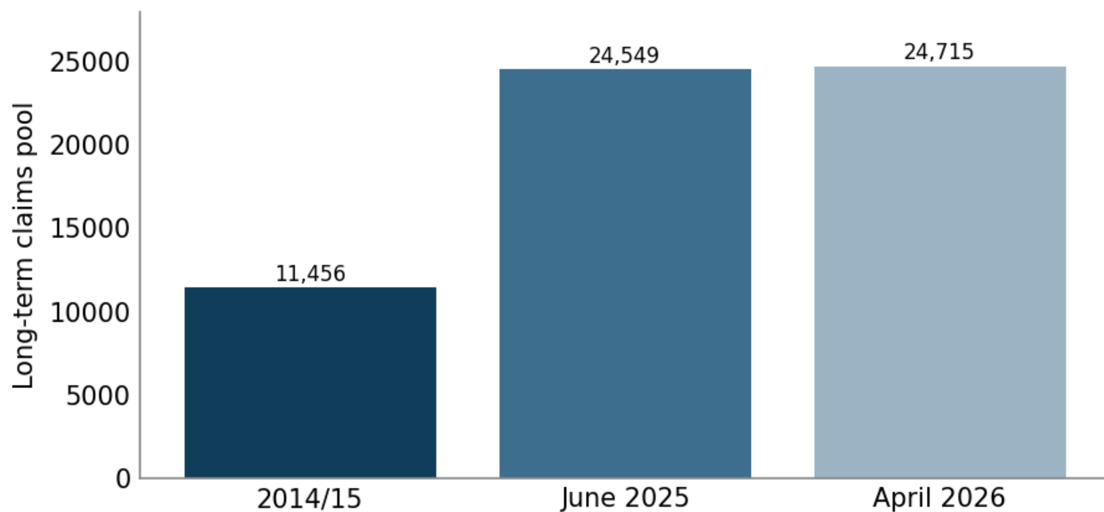
Industry records point to the inflection arriving around 2018 and 2019. That is when ACC began what providers describe as 'pay and monitor': paying weekly compensation while doing little or nothing to organise rehabilitation. The practice coincided with the rollout of a new case management model, examined in chapter 3, that detached claimants from any single accountable case manager. Conversations with current providers indicate the average time between injury and referral stretched from roughly 42 days to the mid-70s, and during the pandemic took significantly longer, as ACC prioritised processing compensation payments over arranging the rehabilitation that would have ended them.

These delays decide outcomes. Historical research summarised by the Australasian Faculty of Occupational and Environmental Medicine found a steep association between longer absence and lower chances of return: in the populations studied, a person off work for 45 days had about a 50 percent chance of returning, falling to about 35 percent by 70 days.[11] Set those figures against a referral delay providers put at around 75 days. In their experience, referral commonly came after much of the early-intervention window had passed. The clinical literature points the same way: the longer a worker is off work, the lower the chance of return, and intervention becomes progressively less effective the later it starts.[12]

2.3 The explosion in long-term dependency

The clearest symptom of the scheme's decline is the growth of the long-term claims pool, the cohort receiving weekly compensation for more than a year. In 2014/15 it numbered 11,456 people. By 30 June 2025 it had reached 24,549, growth of 114 percent.[13] At its peak in early 2025, the pool was growing at nearly 15 percent a year.

Figure 2. The long-term claims pool



Note: The 0.0 percent figure is ACC's rolling annual growth measure; the pool remained slightly above its June 2025 level. Source: ACC Turnaround Plan 2025/26 and Monthly Turnaround Plan Report, April 2026.

Composition matters more than size. A surge in long-term claims could, in principle, reflect more catastrophic injuries. It does not. The Government's own analysis, set out in the interim Letter of Expectations of March 2025, found that claims involving permanent impairment grew at only around 2 percent a year, while the non-permanently impaired cohort in the long-term pool almost tripled between June 2017 and December 2024, growing at roughly 15 percent a year.[14] Around 65 percent of the pool now consists of claims ACC classifies as 'other', neither serious injury nor sensitive claims, dominated by sprains, strains and fractures.[15] In uncomplicated cases, these injuries would not normally be expected to produce a year-long absence from work. The Finity review found that around 60 percent of the long-term pool relates to fractures and soft-tissue injuries.[16]

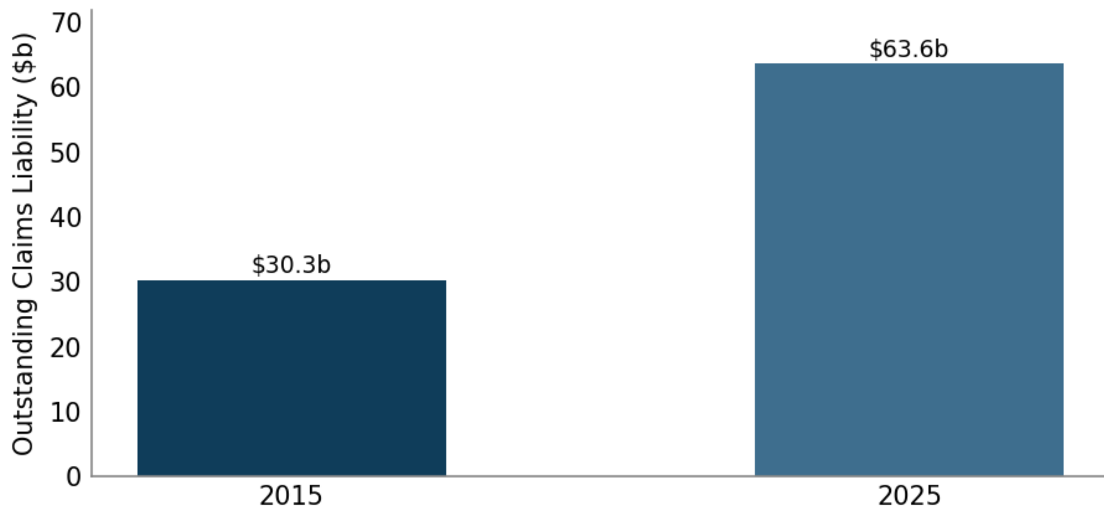
Provider evidence suggests that some lower-complexity claimants received little or no organised rehabilitation. They were paid and monitored, while the system made no active attempt to organise their recovery.

A caveat is needed on timing. Part of the pool's growth after 2021 reflects a backlog effect from the pandemic years, when ACC, short of functioning case management capacity, prioritised paying compensation over referring people to rehabilitation. The cohort that missed early intervention in 2020 and 2021 surfaced in the long-term statistics of 2022 to 2024. The backlog explains some of the bulge. It does not explain the decade-long trend, and it is itself a consequence of the same operational failures.

2.4 The financial reckoning

The financial consequences appear in ACC's Outstanding Claims Liability, the estimated future cost of all injuries that have already happened. The OCL stood at $30.3 billion in 2015. By 30 June 2025 it had reached $63.6 billion, an increase of $33.3 billion in a decade. ACC's own Turnaround Plan warns that if trends continued the scheme would face an overall funding gap of $26.3 billion by 2030, assuming no improvement from the 2024/25 baseline.[17]

Figure 3. Outstanding Claims Liability, 2015–2025



Source: ACC Annual Report 2025 and Financial Condition Report 2025.

Much OCL volatility comes from discount rates and other economic factors outside ACC's control. The measure that better identifies the claim-performance factors ACC may be able to influence is 'influenceable strain', the part of the liability's growth ACC may be able to move through better rehabilitation rather than through interest rates or inflation. On this measure the record is damning. The Financial Condition Report 2025 puts cumulative influenceable strain at $5.7 billion over the five years to June 2025, including $987 million in 2024/25 on the annual-report basis, or $716 million on the report's own basis.[18] That five-year cumulative figure is, by coincidence, close to the single-year productivity loss BusinessNZ estimates in chapter 1; the two are unrelated measures and should not be added together. Seven of the eight years to 2022 had recorded influenceable strains above $300 million.[19] Year after year, the actuarial system formally recorded that getting people back to work was taking longer and costing more than expected.

One definitional point matters for fairness. 'Worsening rehabilitation rates' in these actuarial reports does not mean rehabilitation providers were failing. Provider evidence suggests that some lower-complexity claimants driving the strain were never referred to organised rehabilitation. The failure was upstream. ACC paid the claimant and never organised the rehabilitation.

The scheme's accounts carry the consequences. ACC recorded a net deficit of $7.2 billion in 2023/24 and $1.5 billion in 2024/25, with accumulated reserves at negative $13.8 billion.[20] The deficits grew so large that in December 2024 the Minister of Finance introduced OBEGALx, the operating balance before gains and losses excluding ACC, a supplementary measure reported alongside the main one so that the scheme's swings no longer distort the headline number.[21] Even the smaller 2024/25 deficit owed much to a 9.1 percent investment return; the underwriting deficit was still $5.8 billion. Treasury advised ministers the improvement was "largely for the wrong reasons".[22]

2.5 A false economy: spending on dependency instead of recovery

The spending data is consistent with this explanation. Between 2017/18 and 2023/24, on BusinessNZ's analysis of ACC data, spending on weekly compensation surged 68 percent while spending on the rehabilitation services designed to get people off compensation grew only 17 percent. Average rehabilitation expenditure per weekly compensation claim fell in nominal terms, from $1,714 to $1,512, a steeper fall in real terms.[23]

ACC's own accounts confirm the trajectory continued. Weekly compensation cost $1.85 billion in 2021/22 and $2.86 billion in 2024/25, growth of 54 percent in three years[24], making it the largest cost line and the largest contributor to the scheme's cost growth. The board itself now concedes that total scheme payments have more than doubled in a decade and "at this rate, payments would double again in six years, which is clearly unsustainable".[25]

A scheme that spends progressively less on each person's recovery, while its compensation bill compounds at double-digit rates, does not contain costs. It merely converts small, controllable rehabilitation expenditures into large, uncontrollable income-support liabilities. That is the false economy at the heart of ACC's lost decade. The scheme's own actuaries confirm it, linking worsening rehabilitation performance directly to the multi-billion-dollar liability strain.

3. How operational decisions drove the decline

External pressures, the pandemic among them, contributed to the deterioration documented in chapter 2. But the evidence indicates that ACC's own operational, funding and managerial decisions were a major and avoidable cause. This chapter analyses five of them.

3.1 The transformation programme and 'Next Generation Case Management'

ACC's decline begins, paradoxically, with a modernisation programme. In 2015, from a position of financial strength, the Corporation launched a transformation programme called 'Shaping Our Future'. Its centrepiece was the 'Next Generation Case Management' model (NGCM), piloted in 2019 and rolled out nationally between 2020 and 2022.[26]

NGCM abandoned the traditional approach of assigning a dedicated case manager to an injured person. Most claims moved instead to a centralised, team-based model in which claimants were managed by a pool of staff, effectively a call centre. The 'Assisted Recovery' stream, which handled most moderately injured clients, created a fragmented and depersonalised experience. Claimants and providers no longer dealt with a person who knew the case. They dealt with a 'queue of things' handled by the next available staff member. The model weakened continuity of care and blurred responsibility for individual claims. The proactive coordination that successful recovery requires became close to impossible.

ACC's own reviews are blunt. A post-implementation review in May 2022 acknowledged a significant "build-up of overdue tasks".[27] Subsequent internal analysis confirmed the model was "still not working as intended", with running costs nearly doubled, training taking more than a year instead of the planned six weeks and caseloads ballooning.[28] The Finity review later identified the same pattern from the outside: a "gradual loss of focus on claims management and rehabilitation over time".[29]

The model designed to improve efficiency achieved the opposite. It contributed to the delays that fed the long-term pool. From mid-2024, ACC reinstated one-to-one case management for thousands of clients, a belated admission of a large-scale strategic failure. The significance of that 2024 reversal will recur in chapter 5. It, more than anything in the later Turnaround Plan, is what Treasury credits for the recent improvement.

3.2 The 2021 funding changes: gates across the rehabilitation pathway

If NGCM created systemic delay, funding changes in 2021 added financial gates across the rehabilitation pathway. The changes operated differently across ACC's various service contracts, and the distinction matters here, because ACC has been able to deflect criticism by pointing to the contracts that became more generous.

Under the Allied Health Services contract that took effect in November 2021, ACC removed the requirement to seek approval for additional treatment up to a standard allocation of 50 treatments.[30] For that contract, this was a genuine streamlining. But for physiotherapy delivered under the fees set in regulation, the older, stricter regime persisted: around 16 funded treatments per claim, with further treatment requiring a formal application (an ACC32) backed by a detailed report and a wait of six to eight weeks for a decision.[31]

For the contracts covering the claimants who matter most to the scheme's finances, those off work and on weekly compensation, the direction of change was restrictive. ACC replaced its vocational rehabilitation contract from 1 March 2021.[32] BusinessNZ's briefing to the Minister reports that the funding available for an individual rehabilitation case was cut from a maximum of around $7,000 to a

maximum of around $3,500, and that new timeframes were introduced to delay access to funding.[33] ACC's own service schedule shows how that money is now released, in staged 'Stay at Work' steps: a client is held in the first step for a set minimum period, and each later step requires fresh ACC approval and begins within three months of the previous one.[34] That $3,500 is the most a client could attract across an entire claim, reached only by the minority who pass through every stage; it is not what a typical injured worker receives. On ACC's current service schedule the first two Stay at Work steps total just under $2,000, well below the old envelope, after which a stand-down applies before any further funding is released.[35]

Two further changes deepened the effect. Functional rehabilitation, the hands-on reconditioning that, for example, gets an injured builder back to safe lifting, became harder to obtain: ACC's own guidance requires its approval for any functional rehabilitation beyond an initial allocation, and providers report that only a minority of clients now receive the fuller package.[36] The staged design also built in delay. An independent report for rehabilitation providers describes a stand-down of up to twelve weeks between stages of the Vocational Rehabilitation contract, introduced in 2022.[37] The effect, on providers' analysis, was to turn what had been a single, clinically-driven rehabilitation budget into a metered allowance, released in stages that ACC controls.

The shift was philosophical. The pre-2021 model trusted frontline clinicians to design a complete rehabilitation plan; the post-2021 model released funding in small parcels on application. Each additional approval stage created scope for delay, interrupting treatment when clinical momentum mattered most and leaving an injured person to halt rehabilitation or fund the gap privately.

The restrictions intended to contain costs may have raised them downstream by delaying recovery. The savings from restricting upfront rehabilitation were dwarfed by the downstream costs of longer claims, exactly the dynamic the scheme's actuaries have since quantified as influenceable strain.

3.3 A culture of bureaucracy

The flawed case management and funding models were symptoms of a deeper organisational problem: a culture of administrative over-control, risk aversion and backward-looking measurement.

The internal evidence is vivid. An internal review found that the standard procedure for a case manager to conduct a 'welcome conversation' with a new client involved 49 distinct steps.[38] A system this consumed by procedure cannot sustain the human continuity that recovery requires. The same culture extends to providers. A physiotherapist may have managed a client's entire functional rehabilitation, yet the process must often halt and wait for a GP appointment, so that a doctor who has not delivered the rehabilitation can sign the final 'fully fit' certificate.

Measurement reinforced the culture. ACC's key performance indicators relied on lagging measures, average claim duration and growth of the long-term pool, which record outcomes long after the critical interventions have taken place. The organisation was perpetually reactive, discovering problems only after they had damaged client outcomes and inflated long-term costs.

3.4 Provider disengagement: a strained and shrinking network

ACC delivers almost no rehabilitation itself. It purchases rehabilitation from thousands of external providers, and its operational and funding choices have placed that network under unsustainable pressure.

Providers were caught in a financial squeeze. Physiotherapy New Zealand's 2021/22 member survey found average gross earnings rose just 0.3 percent in a year, a substantial real-terms cut, with 31

percent of respondents reporting falling earnings.[39] The squeeze tightened in late 2023, when allied health workers employed by Te Whatu Ora received a pay equity settlement averaging around 20 percent, with individual adjustments of up to 40 percent.[40] ACC-funded private providers, whose prices are effectively set by ACC's regulation fees and contracts, could not match it. An independent report for the National Rehabilitation Provider Group put the resulting funding shortfall at about $128 million a year, and the underlying pay-equity step change at around 20 percent, against the 9.6 percent ACC applied. The result was a widening pay gap that pulled clinicians out of ACC-funded rehabilitation precisely when the scheme needed them most.

The pressure lands on patients as co-payments. An ACC-commissioned survey in 2021 found providers identifying cost as a major barrier to treatment for vulnerable groups: 57 percent for Community Services Card holders, 53 percent for Māori and 52 percent for Pasifika clients.[41] The independent physiotherapy market review of December 2025, commissioned jointly by ACC and Physiotherapy New Zealand, documented significant inequities in access by deprivation, ethnicity and rurality, identifying cost, co-payments, geographical isolation and limited appointment availability as barriers, especially for Māori, Pacific peoples and high-needs patients.[42] The review covered only basic musculoskeletal physiotherapy, leaving out the vocational, pain and serious-injury contracts that need more experienced and varied clinicians and carry heavier compliance and infrastructure costs.[43] Providers argue that ACC's funding settings contribute to these access problems and do not reflect the full cost of care.

A scheme whose strategy documents promise "strong, connected, and trusting partnerships" with providers has spent a decade making ACC work financially unattractive and administratively punishing. Provider capacity and participation pressures are a plausible contributor to the decline in return-to-work performance documented in chapter 2.

3.5 A failure of governance

None of these mistakes was corrected quickly, and the reason is structural. ACC is governed as a standard Crown entity: a board of generalist directors appointed by the responsible minister. There is no mandated representation for employers and workers, the scheme's funders and participants. For long periods, the board also lacked deep expertise in health, disability and insurance operations. Treasury's monitoring advice in late 2025 identified "critical skill gaps in directors with investment and the health and disability sector experience and expertise", and noted that weaknesses in clinical leadership had been flagged by successive reviews since at least 2019.[44]

Without ground-level expertise or social-partner voice, the board's focus followed its principal monitors towards short-term fiscal metrics. The performance framework, dominated by lagging cost indicators, reinforced the bias. The organisation drifted from its core mission of rehabilitation towards passive cost management. When the costs blew out anyway, the instinctive response was further restriction rather than reinvestment.

The five failures interlock. A flawed case management model fragmented care, funding changes gated the rehabilitation pathway and a bureaucratic culture stifled corrective action, while a squeezed provider network lost the capacity to compensate. A governance structure without the right expertise or incentives failed to catch any of it. Much of the deterioration arose from avoidable internal decisions, none individually identified at the time as catastrophic.

4. The turnaround machinery, 2025–2026

Between mid-2025 and early 2026, an official response to ACC's decline took shape with unusual speed. This chapter describes what was built. The next two chapters examine how well it is working.

4.1 The Finity review

In December 2024, alongside its decisions on levy increases, the Government announced an independent review of ACC. Finity Consulting delivered its report in June 2025, and it was published in January 2026. Its findings are blunt: operational performance declining for a decade, driven by poor rehabilitation rates and rising compensation costs; a long-term claims pool growing around 6.5 percent a year, with about 60 percent of it fractures and soft-tissue injuries; and a "gradual loss of focus on claims management and rehabilitation over time".

Finity also drew on a case study from across the Tasman: Victoria's Transport Accident Commission, which suffered a similar deterioration after stripping checks and human contact out of claims management, then recovered without any legislative change once it restored them.[45] Chapter 6 returns to that example, which carries the report's central practical lesson: a decline caused by claims-handling practice can be reversed by claims-handling practice.

4.2 The Letter of Expectations and the Turnaround Plan

In November 2025, the Minister for ACC and the Minister of Finance jointly issued an updated Letter of Expectations. Its language is direct: "too many clients are languishing on the Accident Compensation Scheme... rehabilitation outcomes have deteriorated, and costs have escalated to levels that are simply unsustainable".[46] It set three priorities: putting clients first with care that leads to lasting recovery; getting New Zealanders back to work and independence "through effective case management and early intervention"; and resetting ACC to get "back to basics".

ACC's response, published on 22 January 2026, was a Turnaround Plan of twelve actions, alongside a new strategy for 2026–2029, a revised Service Agreement and a Statement of Intent 2026–2030. The plan commits ACC, among other things, to a new expert 'check-in' at 28 days for clients at risk of delayed recovery; 285 more claims management staff; improved connection between ACC and employers "to help keep injured employees connected to their workplace"; working "differently with vocational rehabilitation suppliers to achieve early return to work outcomes"; and monthly public progress reporting.[47]

The accompanying targets are ambitious. By the end of 2025/26: a ten-week return-to-work rate of 63 percent and a long-term pool of 24,000. By 2029/30: ten-week returns above 68 percent, nine-month returns above 93 percent and the 'other claims' share of the long-term pool below 50 percent, a level ACC describes as a return to its "best ever" performance.[48]

On paper, the plan embraces nearly everything the evidence demands: early intervention, rebuilt one-to-one case management, employer connection, provider partnership and public transparency. The next question is whether ACC's operational decisions support those commitments.

4.3 New leadership and monitoring

The governance response came in parallel. Jan Dawson was appointed board chair in October 2025, and three further directors, bringing health, disability, investment and actuarial experience, joined in May 2026. Treasury moved ACC onto an enhanced monitoring regime: quarterly performance reports to the minister with rotating deep dives, attendance at board meetings as an observer and externally procured actuarial support. A board-commissioned culture review, published in September 2025, had

meanwhile exposed organisational dysfunction. A Chief Clinical Officer was appointed from December 2025 to address clinical leadership weaknesses identified by reviews stretching back to 2019.

4.4 The early results

The reported results have been striking. Growth in the long-term claims pool fell from nearly 15 percent in early 2025 to 3.4 percent by November 2025, 1.0 percent by February 2026 and zero by April 2026, when the pool stood at 24,715. Return-to-work rates ticked up across all durations. Claims costs came in under budget for the first time in years, with compensation cost growth falling from 22 percent to 2 percent year on year. The actuaries recorded a $13 million net influenceable release in the OCL in the September 2025 quarter, the first since June 2018, growing to $355 million by the half year, including a $403 million release in weekly compensation for lower-complexity claims.[49]

Within twelve months, on the headline numbers, ACC went from uncontrolled deterioration to its best short-term trajectory in a decade. The question that matters is what produced the change, because the answer determines whether it lasts.

5. What is driving the improvement: rehabilitation or removal?

Headline measures can improve through more than one mechanism, and two of them have very different implications. A scheme can return more people to work and independence, so they leave recovered; or it can decline, suspend and exit people, so they leave regardless of recovery. Both look identical in the headline statistics. They could hardly be more different for the people involved, for the economy and for the durability of the result. The evidence in this chapter, drawn principally from Treasury's released advice and ACC's own data, shows that ACC's own data cannot yet tell the two mechanisms apart, so the scheme has not demonstrated that its improvement is rehabilitation-led.

5.1 The gatekeeping surge

Treasury's first quarterly report to the minister, in November 2025, documented what it called the "natural consequence of tighter decision making". In the twelve months to September 2025, ACC made almost 173,000 decisions to decline cover or entitlements, up 13.6 percent on the previous year. Within the turnaround focus areas, the changes were steeper. Suspensions of weekly compensation rose 80 percent, from roughly 11,700 to 21,200. Declines of social rehabilitation rose 60 percent. Declines of elective surgery rose 11 percent, with a new shoulder-surgery decision tool cutting the approval rate from a historical 87.5 percent to about 45 percent.[50]

Table 2. The evidence of gatekeeping

Indicator	Latest reported result
Decisions to decline cover or entitlements	Almost 173,000, up 13.6%
Weekly compensation suspensions	Up 80% (about 11,700 to 21,200)
Social rehabilitation declines	Up 60%
Review applications	Up 36%, to just over 16,000
Long-term clients exited	Record high; only 13% returned to their pre-injury role

Source: Treasury advice to ministers, T2025/2791 (released May 2026).

Predictably, disputes followed. Review applications rose 36 percent to just over 16,000. ACC and Treasury point out that 93 percent of reviews are upheld in ACC's favour, but that headline conceals more than it reveals. Of reviews that reached an outcome, 28 percent were resolved in the client's favour, most before a formal hearing, and Treasury itself observed that the early review and overturn rates for the new shoulder tool are running above the elective surgery baseline.[51] The average review now takes 112 days to resolve, trending upwards, and the number of clients waiting on decisions is rising. Where treatment, compensation or essential support depends on the disputed decision, a 112-day review can mean months of interruption and uncertainty.

5.2 The exit wave

The long-term claims pool stopped growing because more people left it, not only because fewer entered. In the year to June 2025, more than 8,700 long-term clients left the long-term pool, the highest number on record, with ACC planning 11,000 more exits by June 2026.[52] Counting those who later returned, the gross number of exits was 10,682, of which 1,941 came back, a churn that itself sits awkwardly with a story of durable recovery. Data released under the Official Information Act and reported by RNZ shows where people went: of the 8,741 net exits, only 13 percent returned to their pre-injury role and 3.6 percent were retrained for other work. ACC could not accurately record the reason for 5,333 of the gross 10,682 exits, about half. The data does not establish that the exit surge was rehabilitation-led. As RNZ has reported, ACC has also begun using artificial intelligence to flag long-term claims for review. The technology is not the concern; the accountability question is whether

the same tools are also used to identify unmet rehabilitation needs, and not only candidates to move off the scheme.[53]

If the turnaround were rehabilitation-led, exits from the long-term pool would be dominated by people returning to employment. ACC's published data does not establish that. The large majority of exits were not matched to a verified return to former work, and for about half ACC could not record the reason at all. Asked about this on national radio, the chief executive described ACC's role as being "to support people, it's not to make sure someone has a job to go to". That was a characterisation of the scheme's statutory role rather than a policy declaration, but a revealing one.[54]

The measurement system cannot detect the difference. Under ACC's definitions, a client is "considered to have returned to work five weeks after the cessation of weekly compensation payments".[55] Because ACC infers return to work from the cessation of payments, rising suspensions can improve the reported measure even where no return to employment has been verified. A measure that is tolerable in a steady state becomes potentially misleading during a period of sharply elevated suspensions and exits.

5.3 Treasury's verdict on attribution and targets

Treasury's released advice repays close reading, because it punctures two comfortable assumptions: that the Turnaround Plan caused the improvement, and that the targets are achievable.

On attribution, Treasury told the minister in November 2025 that "the improvements in rehabilitation performance over this year... are in large part due to the additional investment and operating model changes in case management that were introduced from mid-2024".[56] The single most effective thing ACC has done, on the monitor's own assessment, is the restoration of one-to-one case management, the reversal of NGCM, begun well before the Turnaround Plan existed. The published evidence does not isolate the Turnaround Plan's own additional effect; what it shows is that decline decisions, suspensions and reviews rose sharply over the same period.

On targets, Treasury drew a careful distinction. It regards the base 2030 targets (the lower ends of the ranges) as appropriate and achievable under current settings, but the Chief Actuary and Finity both judged the most ambitious ends of the target ranges out of reach without legislative change: "the targets set for 2030 could not be achieved within the current legislative settings. Some of the return-to-work rates exceed a level of performance ever achieved by ACC or by comparable schemes."[57] Finity noted the most ambitious targets would "be extremely difficult without significant legislative changes, e.g. a change to weekly compensation settings to introduce step-downs", that is, scheduled reductions in weekly compensation the longer a person is off work.[58] Treasury recommended against adopting targets conditional on legislative change, adding a pointed observation: "We are not aware of any analysis of the nature or scale of the legislative changes that the Board believes would be required to meet the most ambitious targets."[59]

The released papers also reveal how much political weight the turnaround actually carries. A Cabinet paper on the Turnaround Plan was scheduled for October 2025 and then abandoned: "Ministers have decided not to progress with a Cabinet paper outlining the Turnaround Plan for ACC at this time, because the recommendations from the review can be incorporated into a revised Letter of Expectation for the new ACC Chair."[60] The plan was left Board-led, implemented through the Letter of Expectations, ACC's Statement of Intent and its amended Service Agreement rather than a Cabinet decision. The board, in turn, pushed back against the minister's proposed Performance Improvement Taskforce as potentially "disruptive".[61]

5.4 Why this cannot simply be banked

Defenders of the current approach can fairly reply that some tightening was overdue. ACC itself concedes it had drifted into over-servicing in places, funding supports unrelated to injury and tolerating inconsistent decisions. Much of that legitimate target sits outside rehabilitation altogether: ongoing home help, high-specification equipment and over-generous weekly-compensation tails, such as continuing to pay a worker who has already returned to full duties when the employer should have resumed their wages. The Finity review endorsed reinstating checks and balances. Where ACC was funding services beyond legislative entitlement, correcting that is proper stewardship of levy payers' money, and this report does not argue for a return to permissiveness. The distinction that matters is between trimming supports that injury no longer justifies and cutting the rehabilitation that ends the need for support in the first place. Correcting support that is no longer injury-related is sound discipline; restricting rehabilitation that could end the need for support is the false economy of chapter 2.

But three things distinguish disciplined correction from cost-shifting, and the published evidence does not yet show that the current programme passes all three. Discipline requires that exits be verified, so that people leaving the scheme genuinely no longer need it. ACC cannot account for the destination of about half of those who left. Discipline requires that the savings be real for the Crown as a whole, not transfers to the health system, the welfare system and households. No published cross-Crown estimate of that flow has been identified, though the welfare interface is visible enough that legislation enacted in March 2026 now governs how backdated ACC compensation affects benefit entitlement.[62] And discipline requires that the rehabilitation capability being promised actually expands while the gates close. Chapter 6 shows it is contracting.

History supplies the final caution. ACC has swung between generosity and austerity before, and the Financial Condition Report itself quotes the 2014 Performance Improvement Framework review's warning about the scheme's "pendulum effect".[63] A turnaround built on declining entitlements is politically fragile in a way a rehabilitation-led turnaround is not. A strategy that depends on tighter entitlement decisions is politically more vulnerable than one producing clearly verified recovery. If public confidence falls, the pendulum may swing back before the rehabilitation system has been rebuilt. The underlying machinery for getting people better, faster, will still not have been rebuilt.

6. The contradiction: adding gates to an early-intervention strategy

The Turnaround Plan's second priority commits ACC to early engagement, employer connection and working differently with vocational rehabilitation suppliers "to achieve early return to work outcomes". The Letter of Expectations makes early intervention a ministerial directive. Yet across 2025 and 2026, ACC's operational and contracting decisions have moved in the opposite direction. This chapter documents four such decisions, and a fifth risk the turnaround is leaving unmanaged.

Table 3. Plan versus practice

Area	Turnaround Plan says	ACC is doing	Risk
Vocational rehab	Early employer connection	ACC approval before Stay at Work can start	Delay at the front door
Pain management	Early intervention	Up-front approval gate, no timeliness standard	Slower access for complex pain
Social rehabilitation	Consistent decision-making	Declines up 60%; reported cases of programmes stopped pending reassessment	Disruption mid-recovery
Providers	Strong partnerships	Benchmarking and performance management	Accountability without viability

Source: Author's analysis of ACC and Treasury documents.

6.1 Vocational rehabilitation: a new gate between employers and help

Until this year, an employer whose worker was injured could refer them directly to a vocational rehabilitation provider for 'Stay at Work' support, the service that keeps an injured employee connected to the workplace while they recover. The international evidence, reviewed in chapter 7, identifies this as one of the highest-value intervention points in the system.

From 1 May 2026, ACC's Vocational Rehabilitation Services operational guidelines impose a new condition: "Prior approval is required from ACC for the Supplier to initiate Stay at Work... Early employer-initiated referrals may continue to occur; however, SAW services must not commence until ACC has confirmed eligibility".[64] The guidelines further provide that where vocational rehabilitation is required, "ACC will determine the type of service... that is required". Employers, including major national employers who had built direct referral into their injury management, must now wait for ACC to assess whether their worker needs help. Providers report the added wait running anywhere from one day to three weeks. The guidelines set no service-level standard for the decision at all.

The Turnaround Plan promises to "improve connection between ACC and employers to help keep injured employees connected to their workplace". The first operational change to the relevant service after that promise inserted ACC between the employer and the connection. Whatever the administrative rationale, the effect is to recreate, in miniature, the exact failure mode of the last decade: a queue at the front door of rehabilitation. Under its own Accredited Employers Programme, ACC requires large employers to respond to an injury immediately and holds them to account for doing so, a higher standard than it now applies to itself.

6.2 Pain management: redesigning away early intervention

ACC's pain management services contract expires on 30 November 2026, and the redesigned service is scheduled to begin on 1 December 2026.[65] ACC set out the redesign at the New Zealand Pain Society conference in March 2026, and the presentation, transcript and questions are public through the Government Electronic Tenders Service. They are revealing, because ACC's own account of why it is changing the service is not clinical. The current service, the ACC manager responsible told providers, is "not that it's broken" but "a little bit of an enigma to us". It saw 6,200 clients and cost $24.5 million

last year, and ACC's stated problem is that its "oversight and understanding is quite limited". The redesign replaces packages of care with payment for clinician time under caps, so that ACC can "understand what the services are that clients are receiving". ACC's published explanation emphasises service oversight and cost visibility; it does not identify evidence that the current service produces poor patient outcomes. ACC accepted at the same event that the return on investment in multidisciplinary pain programmes is well established.[66]

Two design choices matter most. Under the current contract a general practitioner can refer a patient with persistent pain directly to a supplier for triage without ACC approval; the proposed model requires ACC to approve entry to the service from the outset. ACC argues this cuts delay, because once it approves entry the triage, first stage and specialist pain-physician assessment proceed without further sign-off. But the binding constraint has merely moved to the front door, and ACC confirmed it has set no target for how quickly entry will be approved, saying only that it was "open to introducing these if there's a need". The proposed contract also requires five years' clinical experience to work in the service, and three years in team-led pain management to sit on the core interdisciplinary team, thresholds providers warn will shrink an already thin specialist workforce. At ACC's own session, clinicians warned that conditions such as complex regional pain syndrome already face delay and inappropriate decline by non-clinical staff, and that the new model could leave a complex patient managed by a team whose only medical input is a general practitioner, "well below the accepted standard of care". The clinical logic is not in dispute: persistent pain is the canonical condition in which delay turns a treatable problem chronic, and for chronic low-back pain multidisciplinary rehabilitation has been shown to improve work outcomes compared with physical treatment alone.[67] A scheme whose own plan preaches early engagement is making itself the gatekeeper to its pain service, with no commitment on how fast that gate will open.

6.3 Social rehabilitation: tightening that reaches people mid-recovery

The Turnaround Plan's first action commits ACC to "improved and more consistent decision-making" on social rehabilitation, the supports that allow people with significant injuries to live and function at home. In practice, as Treasury's figures show, declines of social rehabilitation rose 60 percent in a year. RNZ has reported cases in which programmes were stopped pending reassessment, including decisions later overturned on review.[68]

Reassessment may be justified where support is no longer related to injury. The risk is that stopping an established programme before the reassessment is resolved can disrupt recovery or independence. ACC should publish how often this happens and what continuity protections apply.

6.4 Provider funding, access and viability

The Service Agreement promises "strong, connected, and trusting partnerships with employers and service providers". The independent physiotherapy market review of December 2025 found significant inequities in access for high-needs, rural and deprived communities. The sector's representative body warned publicly in April 2026 that ACC funding settings are pricing exactly the patients who most need care out of it.[69] ACC's pricing decisions for 2026/27 point the same way. From 1 July 2026, most services receive a general uplift of 2 percent, but allied health prices, which fund much of the rehabilitation network, are held at current levels, a real-terms cut. ACC justifies the freeze by reference to unspecified evidence that current funding is "sufficient to support service delivery", and states that it is "unable to provide further detail".[70] Meanwhile, the Turnaround Plan's provider actions speak the language of management rather than partnership: aligning commercial incentives, benchmarking, issuing performance reports and "managing poor performers".[71]

Providers should be accountable for outcomes, and chapter 8 proposes exactly that. But accountability presupposes viability. A funding model that does not cover the cost of care does not discipline providers. It removes them, and with them the scheme's capacity to deliver the early intervention on which every target depends.

6.5 The risk the turnaround is not managing

One further finding from Treasury's papers stands out. Sensitive claims, mostly arising from sexual abuse and assault, are a sustained and fast-growing pressure on the scheme. They now represent around 9 percent of the long-term pool, up from 4 percent in 2016/17. Following the Court of Appeal's decision in ACC v TN, the scheme carries a provision of $3.3 billion for claims not yet lodged, the actuarial estimate of claims incurred but not yet reported, and back-payments are running at double the budgeted level. Treasury notes drily that the Government operationalised the judgment "without taking an associated funding decision".[72] The Non-Earners' Account, the part of the scheme the Crown funds for people who are not in paid work and where most of these claims sit, is funded at 53 percent even on the portion that funding policy is meant to keep fully funded.

This matters for two reasons. First, it shows the limits of a gatekeeping-led turnaround. The lower-complexity exits that improve this year's numbers are being partly offset by strain in a cohort whose growth cannot responsibly be managed mainly through tighter front-end decisions. Second, it is a warning about scheme governance. The operational response to the judgment proceeded without an associated funding decision, the same pattern of decision-making without analysis that Treasury criticised in the target-setting.

6.6 The pattern, and the lesson ACC has already been taught

Each of these decisions has an individually plausible rationale: consistency, cost control, contract management. Together they amount to the systematic insertion of gates, queues and approval steps across the rehabilitation pathway, at the same time as the scheme's public strategy commits to removing exactly such friction. ACC is, in effect, running two programmes at once: a turnaround plan that promises early, direct engagement, and an operational cost-control programme that prevents it.

The Finity review's TAC Victoria case study carries the relevant warning. The TAC's deterioration came from removing the active, engaged management of claims; its recovery came from restoring it. The lesson is not that more gatekeeping is always better. It is that claims management must be active and engaged rather than passive, in both directions. Active engagement means knowing each claimant's situation and driving their recovery. 'Pay and monitor' fails that test. So does 'decline and exit'.

7. What good looks like: the international evidence

ACC's decline was not inevitable, and its repair does not require invention. The accident compensation schemes examined here, in Australia, Canada and Germany, share a consistent blueprint built on two pillars: a mandate for rapid early intervention, and sustainable, partnership-based funding for the providers who deliver it.

7.1 The mandate for speed

The comparator schemes treat early intervention not as an aspiration but as a hard-wired, time-critical system default.

In Victoria, Australia, employers carry a legal obligation to begin return-to-work planning as soon as they are notified of a worker's injury claim.[73] WorkSafe Victoria reports that early contact, within three days of injury, is associated with a higher likelihood of a positive return-to-work outcome, by up to 26 percent for physical injuries and 63 percent for psychological injuries.[74] Ontario's Workplace Safety and Insurance Board requires workers to contact their employer after first treatment, and arranges a return-to-work intervention no later than twelve weeks after claim approval if the worker is still off work.[75] Germany's statutory accident insurance operates under the principle of 'rehabilitation before pension'. Specialist rehabilitation managers engage with the injured person and their employer from the outset, and medical, vocational and social rehabilitation are organised as a single seamless process.[76]

The peer-reviewed evidence supports the design choice. Systematic reviews of workplace-based return-to-work interventions find strong evidence that early contact between the workplace and the injured worker, early work accommodation offers and early coordination between providers and workplaces reduce the duration of work disability.[77] As chapter 2 documented, the chance of return falls steeply the longer a person is off work. For many injuries, delay reduces the chance of a durable return to work.

In each of these systems, early employer contact and workplace planning come before insurer authorisation, not after it. Help is designed to arrive by default, with oversight following action rather than preceding it.

7.2 Funding for success

These schemes also recognise that speed is impossible without a viable provider network. Victoria aligns incentives through milestone-based payments to providers tied to recovery stages, and pays new employers up to $26,000 for hiring injured workers who cannot return to their original workplace.[78] Ontario uses comprehensive fee schedules that give providers payment certainty.[79] Germany calculates employer premiums retrospectively from actual expenditure[80], so aggregate annual expenditure is financed after the event rather than constrained by a fixed contribution pool.

The common thread is that rehabilitation spending is treated as the investment that controls compensation spending, not as a discretionary cost to be minimised. New Zealand's accredited employer experience points the same way. In 2023, MBIE reported that 459 large employers covering 21 percent of the workforce managed their own claims with direct financial exposure to outcomes.[81] That financial exposure gives them a direct incentive to invest in early rehabilitation, though it can also create pressure to control claims. The programme's premise, as MBIE puts it, is that employers with skin in the game "may be able to provide a better and more efficient experience for injured workers than ACC".

7.3 The lesson for New Zealand

By international standards, the New Zealand scheme of 2026 sits awkwardly: it is adding approval gates at the point where the comparator schemes give early employer contact and workplace planning priority over insurer authorisation. Those examples, and the TAC's recovery, point to a common direction of travel for schemes facing the same medical, economic and political pressures as ACC. The problems are solvable. The next chapter sets out how.

8. Finishing the turnaround: a reform programme

The reform task in 2026 is to redirect a turnaround, not to start one: to keep the genuine gains in decision discipline while rebuilding the rehabilitation engine that alone can make them durable. This chapter proposes seven reforms in three groups: make rehabilitation real, measure honestly and govern for the long term.

Table 4. Seven reforms at a glance

#	Reform	In one line
1	A 28-day rehabilitation guarantee	Needs assessment by 28 days, active rehab where indicated; restore direct referral
2	Sustainable, outcome-linked funding	Multi-year contracts, realistic prices, audit instead of pre-approval
3	Complete the case-management rebuild	Finish the one-to-one model that drove the genuine gains
4	Measure recovery, not payment cessation	Check that exited clients are actually working; publish the decline and suspension figures
5	A board built for the task	Health, disability and insurance expertise; funders at the table
6	Do the legislative homework openly	If the 2030 targets need law change, analyse and debate it publicly
7	Make transparency permanent	Lock in monthly reporting; extend it to the gatekeeping measures

Source: Author's analysis of ACC and Treasury documents.

8.1 Make rehabilitation real

Reform 1: A 28-day rehabilitation guarantee

ACC's Turnaround Plan already promises an expert check-in at 28 days for clients at risk of delayed recovery. That promise should become a guarantee with teeth. Every claimant still unable to work at 28 days should receive a clinical and vocational needs assessment, with active rehabilitation beginning immediately where it is indicated, and ACC should publish referral timeliness monthly alongside its other turnaround metrics. The 28 days should run from first certification of incapacity, not from claim acceptance, so that a slow cover decision cannot consume the intervention window.

The evidence reviewed in chapters 2 and 7 makes the case overwhelming. Historical population research found a sharp decline in return-to-work probability by around day 45 off work.[82] Providers report an average delay between injury and referral of around 75 days, after much of the critical window has passed. No other single change would do as much for the scheme's outcomes or its liabilities.

The guarantee should be supported by restoring the direct referral pathways ACC has been closing. Routine Stay at Work referrals should commence automatically within a defined initial funding limit, with higher-cost or unusually complex services requiring approval against a binding five-working-day standard. Payment should be guaranteed for services delivered in good faith while approval is pending. GP direct referral should be preserved in the redesigned pain management contract. Where ACC fears inappropriate referrals, the answer is retrospective audit of providers, not prospective queues for patients.

Reform 2: Sustainable, outcome-linked provider funding

The funding model should be rebuilt around a simple bargain. ACC funds rehabilitation at sustainable levels, and providers accept accountability for outcomes. That means replacing the post-2021 pattern

of small initial allocations and repeated approval gates with substantial upfront funding envelopes for each rehabilitation plan, set with reference to the actual cost of delivering care. It means multi-year contracts that give practices the certainty to invest and to serve rural and high-deprivation areas. It means outcome bonuses for durable returns to work, risk-adjusted for complexity, based on sustained employment rather than payment cessation, and audited for equity so they do not reward providers for taking only the easier cases. And it means a 'trust and verify' compliance model based on audit rather than pre-approval.

The physiotherapy market review has already given ACC an evidence base on cost and access, though providers argue it understates the wider funding pressure, because it excluded the more complex vocational, pain and serious-injury services. Sustainable pricing has to reflect more than an hourly rate. It must cover the capability the work demands, the mix of experienced clinicians the complex contracts require and the compliance, governance and infrastructure that stand behind them. Acting on that is the test of whether "partnership" in ACC's strategy means anything. The fiscal logic is set out in chapter 9. Against a weekly compensation bill approaching $3 billion a year, rehabilitation funding is small relative to the compensation bill and may have a large effect on claim duration.

Reform 3: Complete the case management rebuild

Treasury's attribution finding should guide investment. Treasury attributes the gains in large part to additional investment and case-management changes introduced from mid-2024, including the restoration of greater continuity. That rebuild should be completed and protected: realistic caseloads, the capability development Treasury notes must now follow the hiring surge, and continuity between a claimant and a named case manager treated as the operational core of the scheme. It should never again be traded away for a transformation programme's projected efficiencies. The 285 additional claims staff promised in the Turnaround Plan should be directed predominantly to active rehabilitation coordination rather than to eligibility review.

8.2 Measure honestly

Reform 4: Verify outcomes, publish the gatekeeping data

A measure based on payment cessation creates a risk that tighter eligibility decisions are recorded as rehabilitation gains. Return-to-work should be measured against verified employment. New Zealand's integrated administrative data makes this feasible: ACC and Inland Revenue data can be matched to establish whether exited claimants are in fact earning. ACC and Inland Revenue already share data in other contexts, so the matching is technically straightforward. Earnings data alone will not show hours, job quality or whether income has returned to pre-injury levels, so it should be combined with the existing 'sustained return to work' survey and a functional-outcome measure, rather than used on its own. Any matching should run under a published legal basis, a privacy-impact assessment and an access protocol, and be used for aggregate outcome verification, not as an automated basis for individual entitlement decisions. The same measurement problem affects ACC's measure for clients outside the workforce: 'return to independence' is defined as the cessation of entitlement payments, not an independently verified improvement in function or participation, so non-earners need outcome measures too.

Alongside it, ACC should publish quarterly the indicators that reveal the character of its claims management: decline and suspension volumes, review applications, overturn rates including pre-hearing reversals and average review resolution times. Treasury already compiles much of this for the minister. Routine publication would let Parliament and the public distinguish a rehabilitation-led turnaround from an exit-led one. It would also protect a genuinely improving ACC from the suspicion that secrecy invites.

The scheme's scorecard should be rebalanced around four quadrants given equal weight: client outcomes, rehabilitation effectiveness, financial sustainability and organisational capability. The current measure set still leans towards lagging cost indicators, which is how the scheme lost its way the last time.

8.3 Govern for the long term

Reform 5: A board built for the task, with the funders at the table

Two governance changes follow directly from the documented failures. The first is skills. Treasury identified critical gaps in health, disability and investment expertise on the board, and successive reviews since 2019 flagged weak clinical governance. The directors appointed in May 2026 address several of these gaps, bringing health, disability, investment and actuarial experience. The task now is to embed those capabilities in board decision-making, and to give the new Chief Clinical Officer real authority over clinical decision frameworks, including the surgical decision tools whose elevated decline rates are documented in chapter 5.

The second is voice. Employers and workers fund the scheme and live with its performance, yet have no structural presence in its governance. The Accident Compensation Act should be amended to provide for mandated employer and worker representation, whether through board seats, as in some Australian workers' compensation schemes, or a statutory advisory council with rights to information and consultation. Germany's self-governed scheme, where the social partners administer the funds, shows how much institutional resilience this brings. Broader representation may reduce the risk of swings between permissiveness and austerity, by widening institutional ownership of the difficult trade-offs.

Reform 6: Do the legislative homework openly

Treasury's advice exposed an uncomfortable fact. The Government has set 2030 targets whose most ambitious ends, its own monitor says, cannot be met under current law, while no analysis exists of what legislative change would be required. That gap should be closed in public. The Government should commission and publish a first-principles review of the scheme's legislative settings, including the weekly compensation parameters Finity identified, such as the step-down arrangements used in Australian schemes, alongside the entitlement boundaries ACC is currently testing through operational decisions.

This report takes no position on whether compensation settings should change. That decision requires analysis nobody has yet done, and trade-offs that belong in open political debate rather than in operational guidelines. What is not acceptable is the current path, where operational decisions, decline rates, decision tools and contract redesigns can shift the practical boundary of entitlement without the parliamentary scrutiny that changes of this consequence demand. If the scheme's settings are wrong, change the law. If they are right, fund them.

Reform 7: Make transparency permanent

Monthly public turnaround reporting is the best governance innovation ACC has produced in a decade, and it exists only as a plan commitment that could lapse with the plan. It should be made a permanent statutory or ministerial requirement, expanded to include the measures in Reform 4. ACC's quarterly performance reports to Treasury should be proactively released on a fixed schedule. The May 2026 release of Treasury's advice showed the value of sunlight. It should not require an election year to repeat it.

9. The return on investment

The reform programme calls for targeted upfront investment and a reallocation of existing effort towards the one lever with first-order fiscal effects.

9.1 The fiscal case

The scheme's own actuaries have quantified the prize. Taylor Fry, ACC's external actuary, estimates that improving rehabilitation rates could release $500 million to $800 million from the Outstanding Claims Liability within two years, provided rehabilitation performance improves as modelled. The half-year results to December 2025 show the mechanism working in practice: improved continuance in lower-complexity claims produced a $403 million actuarial release from the OCL at the half-year.[83] Sensitivity analysis points the same way. A one percent improvement in weekly compensation continuance rates (the proportion of claimants who keep receiving weekly compensation) moves the OCL by roughly $585 million to $659 million, depending on direction.[84]

Set those figures against the cost of the reforms. Against a weekly compensation bill of $2.9 billion that has grown 54 percent in three years, even modest reductions in average claim duration could offset much of the upfront investment. ACC should publish a full cost-benefit model for the proposed rehabilitation changes.

The levy case is just as direct. The Financial Condition Report projects that levies and appropriations for every account must rise at the maximum capped rate for at least the next decade, with the Earners' Account falling to 66 percent funded by 2031/32 even then, and a new-year cost gap (the annual gap between levy income and the cost of that year's injuries) of $2.556 billion in 2025/26.[85] Gatekeeping alone cannot close gaps of that size. Treasury's analysis already shows the lower-complexity gains being eroded by growth in sensitive claims. Durable rehabilitation improvement is among the largest variables ACC can directly influence to bend the levy path. Every household and business in New Zealand has a direct financial stake in the difference between a real turnaround and a cosmetic one.

9.2 The productivity dividend

Beyond the scheme's books, the economic return operates through the labour market. The decline in rehabilitation performance since 2018 was costing the economy an estimated $5.7 billion a year in avoidable lost productive capacity by 2023/24, on BusinessNZ's analysis, a modelled capacity measure rather than an estimate of GDP foregone.[86] Reversing it returns thousands of experienced workers to production, reduces disruption and replacement costs for employers and generates income tax and GST for the Crown well beyond ACC's accounts. The cost of failure runs the other way with equal force. A worker who is not rehabilitated does not leave the state's books; they move to a different page of them. Untreated injury becomes the comorbidity Health New Zealand treats, the incapacity that pushes a household onto a benefit administered by the Ministry of Social Development, and the lost earning life that no agency counts. An exit that transfers a person to another public system may shift costs rather than eliminate them.

A rehabilitation-led turnaround pays three times: in the scheme's liabilities, in future levies and in national output.

10. Conclusion: restoring the promise of rehabilitation

New Zealand's accident compensation scheme was once a world-leading model of social insurance. This report has documented how a decade of self-inflicted operational, funding and governance failures squandered that position. It has also documented how, since late 2025, an official turnaround has finally taken shape: the right diagnosis, the right words, a genuinely improved trajectory and monthly proof that the organisation can move its own numbers.

But that is only half the story. The measurable gains are recorded by a yardstick that cannot tell recovery from removal, and ACC has not shown how much reflects genuine rehabilitation rather than tighter eligibility decisions. The rehabilitation machinery on which the plan's own logic depends, early referral, direct employer and GP pathways, a viable provider network, is being weakened by the same organisation that promises to strengthen it. Treasury has told ministers the most ambitious targets cannot be met under current law, and the analysis of what law change would be needed does not exist. These are not reasons to abandon the turnaround. They are reasons to finish it properly.

The seven reforms in this report would finish the job. They fall into three groups: make rehabilitation real, measure honestly, and govern for the long term. Chapter 8 sets out each in detail.

None of this means reinventing the scheme. It means finishing what the turnaround began, and keeping rehabilitation, not cost-reduction, at the scheme's centre. The real test of this turnaround is not how many people it moves off its books, but how many it returns to health, work and independence.

Endnotes

[1] ACC, Monthly Turnaround Plan Report, April 2026 (released 29 May 2026); The Treasury, 'Treasury Report: ACC Quarterly Performance Report (Q1 2025/26)' (T2025/2791, 28 November 2025), para 27.
[2] The Treasury, T2025/2791, paras 30–31; Anusha Bradley, 'ACC's financial squeeze: The human toll', RNZ (9 December 2025), reporting data released under the Official Information Act; ACC, Statement of Intent 2026–2030 (January 2026), 29: a client is 'considered to have returned to work five weeks after the cessation of weekly compensation payments'.
[3] The Treasury, 'Update on ACC's performance trajectory' (T2025/2823, 4 November 2025), 2; The Treasury, 'Treasury Report: Revised Draft ACC Letter of Expectations 2025/26' (T2025/2252v2, 9 October 2025), para 5.
[4] ACC, Financial Condition Report 2025 (14 November 2025), 154.
[5] University of Auckland, 'New Zealand productivity issues no accident' (16 June 2025); International Monetary Fund, 'New Zealand's Productivity Challenge' (June 2025).
[6] BusinessNZ, 'A broken workers' rehabilitation system and its wider negative impacts', briefing paper (April 2025).
[7] Oliver Hartwich, 'When sacred cows become too holy to slaughter', The Australian (23 October 2025). The fiscal measure, OBEGALx, was introduced at the Half Year Economic and Fiscal Update on 17 December 2024.
[8] ACC, 'ACC's turnaround plan to deliver better outcomes for injured New Zealanders: 2025/26' (22 January 2026), 9.
[9] ACC, Financial Condition Report 2019.
[10] ACC, Turnaround Plan 2025/26, 9; ACC, Annual Report 2025, Table 12, 46. The measure covers clients exiting weekly compensation with fewer than 365 days paid.
[11] Australasian Faculty of Occupational and Environmental Medicine, Realising the Health Benefits of Work (2011), drawing on Johnson and Fry, Melbourne Institute study for the Victorian WorkCover Authority (2002).
[12] O. Airaksinen et al., 'European guidelines for the management of chronic nonspecific low back pain', European Spine Journal 15:S2 (2006), s192–s300, https://doi.org/10.1007/s00586-006-1072-1 (level A evidence).
[13] ACC, Turnaround Plan 2025/26, 4, 9; ACC, Annual Report 2025, Table 10, 45.
[14] Minister for ACC, 'Interim Letter of Expectations 2025/26' (27 March 2025), released by The Treasury.
[15] ACC, Statement of Intent 2026–2030, 16; ACC, Turnaround Plan 2025/26, 9.
[16] Finity Consulting, External Review of Accident Compensation Corporation (report to MBIE, June 2025; published January 2026).
[17] ACC, Turnaround Plan 2025/26, 4; ACC, Annual Report 2025, 65.
[18] ACC, Financial Condition Report 2025, 41, 44 (Table 10); ACC, Annual Report 2025, 24, 41. The Financial Condition Report records the 2024/25 strain as $716 million on the government funding-policy basis.
[19] ACC, Financial Condition Report 2022.
[20] ACC, Annual Report 2025, 5, 64–65.
[21] The Treasury, Half Year Economic and Fiscal Update 2024 (17 December 2024); 'HYEFU revealed: Nicola Willis deploys convenient new measure amid bleak books', RNZ (17 December 2024).
[22] 'Rising strain: Treasury urges tougher action to cut ACC's long-term claims', New Zealand Herald (2025).
[23] BusinessNZ, 'A broken workers' rehabilitation system and its wider negative impacts', briefing paper (April 2025), analysing ACC expenditure data for 2017/18 to 2023/24.
[24] ACC, Annual Report 2025, Table 11, 45.
[25] ACC, Annual Report 2025, 5 (Board foreword).
[26] ACC, Next Generation Case Management Post Implementation Review (May 2022); Phil Pennington, 'ACC u-turn reinstates one-on-one case managers for thousands of clients', RNZ (4 September 2024). Providers report the model was first tested in 2019.
[27] ACC, Next Generation Case Management Post Implementation Review (May 2022).
[28] Internal ACC analysis reported in Pennington, 'ACC u-turn reinstates one-on-one case managers' (RNZ, 4 September 2024).
[29] Finity Consulting, External Review of Accident Compensation Corporation (June 2025), as quoted in ACC, Turnaround Plan 2025/26, 12.
[30] ACC, Allied Health Services Contract and operational guidelines (from 1 November 2021).

[31] ACC, 'Getting prior approval for further treatment'; the six-to-eight-week processing time is as reported by providers (for example, Advance Physiotherapy, 'How ACC works with Physiotherapy Treatment').
[32] ACC, Vocational Rehabilitation Services, Government Electronic Tenders Service notice (RFx ID 22125960): the replacement contract commenced on 1 March 2021, with a three-year term and two one-year rights of renewal.
[33] BusinessNZ, briefing paper to the Minister for ACC (17 March 2025, published April 2025).
[34] ACC, Vocational Rehabilitation Services service schedule, Part B, clauses 5.4 to 5.6 (Stay at Work One, Two and Three), published at acc.co.nz.
[35] ACC, Vocational Rehabilitation Services service schedule, Part B (Stay at Work One, $928.58, and Stay at Work Two, $1,056.20), published at acc.co.nz.
[36] ACC, Set Up Stay at Work Support (operational guide): "No prior approval is required for Initial Functional Rehabilitation under the Stay at Work Service however Follow up Functional Rehabilitation requires ACC approval."
[37] Kim von Lanthen and Associates Ltd, Rehabilitation service costs, prepared for the National Rehabilitation Provider Group (16 August 2024).
[38] Internal ACC review reported in Pennington, 'ACC u-turn reinstates one-on-one case managers' (RNZ, 4 September 2024).
[39] Physiotherapy New Zealand, 2021/2022 Member Survey.
[40] Allied, Public Health, Scientific and Technical pay equity settlement, Te Whatu Ora, ratified October 2023 (APEX and PSA settlement documents). The funding-shortfall and pay-equity-gap figures are from Kim von Lanthen and Associates Ltd, Rehabilitation service costs (16 August 2024).
[41] Research New Zealand co-payments survey commissioned by ACC (2021); figures reflect providers' assessments of the client groups for whom cost is a barrier.
[42] Physiotherapy Services Market Review, final report (10 December 2025), commissioned jointly by ACC and Physiotherapy New Zealand.
[43] Te Whatu Ora, 'Rehabilitation therapy', Health Workforce Plan 2024.
[44] The Treasury, T2025/2791, paras 11, 14, citing a KPMG clinical governance review (2019) and a further review by Dr Peter Watson (2024).
[45] Finity Consulting, External Review of Accident Compensation Corporation (June 2025), 16 (case study: Victorian Transport Accident Commission).
[46] Hon Scott Simpson and Hon Nicola Willis, Updated Letter of Expectations for ACC (November 2025), reproduced in ACC, Service Agreement 2025/26 (revised January 2026), Appendix 3, 52.
[47] ACC, Turnaround Plan 2025/26, 5, 10–11 (Actions 4.2, 5.1, 5.4, 6.5).
[48] ACC, Service Agreement 2025/26 (revised January 2026), Table 1, 13; ACC, Statement of Intent 2026–2030, 12, 16.
[49] The Treasury, 'Treasury Report: ACC Quarterly Performance Report (Q2 2025/26)' (T2026/140, 6 March 2026), paras 23–27; ACC, Monthly Turnaround Plan Reports, March and April 2026.
[50] The Treasury, T2025/2791, paras 29–30 and footnote 5.
[51] The Treasury, T2026/140, paras 17, 28–30; T2025/2791, paras 31–44.
[52] RNZ, 'ACC stops payments to record numbers of long-term clients' (28 October 2025); Bradley, 'ACC's financial squeeze' (RNZ, 9 December 2025).
[53] Data released under the Official Information Act, reported in Bradley, 'ACC's financial squeeze' (RNZ, 9 December 2025); on ACC's use of AI to flag long-term claims, RNZ, 'ACC's use of AI to help decide who gets help shocks advocate' (17 November 2025).
[54] Megan Main, interview, RNZ Nine to Noon (25 November 2025).
[55] ACC, Statement of Intent 2026–2030, 29; ACC, Service Agreement 2025/26, 66.
[56] The Treasury, T2025/2791, para 16.
[57] The Treasury, T2025/2823, 2.
[58] Finity Consulting, quoted in The Treasury, 'Treasury Report: Advice on ACC's Updated Accountability Documents (2025/26)' (T2025/2938, 4 December 2025), para 14.
[59] The Treasury, T2025/2938, para 15.
[60] The Treasury, T2025/2252v2 (9 October 2025), para 5.
[61] ACC Board Chair, letter to the Minister for ACC (30 September 2025), quoted in The Treasury, T2025/2252v2.
[62] Welfare legislation enabling recovery of benefit overpayments from backdated ACC compensation, enacted March 2026 (in force 11 March 2026); see also RNZ, 'Incoming law change so MSD can claw back welfare payments off ACC clients' (2026).

[63] ACC, Financial Condition Report 2025, 63, quoting the 2014 Performance Improvement Framework review.
[64] ACC, Vocational Rehabilitation Services Operational Guidelines (May 2026). The change took effect on 1 May 2026; see also supplier notices (APM New Zealand) confirming the date.
[65] ACC, 'Advance Notice: Pain Management Services 2026', Government Electronic Tenders Service, RFx 33621055; redesign webinars held 2 and 13 March 2026; request for proposals (community service component) RFx 33733692, April–May 2026.
[66] Accounts of the confirmed contract changes from sector participants who attended ACC's March 2026 redesign webinars. ACC presented these design changes at the New Zealand Pain Society conference, March 2026; the slides, transcript and questions are published via the Government Electronic Tenders Service. They describe the proposed tender design, as the contract takes effect on 1 December 2026.
[67] S.J. Kamper et al., 'Multidisciplinary biopsychosocial rehabilitation for chronic low back pain: Cochrane systematic review and meta-analysis', BMJ 350 (2015), h444, https://doi.org/10.1136/bmj.h444 (odds ratio 1.87 for being at work at 12 months versus physical treatment).
[68] The Treasury, T2025/2791, para 30; Bradley, 'ACC's financial squeeze' (RNZ, 9 December 2025); RNZ, 'ACC's use of AI to help decide who gets help shocks advocate' (17 November 2025).
[69] 'Physio sector warns ACC is short-changing high-needs patients', Newsroom (1 April 2026); Physiotherapy Services Market Review (10 December 2025).
[70] ACC, 'Pricing review and changes from 1 July 2026', provider news, released 7 April 2026, acc.co.nz.
[71] ACC, Turnaround Plan 2025/26, 11 (Action 6); ACC, Service Agreement 2025/26, 24.
[72] The Treasury, T2026/140, paras 21–22, 33, 44–50. Sensitive claims numbered 2,273 in the long-term pool in January 2026, against 4 percent of the pool in 2016/17.
[73] WorkSafe Victoria, 'Employer's legal obligations during return to work'. The obligation is triggered by receipt of the worker's certificate of capacity or claim form.
[74] WorkSafe Victoria, 'Return to work: The sooner the better' (guide, October 2023).
[75] Workplace Safety and Insurance Board (Ontario), 'Your return-to-work responsibilities' and return-to-work services policy.
[76] Deutsche Gesetzliche Unfallversicherung (DGUV), 'Reha vor Rente'; DGUV, Guidelines on Rehabilitation Management in the German Social Accident Insurance.
[77] R.-L. Franche et al., 'Workplace-based return-to-work interventions: A systematic review of the quantitative literature', Journal of Occupational Rehabilitation 15:4 (2005), 607-631, https://doi.org/10.1007/s10926-005-8038-8; K.L. Cullen et al., 'Effectiveness of workplace interventions in return-to-work for musculoskeletal, pain-related and mental health conditions', Journal of Occupational Rehabilitation 28:1 (2018), 1-15, https://doi.org/10.1007/s10926-016-9690-x.
[78] WorkSafe Victoria, WorkSafe Incentive Scheme for Employers (WISE): 45 percent of salary for the first six months, capped at $26,000.
[79] Workplace Safety and Insurance Board (Ontario), 'Health care provider fees'.
[80] Sozialgesetzbuch VII, s 152 (Umlage): contributions are set after the calendar year ends to cover that year's actual expenditure.
[81] MBIE, 'Workers at heart of changes to ACC's Accredited Employers Programme' (7 July 2023). Reformed programme settings took effect 1 April 2025.
[82] Australasian Faculty of Occupational and Environmental Medicine, Realising the Health Benefits of Work (2011).
[83] The Treasury, T2026/140, para 27.
[84] ACC, Financial Condition Report 2025, Table 27, 102 (funding basis: +$659 million / -$585 million for a plus-or-minus 1 percent change in non-serious weekly compensation continuance rates).
[85] ACC, Financial Condition Report 2025, 7-8, 31-33. Levy increases are capped at 5 percent a year for levied accounts (5 percent plus inflation for the Motor Vehicle Account) and 7.5 percent for non-levied appropriations.
[86] BusinessNZ, 'A broken workers' rehabilitation system and its wider negative impacts' (April 2025).

The New Zealand Initiative is an independent public policy think tank supported by chief executives of major New Zealand businesses. www.nzinitiative.org.nz | +64 4 499 0790 | info@nzinitiative.org.nz

Views expressed are those of the author/s and do not necessarily reflect the views of The New Zealand Initiative, its staff, advisors, members, directors or officers.

Research Note
ISSN 2816-0347