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ACC

CONSULTATIONS ON
PROPOSED ACC LEVY RATES FOR 2011/12
AND
PROPOSAL TO INTRODUCE
EXPERIENCE RATING

PURSUANT TO THE
ACCIDENT COMPENSATION ACT 2001

Consultation on Proposed ACC Levy Rates

Right now ACC is consulting on setting the 2011/12 levy rates. Legislation requires us to consult levy payers about any changes we want to make to rates and regulations before we take our recommendations to the Minister for ACC. You have the opportunity to have a say on our proposed rates for the coming year by making a submission during our consultation process.

We set separate levies to cover the costs of work-related personal injuries, non-work related personal injuries, and personal injuries involving moving motor vehicles on public roads. These levies are paid by employers, self-employed people, employees and motor vehicle users.

What are the proposed levies?

The levy increases we're proposing this year are far less significant than those we proposed in 2009. For the 2011/12 year we are proposing the following rates (GST exclusive):

- no increase at all in the average work levy
- a 2.5% increase in the average motor vehicle levy
- a 6.7% increase in the earners' levy.

Who pays	Levy rate	Current 2010/11	Proposed 2011/12	Proposed change
Cover for work injuries paid by self-employed* and employers (invoiced directly by ACC)	Combined average [^] levy rate per \$100 liable earnings	\$1.47	\$1.47	no change
Cover for motor vehicle injuries paid by motorists (through licensing fees & petrol levy)	Combined average [^] levy per vehicle	\$334.52	\$342.96	up \$8.44 (+2.5%)
Cover for non-work injuries paid by employees and self-employed (through PAYE)	Combined earners' levy rate per \$100 liable earnings	\$1.78	\$1.90	up 12c (+6.7%)

* Self-employed and non-PAYE shareholders also pay the non-work claims levy

[^] These are average rates. Individual rates for industry groups and motor vehicle classes may increase or decrease

Feedback on future plans

We've also developed some levy-setting goals and ideas for a work programme over the next two to three years. Most of these initiatives mean that the levies in future will be more tailored to individuals and businesses. These are just exploratory ideas but we would like your feedback.

Consultation discussion documents

Our levy proposals and future plans are detailed in three documents, one each for:

- Work levies, which are paid by employers, self-employed people and private domestic workers and fund cover for work-related injuries
- Earners' levies, which are paid by everyone in the paid workforce and fund cover for non-work-related injuries
- Motor vehicle levies, which are paid by all motorists and fund cover for injuries involving moving motor vehicles on public roads.

There is also an "Introduction" document which provides information about ACC, how the consultation process works and includes a copy of ACC's Funding Policy.

To get a copy of any of these documents, visit www.acc.co.nz/levyconsultation, call 0800 222 728, or send an email with your request to levyconsultation@acc.co.nz

A copy of the actuarial advice upon which we have based our proposals is available on request.

Making a submission

We welcome your feedback on the proposed levies and other ideas covered in these documents – whether you agree or disagree with our proposals and if you have any ideas or suggestions for improvement.

You can send your submission (which must include your name, address and contact phone number) in any of the following ways:

By post to:	Levy Consultation ACC PO Box 242 Wellington 6140
By fax to:	04 918 4395
By email to:	levyconsultation@acc.co.nz.
By completing an online questionnaire at:	https://www.surveymonkey.com/s/workaccountfeedback https://www.surveymonkey.com/s/motorvehicleaccountfeedback https://www.surveymonkey.com/s/earnersaccountfeedback
Deadline for submissions:	5.00 pm, 29 October 2010

Please note that ACC is subject to the Official Information Act 1982, so your submission may be available to people seeking information under the Act.

Consultation on Proposal to Introduce Experience Rating

Right now ACC is consulting on proposals to introduce experience rating into the Work Account from 1 April 2011.

Our legislation enables the establishment, by regulations, of experience rating and we must consult levy payers before recommending to the Minister for ACC that regulations are made.

Part of this consultation includes proposals for collecting information from employers to enable ACC to apply business grouping rules. ACC is consulting on the information collection proposals on behalf of the Minister for ACC.

Why introduce experience rating?

ACC levies are the main way in which the Government provides a financial incentive to businesses to improve their workplace safety. However, the current system of setting levies recognises and rewards, or penalises, safety records at an industry level. This means that businesses with good workplace safety records are carrying the cost of businesses that are less safe, and detracts from the incentives for improving safety.

Experience rating will modify the levies paid by individual employers and self-employed people based on their claims experience.

What does this consultation cover?

This consultation document outlines three main proposals:

1. Using an **experience rating framework** to implement experience rating, consisting of the following components:
 - industry risk groups
 - a no claims discount or high claims loading for small employers (No-Claims Discount programme)
 - experience rating modification for large employers (Experience Rating programme)
2. Introducing new business grouping and business transfer rules for the purposes of experience rating
3. Reviewing ACC's current levy discounts to ensure the Work Account has the funding it needs while still providing employers with incentives to improve their workplace safety and return-to-work performance.

Consultation discussion document

Our proposals are set out in the "Experience Rating Information and Consultation Document".

To get a copy of this document visit www.acc.co.nz/ERconsultation, call 0800 222 728, or send an email with your request to ERconsultation@acc.co.nz

Right now ACC is also consulting on setting the 2011/12 levy rates. There is also an "Introduction" document which provides information about ACC, how the consultation process works and includes a copy of ACC's Funding Policy.

To get a copy of any of these documents, visit www.acc.co.nz/levyconsultation, call 0800 222 728, or send an email with your request to levyconsultation@acc.co.nz

A copy of the actuarial advice upon which we have based our proposals, is available on request.

Making a submission

We welcome your feedback on the proposal to introduce experience rating into the Work Account.

You can send your submission (which must include your name, address and contact phone number) in any of the following ways:

By post to: Consultation on Experience Rating proposals
ACC
PO Box 242
Wellington 6140

By fax to: 04 918 4395

By email to: ERconsultation@acc.co.nz.

By completing an online questionnaire at: <https://www.surveymonkey.com/s/experiencerating>

Deadline for submissions: 5.00 pm, 29 October 2010

Please note that ACC is subject to the Official Information Act 1982, so your submission may be available to people seeking information under the Act.