



**MINISTRY OF BUSINESS,  
INNOVATION & EMPLOYMENT**  
HĪKINA WHAKATUTUKI

**ACCIDENT  
COMPENSATION  
POLICY**



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# Briefing for the Incoming Minister for ACC

**3 February 2023**

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## The Accident Compensation Scheme

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1. The Accident Compensation Scheme (the Scheme) is a key social and economic institution responsible for promoting injury prevention and providing rehabilitation and compensation entitlements to people who are injured so that they can return to normal life as quickly as possible.

### Overview and purpose of the Scheme

2. The Scheme replaces civil actions in tort for damages arising out of personal injury by accident with comprehensive no-fault entitlements for those who are injured. The Accident Compensation (AC) system is also the result of a restructure of an earlier workers compensation system.
3. The Scheme arose out the 1967 Royal Commission of Inquiry on Workers' Compensation, chaired by Sir Owen Woodhouse. The Commission's report, commonly referred to as the "Woodhouse Report," recommended five principles for the Scheme. These five principles, the Woodhouse Principles, have underpinned the Scheme since its inception:
  - *community responsibility*: the community shoulders the individual's loss when their ability to contribute to the general welfare by their work is interrupted by injury
  - *comprehensive entitlement*: all injured people are entitled to a consistent level of assistance for a similar level of incapacity/need regardless of the causes which gave rise to their injury
  - *complete rehabilitation*: injured people should be supported to achieve timely physical and vocational recovery
  - *real compensation*: payment of income-related benefits for income losses for the period of incapacity and in recognition of permanent bodily impairment
  - *administrative efficiency*: all aspects of the Scheme should be managed in a timely, consistent, and economical way.

### Key settings

4. The Accident Compensation Corporation (ACC), unlike the Ministry of Health (MoH) and the Ministry of Social Development (MSD), is a Crown entity, positioned at arms-length from the Government. ACC was established to deliver the Scheme, which is premised on a social contract between the New Zealand Government and levy payers. No-fault personal injury coverage for everyone in New Zealand is provided by the Scheme, in part as a replacement for the tort right to sue for damages. ACC is different from Te Whatu Ora – Health New Zealand (HNZ) which is also a Crown entity but closely associated with delivering health services for MoH.

5. The Scheme provides no-fault personal injury cover for everyone in New Zealand funded through levies and taxes, including:
  - entitlement-based fair (not full) compensation for the loss that a claimant suffers
  - health treatment, and
  - other forms of rehabilitation to restore a person to independence.
6. The boundary that determines whether a claimant will be covered under the AC system is the determination of the injury as an accident, rather than an illness, with a few exceptions. Work-related gradual process diseases and infections are covered under section 30 of the *Accident Compensation Act 2001* (the AC Act) (including some specific illnesses that have a work-related cause and are listed in Schedule 2 of the AC Act).
7. The AC Act also includes coverage for mental injury if it is the result of a physical injury; the result of a one-off work-related event; or where it results from the claimant being a victim of a sexual violence criminal offence of the kind listed in the AC Act.
8. The AC Act was expanded in 2022 to provide cover for maternal birth injuries.
9. The Scheme's regulatory system includes settings for:
  - coverage of injuries
  - entitlements to compensation and the provision of treatment
  - decisions and review of decisions
  - management of the Scheme and setting and collection of levies
  - management of injury-related information
  - the accredited employer regime.

## Key trends and issues

10. Overall we consider the AC Scheme to be generally performing well for those people it covers. However, the economic environment poses funding challenges, and the differences in entitlements under the AC Scheme, the health system, and the welfare system, impact people's wellbeing.
11. Key challenges for the Scheme include the increasing cost of claims and a reduction in return to work rates, as well as the interface with the health and welfare systems. The impacts of COVID-19 have caused significant fluctuations in claim volumes in recent years as economic activity fluctuated due to lockdowns and other factors.
12. The post-COVID-19 economic impact of rising interest rates and low growth has led to falling investment returns but a decrease in the outstanding claims liability (OCL), which is the present-day value of all upcoming claims costs for injuries that have already occurred. Long term interest rates set the discount rate that calculates the present value of these future claims, which is why a rise in interest rates lowers the OCL. More information can be provided on this later.

13. It is also important to keep in mind how the Scheme works in the broader context of the economy and the Government's finances, how it delivers alongside the health system, and its contribution to the Government's wider injury prevention objectives. ACC has a significant impact on the economy through its investment portfolio, levies, and its contribution to preventing injury and returning injured people to work.

## Immediate upcoming actions

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14. We would like to engage with you on your priorities for the year for the policy work programme. This briefing outlines the items on the current AC Scheme policy work programme on pages 15-19. The immediate upcoming actions on the current programme are:

- **22 February 2023** – you are scheduled to speak at the Education and Workforce Select Committee on the Accident Compensation (Access Reporting and Other Matters) Amendment Bill (the Access Reporting Bill). We will provide speaking points and brief you ahead of this meeting.
- **23 February 2023** – a Cabinet Legislation paper is intended to be considered by the Cabinet Legislation Committee (LEG), to increase rates in the *Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003* (the Cost of Treatment Regulations).  
 These regulations set the rates ACC can pay to treatment providers for non-contracted services. The current intended LEG date is to ensure that new rates are implemented on 1 April 2023. This date was signalled in the public discussion document on proposals for new rates, but there are no statutory requirements on the timing of Cost of Treatment Regulations changes. The last increase in the rates occurred on 1 May 2021.
- **8 March 2023** (but the timing, and whether the hearing proceeds, could change given recent changes in ministers) – you and the Minister of Workplace Relations and Safety have been invited to a joint 45 minute hearing on the labour market sector with the Education and Workforce Committee. This hearing will follow the Committee's annual review hearings with ACC and WorkSafe New Zealand. You are welcome to bring officials you to the hearing.  
 The Committee has advised that the focus of the hearing will be on the results achieved with the appropriations for the labour market sector in 2021/22, including how the expectations that the Government set out at the time of Budget 2021 align with the results achieved.  
 MBIE will liaise with your office when we have confirmation on whether the hearing will proceed, and timing. If the hearing does proceed, we will brief you further ahead of the Committee meeting.

## Scheme Funding and levied Accounts

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15. The Scheme is funded through a combination of levies and Government appropriations. ACC manages its funding under five separate Accounts which relate to where and how injuries occurred:
- the Work, Earners' and Motor Vehicle Accounts are funded through levies

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- the Non-Earners' Account is funded from government appropriations, set via the Budget process
  - the Treatment Injury Account is funded from contributions from the Earners' and Non-Earners' Accounts.
16. Since 1999, the levied Accounts have been operated on a fully funded basis. This means that ACC aims to collect enough money for each account during each levy year to cover the full lifetime costs of every claim that occurs in that account in that year. However, the actual levies collected may be less than what is required for 'full funding' depending on other factors like whether the account is in surplus and government policy decisions.
17. Table 1 outlines who contributes to each of the Accounts, the cover each Account provides, the amount collected and the amount paid out in claims in the latest year.

Table 1 – ACC Accounts

Account	Who funds it	What is covered	Amount funded for ACC in 2021/22	Amount paid out in claims by ACC in 2021/22
Work Account	Levies from Employers: based on wages paid to staff  Levies from self-employed: based on income earned	Work related injuries	\$921 M	\$956 M
Earners' Account	Levies from Employees: levy based on income earned  Levies from self-employed: levy based on income earned	Non-work injuries to people in employment	\$2,105 M	\$2,003 M
Motor Vehicle Account	Levies from vehicle owners: funded through petrol use and motor vehicle licensing fees	Injuries that involve motor vehicles on public roads	\$460 M	\$667 M

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Account	Who funds it	What is covered	Amount funded for ACC in 2021/22	Amount paid out in claims by ACC in 2021/22
Non-Earners' Account	Government appropriations, reviewed as part of the Budget process	Injuries to people not in employment (e.g. children, retired people), excluding Motor Vehicle Account injuries	\$1,905 M	\$1,454 M
Treatment Injury Account	Contributions from the Earners' and Non-Earners' Accounts	Medical treatment related injuries	\$330 M	\$292 M

18. There is a Funding Policy Statement that sets out how the Government intends to fund the accounts that make up the Scheme. It is set by Government, in accordance with the AC Act, and must specify:
  - a. a target level or band for the funding of each Account
  - b. an approach to managing deviations from the target level or band for the funding of each Account over a period of time
  - c. limits (if any) on any annual levy changes for all or any of the Accounts
  - d. the circumstances (if any) in which levy changes are not required.
19. The funding policy attempts to balance levy stability (ie limiting the amount that levy rates can fluctuate) with financial stability (ie ensuring that the Scheme has sufficient funds).
20. The latest Government Funding Policy Statement was gazetted on 6 April 2021 and sets a funding target for the levied Accounts of 100% of reported liabilities over a 10-year period.
21. Last year, a new three-year levy review period was established to give more certainty about future levy rates and keep the levy setting decisions distant from election years. Accordingly, levies were set for the three years 2022/23 to 2024/25. The levies were based on the expected lifetime cost of claims in the coming levy period and adjusted to return the funding position for each account to close to 100% of estimated liabilities over a ten-year period, in line with the Funding Policy Statement. Where possible, levies were held to the same rate for each of the three years.
22. MBIE's role as your policy advisor on the Scheme includes providing you with independent advice on funding policy and ACC's proposed levy rates and levy-related policy proposals. MBIE reviews ACC's application of the funding policy and considers whether the recommended rates are consistent with it. MBIE also



seeks independent actuarial advice on the assumptions underlying ACC's costings and application of the funding policy.

23. As Minister for ACC, you must consider ACC's levy rate recommendations, but you have discretion to recommend levy rates for Cabinet's consideration that balance other matters of public interest. Responsibility for setting levy rates to achieve fully funded Accounts lies with the government of the day.
24. The process for advising on levy rates for the next three-year levy period of 2025/26 to 2027/28 will begin early in 2024.

## **Non-Earners' Account appropriation and funding policy**

25. The Non-Earners' appropriations provide legislated entitlements for injured people who are not working, mostly children and retirees. The appropriations also fund a portion of the ACC Treatment Injury Account to cover injury costs for non-earners arising from medical treatment (eg newborns injured during delivery). This was approximately \$1.3 billion in 2018/19.
26. Unlike the levied Accounts, the Non-Earners' Account is not legally required to be fully funded, but doing so makes visible the true cost of services for injuries that extend over multiple years, ensures costs are funded at the time they occur rather than by future generations (offsetting cost pressure from an aging population), and signals Government commitment to the Scheme.
27. The Non-Earners' account has been funded to a level of around 75% of outstanding claims liability in recent years. A new funding policy aims to gradually bring this to 100%, but with increases in appropriation limited to 7.5% per year.

## **Portfolio responsibilities**

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### **The role of the Minister for ACC**

28. The Minister for ACC is responsible for the strategic policy framework, legislation and regulations which give shape to the Scheme.
29. Specific responsibilities of the Minister for ACC include:
  - developing proposals to improve the policy framework of the Scheme, as set out in the Accident Compensation Act 2001 (AC Act) and related regulations. MBIE assists in administering the AC Act and is the lead adviser on policy, legislative and regulatory change
  - undertaking consultation with the public or specific stakeholders before making regulations, depending on the nature of the regulations being considered. In most cases MBIE is the appropriate agency to undertake this consultation on behalf of the Minister (eg on the levy framework). In some instances the legislation requires ACC to consult (eg on levy rates)
  - considering recommendations on levy rates to fund the Work, Earners' and Motor Vehicle Accounts, and making recommendations to Cabinet for their implementation by regulation
  - monitoring of ACC's performance, with the Minister of Finance

- making recommendations on Budget appropriations to fund the Non-Earners' Account, which are implemented through the annual Budget processes. MBIE is responsible for administering the appropriations, and advising the Minister for ACC on the appropriateness of ACC's estimation of required appropriations and on funding and Budget options.

## **The role of the Associate Minister for ACC**

30. The Associate Minister of ACC currently has the following delegations:
- ACC operations relating to individual client and levy payer matters
  - matters in respect of ACC's work to achieve improved experiences and outcomes for Māori
  - ACC's operations relating to injury prevention activity relevant to the road safety portfolio, including the Motorcycle Safety Advisory Council
  - attending events, as requested by the Minister for ACC
  - other initiatives as agreed from time to time by the Minister and Associate Minister.

## **Ministerial responsibilities under the Crown Entities Act 2004**

31. ACC is a Crown Agent, governed by the AC Act and the *Crown Entities Act 2004* (the Crown Entities Act).<sup>1</sup> The Minister for ACC has responsibilities under the Crown Entities Act for the overall performance of ACC. The Minister for ACC exercises this responsibility through the relationship with the ACC Board and, in particular, the Chair of the Board.
32. Specific Ministerial responsibilities include such functions as providing the Letter of Expectations to the Board, monitoring ACC's financial and non-financial performance against key performance measures and targets set out in the Statement of Intent and the Service Agreement, and making appointments to the ACC Board.

## **Accountability Processes**

33. Statutory Crown entities work to three sets of expectations. The Treasury assists you in preparing the second and the third:
1. the Enduring Letter of Expectations from the Ministers of Finance and State Services
  2. Ministerial expectations set forth in an annual letter to the ACC Board Chair, to inform entities' strategic direction and priorities for the coming year
  3. operating expectations, which guide engagement between the statutory entity, its responsible Minister and the monitoring department.

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<sup>1</sup> Other particularly relevant legislation includes the Public Finance Act 1989, and the Public Service Act 2020.

34. The ACC Board responds to the setting of expectations through its Statement of Intent (setting out the strategic direction for up to four years) and its annual Statement of Performance Expectations (referred to as the Service Agreement for ACC). The most recent Letter of Expectations was sent to the ACC Board chair in November 2022. ACC is required to produce an updated Statement of Intent this financial year, due prior to May 2023.
35. You may wish to:
  - meet with the Board chair to discuss performance and strategic direction on a regular basis
  - invite the Board to provide advice on its proposed strategy and priorities before these are included in a draft Statement of Intent or Service Agreement, and/or
  - provide written comments, or enter into discussions with the Board, on draft Statements of Intent or Service Agreements prior to being finalised.
36. ACC reports to you on performance on a quarterly basis with respect to targets set in the annual Service Agreement. ACC's 2022/23 Service Agreement was finalised in June 2022, and its first quarterly report for the period provided on 8 November 2022. The next Service Agreement is expected from the ACC Board at the end of April 2023.

## **How MBIE assists you**

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37. Responsibility for providing advice on the Scheme sits within MBIE's Workplace Relations and Safety Policy Branch.

## **The role of MBIE**

38. MBIE is responsible for advising the Minister for ACC on matters relating to the Scheme including broader Scheme direction and performance as well as the legislation and regulations governing the Scheme. MBIE also administers the appropriation for the Crown funded Non-Earners' Account and provides you with advice on the setting of levy rates including the engagement of independent actuarial review of the levy proposals.
39. Key contacts, and an overview of MBIE's wider role across different regulatory systems, are provided in Annex One.

## **The role of ACC**

40. ACC is responsible for operating the Scheme, focusing on effective delivery of injury prevention initiatives and no-fault personal injury cover for everyone in New Zealand, including overseas visitors.
41. The division of responsibility between MBIE and ACC reflects ACC's status as a Crown Agent and allows ACC to focus on the effective and efficient delivery of the Scheme. ACC has also prepared a briefing for you that provides further information on their role and how they support you as Minister for ACC.
42. MBIE and ACC have a close working relationship in order to ensure the Scheme operates effectively.

## The role of Treasury

43. Treasury is the Crown's monitor of ACC performance. Treasury provides support to the Minister for ACC through governance and performance advice on ACC as well as supporting the Board appointment and evaluation process. Treasury also supports the Minister of Finance directly with advice for Crown Financial Institutions, of which ACC's investment function is one, and policy and fiscal advice.
44. The ACC Board is the primary monitor of ACC performance and Treasury employs the 'It Takes Three' operating expectations for statutory crown entities<sup>2</sup> in delivering its monitoring responsibility. There are multiple Treasury roles concerning ACC and, through the Commercial and Institutional Performance Team who are the relationship coordinators, Treasury aims to provide a consistent presence to Ministers.
45. The Minister of Finance has tended to have a strong interest in ACC from both a performance and financial perspective. ACC has a significant impact on the Crown balance sheet and it is often commented on at Economic Fiscal Updates and has the potential to affect fiscal targets.

## Relationships with other portfolios

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46. At present, there are boundary issues between ACC and MoH, and between ACC and MSD. The complexity of the relationship between the AC, health, and welfare systems has been previously acknowledged.
47. The health and welfare systems are needs-based. Trade-offs in the health and welfare systems are made to best meet the needs of the population, as opposed to ACC's entitlement scheme, where individual loss is compensated irrespective of need.
48. The significance of the distinction is not largely felt in primary health treatment, where both systems are aligned in pursuing health outcomes. However, in secondary health treatment, differences are more significant; demonstrated by differences in elective surgery prioritisation between the systems and different standards of equipment provided to clients (i.e. housing modifications provided by ACC).
49. The difference is more significant in other entitlements, such as comparing the levels of weekly compensation from ACC with income support provided by MSD. The coordinated approach of ACC support (across health treatment, social and vocational rehabilitation, compensation, and educational support) for some New Zealanders can be contrasted with the experiences of New Zealanders not covered by the Scheme who must navigate multiple support systems independently.
50. People excluded from ACC coverage are supported by MoH for health needs, and if they cannot work due to this condition MSD may provide income support. MSD income support is based on need, but access is determined through income-testing.
51. Other links with the ACC Portfolio are set out in Annex Three.

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<sup>2</sup> <https://www.publicservice.govt.nz/system/crown-entities/>

## Key challenges and areas of opportunity

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### Equity

52. Data provided by ACC in 2021 highlighted key disparities in access to the AC scheme, including that:
- Māori are less likely to claim and benefit from the AC Scheme, particularly wāhine Māori
  - females have slightly fewer injuries covered by the AC Scheme than males (48 percent compared to 52 percent of accepted claims respectively), and each claim costs the AC Scheme about a third less on average in entitlements
  - Pacific people, overall, are less likely to claim, and exit the AC Scheme more quickly when they do
  - Asian people tend to lodge fewer new claims when compared to other ethnicities, but are more likely to have their claim accepted. Asian people are also less likely to suffer severe injury, but, like Māori and Pacific people, are less likely to access treatment after serious injury
  - Many disabled people with injuries covered by ACC also have uncovered injuries or illnesses. Navigating across two support systems can be complex to manage.
53. Recent amendments to the AC Act, and a Bill currently before the House, have a key focus on equitable access to the AC scheme.
54. The *Accident Compensation (Maternal Birth Injury and Other Matters) Amendment Act 2022* (the Amendment Act) extended AC Scheme cover to maternal birth injuries which share similar features to injuries already covered under the AC Scheme. This provides women with greater access for the scheme.
55. The Accident Compensation (Access Reporting and Other Matters) Amendment Bill (the Access Reporting Bill), currently with the Education and Workforce Select Committee, proposes to establish a new duty for ACC to periodically report on levels of access to the AC Scheme across population groups, highlighting any disparities in access, identifying any barriers to access, and the drivers or causes of any disparities. This is a foundational step to enable better understanding of equity in scheme access, to assist with developing and targeting future reform.
56. The Bill also proposes to refine the purpose of the Act to ensure ACC's focus is on providing cover and entitlements to all eligible injured New Zealanders, rather than just people who have already made a claim.
57. We have provided additional information on the Amendment Act and the Access Reporting Bill on pages 15-17 below, in the outline of the current policy work programme.
58. ACC's strategy for 2023-2032, *Huakina Te Rā*, includes a long-term goal of *Mana Taurite | Equity*, for all people in Aotearoa New Zealand to experience accessible services and improved outcomes. ACC is able to brief you further on this.

## **Scheme sustainability and the impact of scheme expansion**

59. Expansion of the AC scheme results in cost impacts for the levied and/or Non-Earners' Accounts, and raises considerations of fairness, as new scheme boundaries can raise new equity and fairness issues.
60. Decisions to extend AC scheme cover have been carefully considered to balance benefits for injured people, fairness, and implications for scheme costs and sustainability (including Budget impacts for the Non-Earners' Account, and costs to levy-payers). Considering and balancing different implications will be a key part of any policy consideration on scheme boundary changes.

## **External Inquiries and decisions affecting the AC scheme**

### **Court decisions**

61. Two significant cases may impact on the AC scheme, depending on the outcomes of these decisions through the courts:
  - *AZ v ACC* – the High Court found that a claimant (AZ) with Spina Bifida is entitled to AC scheme cover as a treatment injury, because the Spina Bifida was not picked up at the 20 week ultrasound scan of her mother's pregnancy, and the mother lost her right to elect to terminate the pregnancy. Therefore, the failure to diagnose the foetal condition of Spina Bifida constituted a treatment injury for the foetus. This case has the potential to significantly expand AC scheme cover to certain health conditions, where they were misdiagnosed in the foetus during pregnancy. The High Court's judgment is currently under appeal.
  - *TN v ACC* – the High Court made a decision on the date of injury for mental injuries, which expands eligibility for weekly compensation for loss of potential earnings (which can be available to people who are injured before turning 18 years old). The High Court's judgment is currently under appeal.

### **Abuse in Care Royal Commission of Inquiry**

62. The Abuse in Care Royal Commission of Inquiry published a report in December 2021, *He Purapura Ora, he Māra Tipu: From Redress to Puretumu Torowhānui* which included recommendations concerning AC scheme policy. These included a recommendation to enable civil actions in tort for damages arising out of abuse in care, alongside ACC support for abuse survivors.
63. Confidential advice to Government  
[REDACTED]
64. The Royal Commission remains interested in AC scheme settings. In December 2022 they provided agencies with an ACC issues paper, which included a number of questions regarding ACC operations and potential AC scheme reform. MBIE, ACC, and other agencies have provided responses to the paper, and are attending a wānanga with the Royal Commission on 9 February.
65. The Royal Commission's final report this year may include additional recommendations regarding the AC scheme. These would need to be considered in a government response to the final report.

### **Waitangi Tribunal Health Services and Outcomes Inquiry (Wai 2575)**

66. Wai 2575 is part of the Tribunal's kaupapa inquiry programme, which is intended to hear nationally significant claim issues that affect Māori as a whole. Wai 2575 will hear claims concerning health services and outcomes. There are currently over 200 claims seeking to participate in the inquiry, and some relate to ACC.
67. MBIE is engaging with the Tribunal by providing documents requested through discovery, and other evidence. More policy work may be required as part of the Government's response when the Tribunal issues its report.

### **New Zealand Income Insurance scheme**

68. The proposed New Zealand Income Insurance (NZII) scheme is intended to be delivered by ACC, and ACC has been working with MBIE and Treasury to prepare for implementation.
69. Implementation of the NZII scheme will be significant for ACC, and will impact on its operations and ability to absorb further changes in the near term.
70. We have provided additional information on the NZII scheme on pages 19-21 below.

### **Rehabilitation performance**

71. In recent year, rehabilitation performance has declined in areas such as the volume and duration of weekly compensation claims, increase in care hours and growth in long-term claims. We do not know what is driving this trend, and it is likely to involve a number of interacting factors.
72. ACC has developed operational changes, which should start impacting on its performance measures heading into the final quarters of 2022/23. From a policy perspective, this an area we will focus on in our monitoring and engagement.

### **Current policy work programme**

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73. We would like to engage with you on your priorities for the year, and the policy work programme.
74. A number of legislative and policy initiatives have recently been implemented or are currently being progressed. Confidential advice to Government [REDACTED]  
[REDACTED]  
[REDACTED]  
There are also further topics where some previous advice has been provided, but proposals have not been progressed in the legislative work programme.
75. These topics and proposals are outlined below. We will discuss with you how you want to prioritise and phase this work, and whether you have other priorities.

### **Recent legislative changes**

76. The *Accident Compensation (Maternal Birth Injury and Other Matters) Amendment Act 2022* extended AC Scheme cover to maternal birth injuries which share similar features to injuries already covered under the AC Scheme, supporting equitable access to the scheme for women.

77. This Amendment Act made six further policy changes:
- clarifying the test for work-related gradual process, disease, or infection cover and restoring the test that was in place before 2010, so the burden of proof for one part of the test moved from the claimant and back to ACC
  - requiring that occupational assessors must (rather than may) consider pre-incapacity earnings when undertaking occupational assessments to support certainty and transparency
  - reducing the threshold for injury-related hearing loss cover from 6% hearing loss to 5% hearing loss to ensure greater support for those with low-level hearing loss
  - increasing the size of the ACC Board by one (from eight to nine members)
  - ensuring legislative certainty that dependants of claimants will not be disentitled from fatal injury entitlements covered under the AC Scheme following a claimant's assisted death in accordance with the End of Life Choice Act 2019
  - aligning the timing of increases to the minimum and loss of potential earnings rates of weekly compensation with increases to the minimum wage.
78. The Act also included seven technical changes (eg aligning the definitions of 'moped' and 'motorcycle' in the AC Act with the definitions in the Land Transport Act 1998 to ensure legal clarity).
79. A number of these amendments reflected 2020 Election Manifesto commitments to address changes made under the previous government which impacted workers.
80. The extension of cover for maternal childbirth injuries reflected a Manifesto commitment 'to return ACC to its original purpose of assisting all New Zealanders who have had an injury'.

## **Accident Compensation (Access Reporting and Other Matters) Amendment Bill**

81. The Access Reporting Bill proposes to make three changes to the AC Act:
- A new duty for ACC to periodically report on levels of access to the Accident Compensation Scheme (the AC Scheme) across population groups, highlighting any disparities in access, identifying any barriers to access, and the drivers or causes of any disparities.
  - Refining the purpose of the Act to ensure ACC's focus is on providing cover and entitlements to all eligible injured New Zealanders, rather than just people who have already made a claim and accessed the AC Scheme.
  - Bringing forward eligibility for the minimum rate from the sixth to the second week of receiving weekly compensation which would mean those on very low incomes would be topped up to the minimum rate sooner, allowing them to better focus on their recovery.



82. These proposals deliver on two of the 2020 Labour Party Manifesto commitments; to return ACC to its original purpose of assisting all New Zealanders who have had an injury, and to address the changes National made when last in office. The reporting duty also provides a foundational step to assist with developing and targeted future reform
83. The Access Reporting Bill is currently at the Select Committee stage, with submissions closing on 10 February. Officials from MBIE and ACC are scheduled to speak at the Education and Workforce Select Committee on 15 February 2023. You are scheduled to speak at the Select Committee on 22 February 2023. A separate briefing will be provided to support you to do this.

Confidential advice to  
Government

- [Redacted]
- [Redacted]
- [Redacted]
- [Redacted]

## Updates to settings through Orders in Council

### Review of the Schedule 2 list of occupational diseases

88. Gradual process injuries are personal injuries caused by exposure to an employment task or environment.
89. Claimants can be covered under the AC Act for work-related gradual process injuries through two routes:
  - the successful application of the three-step test provided by section 30 of the AC Act, or
  - an illness being included in the Schedule 2 list of occupational diseases.
90. A portfolio priority in the Labour Party 2020 Manifesto is to ‘consider the range of conditions ACC covers and take an evidence-based approach to updating the list of chronic illnesses caused through workplace exposure to harmful environments’.
91. On 16 September 2022, Cabinet approved a new process for reviewing Schedule 2, which was last updated in 2008.

92. MBIE has undertaken the first stage of this process, which is to make an initial determination of whether a review is needed. On 30 January 2023, the previous Minister for ACC informed the House of Representatives that a review will occur. The next step is to seek Cabinet agreement to release a public consultation document which seeks suggestions of occupational diseases to be added to Schedule 2 of the Accident Compensation Act 2001 (the AC Act). Confidential advice

**Hearing assessment regulations**

93. People with five percent or more overall hearing loss resulting from personal injury are eligible for cover under the AC Scheme. This cover is not available for hearing loss from other causes, such as aging.
94. When someone with hearing loss makes a claim to ACC and potentially has a mix of age-related and personal injury-related hearing loss, ACC needs to determine what amount of hearing loss is age-related versus attributable to other causes (including injury). For a work-related injury, the percentage of hearing loss assumed to be caused by age is contained in the *Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999* (the Hearing Assessment regulations). The scale shows how much hearing loss can be expected for male and female patients across given age brackets.
95. This scale helps to determine the injury-related portion of a person’s hearing loss, alongside clinical assessment.
96. MBIE recently conducted public consultation on proposals for changes to the Hearing Assessment regulations, to update the age scale based on the current international standard, and to make two other smaller changes to align with current standards and existing practice.
97. Confidential advice to Government

**Cost of treatment regulations**

98. A large portion of ACC treatment is funded through contracts with providers. Where there is no contract, ACC generally pays providers for treatment at a rate set out in the *Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003* (the Cost of Treatment Regulations). In 2020/21 the cost of contracted treatment was \$1.23 billion, and \$338 million of treatment was funded under the cost of treatment regulations.
99. Non-contracted providers set the price they charge for treatment, with claimants usually having to pay something towards their treatment cost. The amount paid by claimants is called a co-payment.
100. The rates in the cost of treatment regulations are reviewed every two years. The 2020/21 cost of treatment review was impacted by COVID-19 and final recommendations were not agreed by Cabinet until December 2022 (a two-year delay), with the new rates expected to come into force on 1 April 2023. The agreed rate increases range from nil for audiology to 9.35% for allied health providers.

101. The amending regulations to implement the increases have been drafted and are scheduled to go to LEG for approval in February 2023.

102. Confidential advice to Government

[Redacted]

### Changes to Accredited Employers Programme

103. ACC's Accredited Employers Programme (AEP) allows large employers to take on their employees' claims for work injuries and occupational diseases (instead of ACC) in return for receiving a substantial reduction in the employer levy they pay to ACC.

104. However, there are some indications that AEP may not be operating as effectively as it could be. ACC has developed a package of proposed changes to improve AEP performance. These aim to make AEP compliance more proactive and outcomes focused.

105. MBIE undertook public consultation on the proposed changes in October 2022 and is working with ACC on final recommendations. Changes need to be made to the AEP Framework (which is treated as secondary legislation) so have to be approved by Cabinet. Confidential advice to Government

## New Zealand Income Insurance Scheme

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106. Every year over 100,000 people in New Zealand lose their employment either from economic displacement or the impact of a health condition or disability. Despite this there is a gap in income protection for many workers in New Zealand, which means that job loss can have significant impacts on individuals, their families, their whānau, their communities, and the wider economy.

107. The overall wage losses arising from the displacement of New Zealand workers are substantial. Independent economic analysis suggests wage scarring costs could amount to \$15.4 billion per year over the first five years following job loss alone, assuming the displacement of 100,000 working people in a year (Motu Economic and Public Policy Research. 2021. *Involuntary Job loss: Welfare effects, earnings impacts and policy options*). This figure includes both wages lost by workers while unemployed and lower wages when they are re-employed. Wage losses arising from health conditions are additional to these estimates.

108. Support for displaced workers has been a key priority for the Future of Work Tripartite Forum (the Forum), a partnership between the Government, BusinessNZ and the New Zealand Council of Trade Unions. To address the gap in income protection the Tripartite Unemployment Insurance Working Group, on behalf of the Forum, designed the New Zealand Income Insurance (NZII) scheme. The Tripartite Unemployment Insurance Working Group released a public discussion document in February 2022, setting out the key design features of a potential NZII Scheme.

109. Information will soon be publicly available

[Redacted]

ACCIDENT COMPENSATION POLICY

- Information will soon be publicly available
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]
- █ [Redacted]

110. Additional services and support such as employment services will not be funded by the levy. NZII claimants would be referred to other government agencies and organisations for additional services, where they are eligible and services available.

111. Māori, Pacific peoples, and young people are disproportionately affected by economic displacement and are over-represented in vulnerable parts of the labour market. Māori are also more likely than other groups to leave work due to a health condition or disability. As such, we expect Māori will overall benefit from the scheme. The Government has also worked closely with the Pou Tāngata Skills and Employment Iwi Leaders Group on the policy and legislative design, including the impacts NZII will have for Māori and Te Tiriti o Waitangi/Treaty of Waitangi obligations.

112. ACC would administer NZII, which would be delivered alongside, but separate to, the Accident Compensation Scheme, which would not be changed. ACC has institutional features and functional capabilities that NZII could leverage and build on. The Minister for ACC responsibilities proposed for NZII are broadly parallel to those responsibilities under the AC scheme, including responsibility for levy setting generally, and setting direction and expectations for the NZII's performance to support the approach of one cohesive entity and board with responsibility for delivering two schemes.

113. The lead Ministers for the policy design and legislation for NZII are the Minister of Finance and the Minister for Social Development and Employment. The Minister for ACC is one of the delegated Ministers [DEV-22-MIN-0157].

114. Information will soon be publicly available

[Redacted]

115. ACC is working on the implementation planning for the proposed New Zealand Income Insurance Scheme. Enabling legislation passed in 2022 gave ACC the

necessary legal authority to develop the NZII scheme with interim funding provided to support this work. ACC is supporting MBIE on policy decisions, legislation drafting, and the development of a business case for Budget 2023. The latter is substantially complete and has followed the Better Business Case process.

116. ACC has a team of approximately 100 people working on scheme design based on known policy and legislative parameters. This includes developing a design blueprint that details how the scheme will operate in practice when launched, including the overall service model required to deliver on the scheme. Further work has been progressed on the detailed design and capability to start building the scheme from mid-2023. This is required to meet the planned scheme launch date of 1 April 2025.

## **Next Steps**

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117. We are available to provide further background briefings and information sessions on areas that you are interested in.

## **Annexes**

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Annex One: MBIE overview

Annex Two: Relevant legislation and regulations

Annex Three: ACC portfolio links with other systems

Annex Four: Funds and appropriations

Annex Five: Crown entities, institutions and statutory bodies, and international bodies.

Annex Six: Key stakeholders

## Annex One: MBIE overview

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### MBIE's role

MBIE's role is to Grow Aotearoa NZ for All. We work to lift the country's economic performance to improve the lives and living standards of New Zealanders. We take a long-term view of building the economy, focusing on productive and sustainable use of resources across Aotearoa New Zealand and empowering people to participate confidently in fair and thriving markets. We recognise that a strong economy is one where peoples' skills, knowledge, and time work together with our natural, financial, and physical capital to improve the wellbeing of current and future generations.

MBIE is a large Ministry with a diverse range of functions. We have over 6,000 people working across nine business groups. Across New Zealand, our people support communities and businesses across New Zealand and offshore in a variety of roles, ranging from policy development and implementation to regulation and frontline operations such as our immigration officers, call centre operators and labour inspectors.

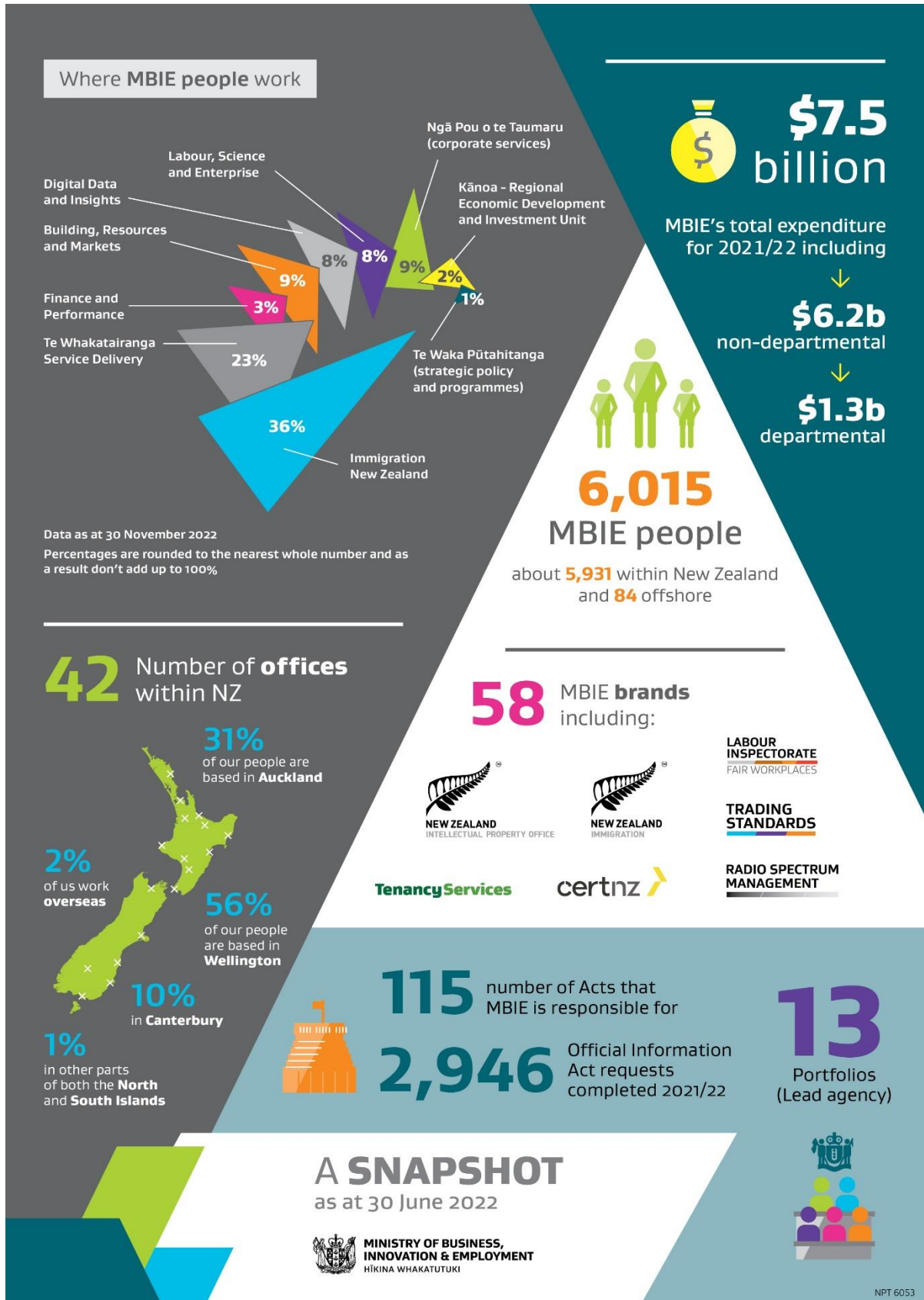
We work across the breadth of government – from early identification of issues, policy development, regulation, service delivery, and dispute resolution through to monitoring and evaluation. Concentrating all these functions and capabilities in one entity means that MBIE can leverage its size, skills, connections, and reach to address complex issues, especially in times of crisis. While the number of people supporting each of these functions may be small, the range of experience in MBIE allows us to provide high quality services and service levels.

The **Māori-Crown partnership** is central to our work. Across our work, we are committed to improving results for Māori and meeting our obligations under Te Tiriti o Waitangi. In 2021, Whāinga Amorangi was endorsed as MBIE's plan to strengthen Māori-Crown relations by building internal capability. It provides MBIE the necessary capability framework for us to have the ability to work in partnership with Māori in an enduring and consistent way.

MBIE has a significant work programme underway that supports the Government's climate change goals and targets. We had a major role in development of the **Emissions Reduction Plan (ERP)**, and the **National Adaptation Plan (NAP)**. Our current focus is on delivery of many key strategies, policies and other actions in these plans, and helping inform other major climate change policy including on managed retreat and the review of the Emissions Trading Scheme (ETS). Our secretary is a member of the Climate Change Chief Interdepartmental Executives Board which provides system-level oversight of the Government's response to climate change. MBIE is also a key partner of and contributor to the **Carbon Neutral Government Programme (CNGP)**.

MBIE also has a **functional leadership** role (assigned by Cabinet) to improve the effectiveness of cross-government **procurement and property management**. In addition, MBIE exercises a number of system leadership and coordination roles – eg coordinating government work on Māori and Pasifika economic development, and regulatory system and data stewardship.

## MBIE at a glance



## Ministerial portfolios and regulatory system responsibilities

MBIE is the lead agency for 13 ministerial portfolios<sup>3</sup>

- |   |  |
|---|--|
| › <b>ACC</b> – Minister Henare                                  | › <b>Energy and Resources</b> – Minister Woods                                       |
| › <b>Building and Construction</b> – Minister Woods             | › <b>Immigration</b> – Minister Wood   |
| › <b>Commerce and Consumer Affairs</b> – Minister Webb          | › <b>Research, Science and Innovation</b> – Minister Verrall                         |
| › <b>Digital Economy and Communications</b> – Minister Andersen | › <b>Small Business</b> – Minister Andersen  |
| › <b>Economic Development</b> – Minister Nash                   | › <b>Social Development and Employment</b> (lead for Employment) – Minister Sepuloni |
| › <b>Regional Development</b> - Minister Allan                  | › <b>Tourism</b> – Minister Henare   |
|   | › <b>Workplace Relations and Safety</b> – Minister Wood                              |




MBIE has stewardship or other responsibility across 17 regulatory systems

- |   |   |
|---|---|
| › <b>Accident compensation</b>              | › <b>Health and safety at work</b>                |
| › <b>Building</b>                           | › <b>Housing and tenancy</b>                      |
| › <b>Communication markets</b>              | › <b>Immigration</b>                              |
| › <b>Competition</b>                        | › <b>Intellectual property</b>                    |
| › <b>Consumer and commercial</b>            | › <b>Outer space and high altitude activities</b> |
| › <b>Corporate governance</b>               | › <b>Petroleum and minerals</b>                   |
| › <b>Employment relations and standards</b> | › <b>Standards and conformance</b>                |
| › <b>Energy markets</b>                     | › <b>Trade remedies</b>                           |
| › <b>Financial markets conduct</b>          |   |


<sup>3</sup> MBIE also has Ministerial responsibilities in additional areas, eg we support the Housing portfolio through Tenancy Services.



## MBIE key contacts

Contact	Role	Priority Area	Contact details
<p><b>Carolyn Tremain</b></p> 	<p>Chief Executive, Ministry of Business, Innovation and Employment</p>	All	<p><b>E</b> Carolyn.Tremain@mbie.govt.nz  <b>P</b> 04 901 1357  <b>M</b> <small>Privacy of natural persons</small></p>
<p><b>Chris Bunny</b></p> 	<p>Deputy Chief Executive, Labour, Science and Enterprise</p>	<p>The Labour, Science and Enterprise Group works with people, businesses, regions, and the science, innovation and education systems to help the country and New Zealanders to be successful.</p>	<p><b>E</b> Chris.Bunny@mbie.govt.nz  <b>M</b> <small>Privacy of natural persons</small></p>
<p><b>Anna Clark</b></p> 	<p>General Manager, Workplace Relations and Safety Policy, Labour, Science and Enterprise</p>	<p>The Workplace Relations and Safety Policy Branch provides policy and regulatory advice in relation to employment relations and standards, health and safety, international labour, and accident compensation.</p>	<p><b>E</b> Anna.Clark2@mbie.govt.nz  <b>M</b> <small>Privacy of natural persons</small></p>
<p><b>Bridget Duley</b></p>	<p>Manager (Acting), Accident Compensation Policy</p>	<p>The Accident Compensation Policy Team provides policy advice on Scheme settings</p>	<p><b>E</b> Bridget.Duley@mbie.govt.nz  <b>M</b> <small>Privacy of natural persons</small></p>

## MBIE's Senior Leadership and Business Groups

<p><b>Carolyn Tremain</b></p>	 <p>Secretary for Business, Innovation and Employment</p>	<p>Carolyn has over 20 years' experience leading large, complex service delivery organisations, and substantial change management programmes. Carolyn joined us from the NZ Customs Service, where she was the Chief Executive and Comptroller.</p> <p>As well as her Chief Executive responsibilities, Carolyn is Chair of the Public Sector Auckland Career Board, and a member of the Victoria University of Wellington Business School Advisory Board.</p>
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## ACCIDENT COMPENSATION POLICY

<b>Oliver Valins</b>	 Chief Advisor to the Secretary	Oliver’s role is as the Head of the Office of the Chief Executive at MBIE. Prior to this he was the Deputy Chief Executive, Strategy and Corporate at Crown Law. He worked for almost 10 years at the New Zealand Treasury, with positions ranging from managing the Justice and Security team to being the Treasury representative on New Zealand’s United Nations Climate Change negotiations team.
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### MBIE groups

Group	Deputy Secretary	Function
<b>Labour, Science and Enterprise (LSE)</b>	 Chris Bunny, Deputy Secretary Labour, Science and Enterprise	<p>LSE helps boost the New Zealand economy by developing Aotearoa New Zealand’s skills system, and science and innovation systems, alongside labour market policy. They advise on labour market, immigration, health and safety at work, and accident compensation policy, including managing related international obligations. LSE leads industry, investment, and business development policy and programmes, including for tourism and major events. We lead science and innovation system policy and invest significant public funds. International partnerships and engagement are integral to its trade remedies, innovation and space regulation functions.</p> <p>LSE also leads MBIE’s monitoring arrangements for its Crown entities and is the trusted kaitiaki and kaiāpai of Aotearoa New Zealand’s quarantine and isolation capability including having responsibility for readiness capability and a range of functions to support delivery and continuous improvement of the Managed Isolation and Quarantine (MIQ) system, fees recovery and responses to reviews and complaints.</p>
<b>Kānoa – Regional Economic Development &amp; Investment Unit (Kānoa – RDU)</b>	 Robert Pigou - Deputy Secretary and Head of Kānoa - RDU	<p>Originally established as the Provincial Development Unit in 2018, Kānoa – RDU aims to build more Productive, Resilient, Inclusive, Sustainable and Māori-Enabling (PRISM) regional economies and improve the well-being of New Zealanders living in our regions. Kānoa – RDU does this by delivering government funding to support regional economies so they can grow and develop to reach their full potential.</p> <p>Kānoa – RDU has strong regional knowledge, relationships, and presence, and is responsible for the delivery of the Regional Strategic Partnership Fund (RSPF), the Provincial Growth Fund (PGF), COVID-19: Response and Recovery Fund Infrastructure Reference Group, COVID-19 Response – Worker Redeployment Package, Regional Investment Opportunities (NZ Upgrade Programme), the Strategic Tourism Assets Protection Programme and the Queenstown Economic Transformation and Resilience Fund.</p>

## ACCIDENT COMPENSATION POLICY

Group	Deputy Secretary	Function
<b>Building, Resources and Markets (BRM)</b>	 <p style="text-align: center;">Paul Stocks, Deputy Secretary Building, Resources and Markets</p>	<p>BRM’s role is to support a fair, competitive business environment and well-functioning telecommunications, building and construction and resources sectors and operations. We also serve as the Government’s Procurement System Leader and the Government’s Property System Leader. BRM oversees many of the regulatory systems that govern New Zealand’s markets: consumer protection; financial markets; intellectual property; competition; corporate governance; energy markets; minerals and petroleum; energy efficiency; communications; and building performance.</p>
<b>Te Waka Pūtahitanga (formerly Strategic Policy &amp; Programmes)</b>	 <p style="text-align: center;">Melanie Porter, Deputy Secretary - Te Waka Pūtahitanga</p>	<p>Te Waka Pūtahitanga works across MBIE and the wider system to progress key cross-cutting outcomes such as the climate change; Government’s long-term economic strategy, Future of Work issues; Māori economic development; Pacific economic development. Te Waka Pūtahitanga also has an oversight role for regulatory stewardship, supporting MBIE’s regulatory systems to create and maintain regulatory systems that enable people, businesses and future generations to thrive. This includes working closely with the Treasury, which has overall responsibility for regulatory management across government.</p>
<b>Immigration New Zealand (INZ)</b>	 <p style="text-align: center;">Alison McDonald, Deputy Secretary Immigration</p>	<p>INZ’s purpose is to be a trusted steward of the immigration system by ensuring we get the balance right between facilitating the migration New Zealand needs, managing risk and enabling people to visit, work, study, live, or invest here. This supports the economy and strengthens New Zealand’s relationships with other parts of the world.</p>
<b>Te Whakatairanga Service Delivery</b>	 <p style="text-align: center;">Suzanne Stew, Deputy Secretary Te Whakatairanga Service Delivery</p>	<p>Te Whakatairanga Service Delivery provides critical functions and services that support businesses, employees, and consumers to operate successfully in the marketplace. We deliver information, advisory, dispute resolution, regulatory and enforcement services across the majority of MBIE’s regulatory systems and on behalf of other government agencies. Te Whakatairanga Service Delivery works to ensure <i>Fair Markets that Thrive: an environment where businesses can succeed, and New Zealanders are protected.</i></p>

ACCIDENT COMPENSATION POLICY

Group	Deputy Secretary	Function
<p><b>Ngā Pou o te Taumarū</b></p>	 <p>Richard Griffiths, Deputy Secretary Corporate Services, Finance &amp; Enablement</p>	<p>Ngā Pou o te Taumarū works in partnership with MBIE’s business groups to enable them to deliver their objectives and portfolio obligations. Ngā Pou o te Taumarū supports the stewardship obligations of the organisation, including its medium and long-term sustainability. Ngā Pou o te Taumarū provides the frameworks, tools and infrastructure to ensure that MBIE is a safe, inclusive, highly skilled and engaging place of work.</p>
<p><b>Finance and Performance (F&amp;P)</b></p>	 <p>Michael Alp, Deputy Secretary Finance &amp; Performance (Acting)</p>	<p>F&amp;P supports the effective management of MBIE’s resources, including finance, procurement, risk management, control practices and processes. F&amp;P works in partnership with MBIE business groups, supporting them to successfully deliver services allowing the Ministry to achieve its outcomes.</p>
<p><b>Digital, Data and Insights (DDI)</b></p>	 <p>Greg Patchell, Deputy Secretary Digital, Data and Insights</p>	<p>The DDI Group is responsible for the data and insights, digital and technology functions within MBIE. The group partners with MBIE’s business groups to ensure MBIE has the data and technology to ‘Grow Aotearoa New Zealand for All’. DDI leads strategic direction for data assets and knowledge management, ensures cyber security of MBIE’s technologies, optimises information insights and data intelligence, provides digital capability and expertise, ensures the operational integrity of MBIE’s digital systems, and makes sure digital and data efforts are aligned, efficient and effective.</p>

## Annex Two: Relevant legislation and regulations

### Accident Compensation Act 2001

The purpose of the AC Act is to enhance the public good and reinforce the social contract represented by the scheme by providing for a fair and sustainable scheme for managing personal injury that has, as its overriding goals, minimising both the overall incidence of injury in the community, and the impact of injury on the community (including economic, social, and personal costs), through—

- establishing as a primary function of the Corporation the promotion of measures to reduce the incidence and severity of personal injury
- providing for a framework for the collection, co-ordination, and analysis of injury-related information
- ensuring that, where injuries occur, the Corporation's primary focus should be on rehabilitation with the goal of achieving an appropriate quality of life through the provision of entitlements that restores to the maximum practicable extent a claimant's health, independence, and participation
- ensuring that during their rehabilitation claimants receive fair compensation for loss from injury, including fair determination of weekly compensation and, where appropriate, lump sums for permanent impairment
- ensuring positive claimant interactions with the Corporation through the development and operation of a Code of ACC Claimants' Rights
- ensuring that persons who suffered personal injuries before the commencement of the AC Act continue to receive entitlements where appropriate.

Under section 166B of the AC Act the Minister must issue a funding policy statement.

### Regulations made under the Accident Compensation Act 2001

Regulation	Description
<i>Accident Compensation (Ancillary Services) Regulations 2002</i>	Sets out payments and payment conditions for services ancillary to treatment such as transport and pharmaceuticals.
<i>Accident Compensation (Apportioning Entitlements for Hearing loss) Regulations 2010</i>	Sets out ACC payments to claimants for hearing devices, assessments, repairs and fittings.
<i>Accident Compensation (Definitions) Regulations 2019</i>	Sets out key definitions.
<i>Accident Compensation (Earners' Levy) Regulations 2022</i>	Details the ACC levy to be paid by workers.

## ACCIDENT COMPENSATION POLICY

Regulation	Description
<i>Accident Compensation (Effective Date for Repeal of Residual Levies Provisions) Notice 2015</i>	Provided an effective date to repeal residual levies provisions, when the levied accounts became fully funded for all claims, and there was no need for residual levies to fund historical claims
<i>Accident Compensation (Experience Rating) Regulations 2022</i>	Provides for an experience rating system for businesses based on ACC claims made by a business, which may result in an increase or decrease in the Work Account levy paid by that business.
<i>Accident Compensation (Experience Rating—Canterbury Adverse Event) Notice 2011</i>	Provides that injuries in the 2010-2011 Canterbury earthquakes and aftershocks do not contribute to a businesses' experience rating.
<i>Accident Compensation (Liability to Pay or Contribute to Cost of Treatment) Regulations 2003</i>	Sets out payments to be made for treatment to health providers such as GPs and physiotherapists on behalf of claimants.
<i>Accident Compensation (Motor Vehicle Account Levies) Regulations 2022</i>	Details ACC levy to be paid by motorists including motorcyclists.
<i>Accident Compensation (Review Costs and Appeals) Regulations 2002</i>	Provides for the award to the applicant of legal costs and other expenses on review and the rules for appeal to the District Court.
<i>Accident Compensation (Work Account Levies) Regulations 2022</i>	Details the ACC levy to be paid by businesses.
<i>Injury Prevention, Rehabilitation, and Compensation (Applications to Determine Previous and Subsequent Injury Entitlements) Regulations 2003</i>	Provides for disputes between ACC and a private insurer over who is liable for payment of entitlements for a subsequent injury (an injury that occurs as a result of a previous injury) to be heard in the District Court. These regulations remain from the period where the scheme was open to competition.
<i>Injury Prevention, Rehabilitation, and Compensation (Code of ACC Claimants' Rights) Notice 2002</i>	Approves the ACC Code of Claimant' Rights. The Code sets out the service level a claimant should expect from ACC.

ACCIDENT COMPENSATION POLICY

<b>Regulation</b>	<b>Description</b>
<i>Injury Prevention, Rehabilitation, and Compensation (Indexation of Maximum Weekly Compensation) Regulations 2004</i>	Details a method of calculating the wage inflation increase in maximum weekly compensation for the 2004/05 year. This calculation for future years is included in the <i>Injury Prevention, Rehabilitation, and Compensation (Indexation) Regulations 2002</i>
<i>Injury Prevention, Rehabilitation, and Compensation (Indexation) Regulations 2002</i>	Details a method of calculating wage and price inflation increases for a range of entitlements.
<i>Injury Prevention, Rehabilitation, and Compensation (Interest Rate for Late Payment of Levies) Regulations 2002</i>	Provides for a method of calculating interest for the late payment of any levy.
<i>Injury Prevention, Rehabilitation, and Compensation (Lump Sum and Independence Allowance) Regulations 2002</i>	Details a method for assessing eligibility for a lump sum or independence allowance. Also includes a scale for the payment of lump sums.
<i>Injury Prevention, Rehabilitation, and Compensation (Occupational Diseases) Order 2007</i>	Adds additional diseases to Schedule 2 of the AC Act. Schedule 2 sets out the diseases that are considered to be likely to be work-related and therefore eligible for accident compensation entitlements as a work-related gradual process disease or infection.
<i>Injury Prevention, Rehabilitation, and Compensation (Public Health Acute Services) Regulations 2002</i>	Defines public health acute services for the purpose of calculating the payment to be made to the Crown by ACC for treatment of claimants in the public health system.
<i>Injury Prevention, Rehabilitation, and Compensation (Refund of Fuel Levy) Regulations 2003</i>	Sets out a process for claiming a refund on payment of the ACC levy on petrol where the petrol is used for specified purposes. A refund rate is specified.
<i>Accident Insurance (“Counsellor”) Regulations 1999</i>	Prescribes the organisations a “counsellor” must belong to before ACC will pay for treatment of a claimant by that counsellor.
<i>Accident Insurance (Insurer Returns) Regulations 1999</i>	Provides for private insurers to make statistical returns for the period of accident compensation competition.

## ACCIDENT COMPENSATION POLICY

<b>Regulation</b>	<b>Description</b>
<i>Accident Insurance (Interest on Crown Advances) Regulations 1999</i>	Prescribes the way interest is to be paid on Crown advances to the Insolvent Insurers Fund and the Non-Compliers Fund under the Accident Insurance Act 1998.
<i>Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999</i>	Details procedures for conducting hearing loss assessments and the degree of hearing loss to be attributed to old age (presbycusis).
<i>Accident Insurance (Prescribed Rate of Interest) Regulations 1999</i>	Prescribes the rate of interest applicable to debts due under various sections of the <i>Accident Insurance Act 1998</i> .
<i>Framework for Accredited Employers Programme</i>	Sets out the provisions required to be met to be part of the Accredited Employers Programme. There are a range of programmes offered from full self-cover to partial self-cover.



## Crown Entities Act 2004

The purpose of the Crown Entities Act is to provide a consistent framework for the establishment, governance, and operation of Crown entities and to clarify accountability relationships between Crown entities, their board members, their responsible Ministers on behalf of the Crown, and the House of Representatives.

Relevant sections	Description
Sections 25-28 and 86-88	Outline the roles and responsibilities of the Board, Minister and Monitor as well as the Board appointment process.
Sections 49-51 and 138-156	Set expectations of Board accountability (referenced by sections 271-278 of AC Act)

## Annex Three: ACC Portfolio links with other systems



## **Annex Four: Funds and appropriations**

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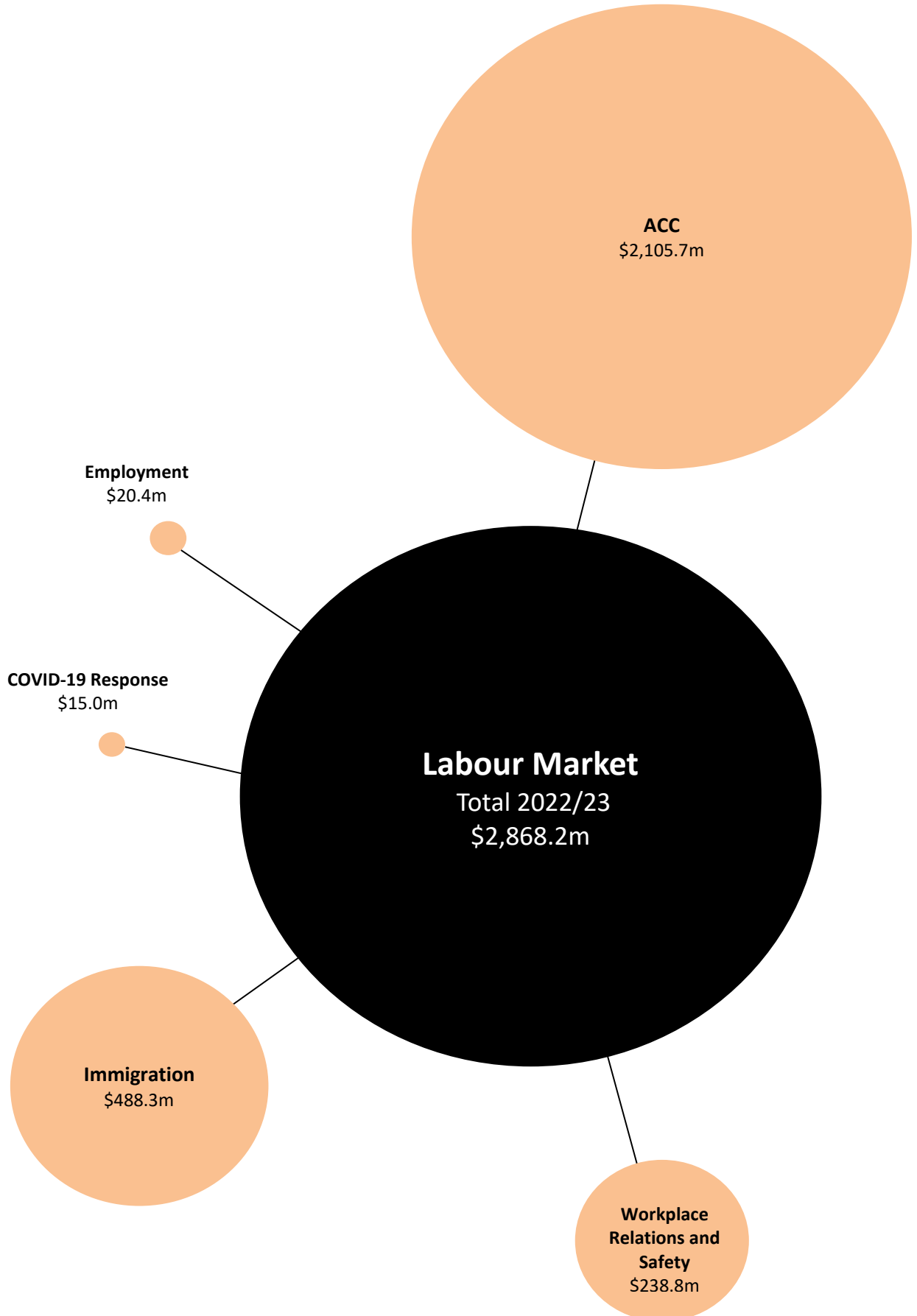
### **Vote Labour Market: Budget Structure**

Five Ministers are responsible for appropriations in Vote Labour Market. For 2022/23 (as at the October Baseline Update (OBU)):

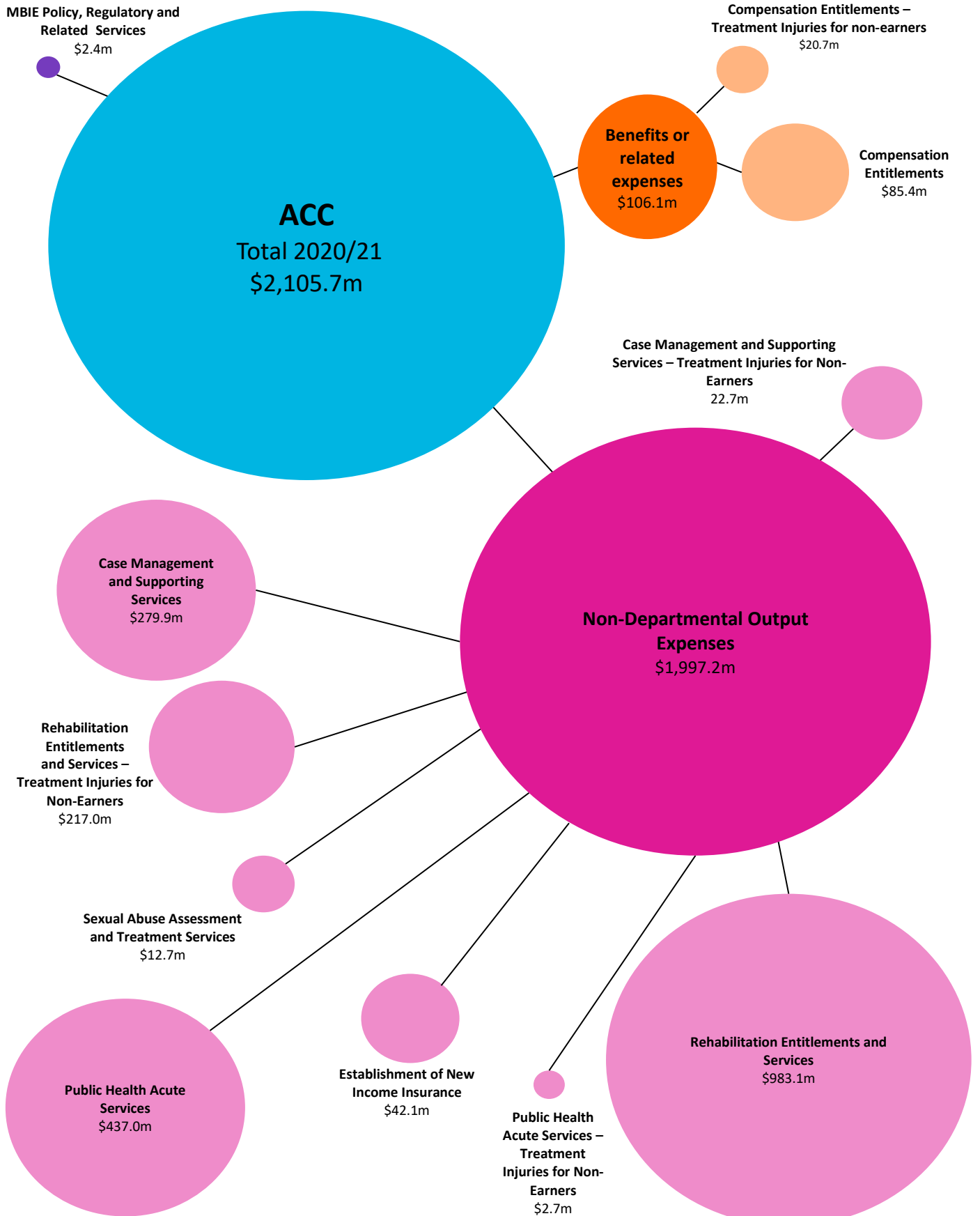
1. the Minister for ACC is responsible for appropriations totalling \$2.1 billion, primarily to cover the estimated cost of injury prevention, claims processing, medical services and social rehabilitation for claims on the Non-Earners' Account.
2. the Minister of Immigration is responsible for appropriations totalling \$488.3 million, primarily for the provision of immigration services, including assessment and processing services, settlement and integration of refugees and integrity and security of the New Zealand immigration system.
3. the Minister of Employment is responsible for an appropriation of \$20.4 million for the provision of employment information and facilitation services.
4. the Minister for Workplace Relations and Safety is responsible for appropriations totalling \$238.8 million, primarily for the provision of employment relations services and health and safety services.

MBIE is the department responsible for administering Vote Labour Market.

## 2022/23 Vote Labour Market appropriations (OBU)



## 2021/22 Departmental and non-departmental funds and appropriations



## Annex Five: Crown entities, institutions and statutory bodies, and international bodies

The institutions and statutory and advisory bodies associated with the portfolio are:

- Accident Compensation Corporation (ACC)

The Treasury is your performance monitor for ACC. More detailed information about how ACC operates will be provided in its briefing to you.

The ACC Board has up to nine non-executive members, each appointed by the Minister for ACC for a prescribed term. The Minister can re-appoint a Board member, or shorten their term.

The Board has authority to exercise ACC's statutory powers and perform its functions, and may only act for those purposes, which include:

- maintaining appropriate relationships with the Minister, the House of Representatives and the public
- ensuring ACC's compliance with the law, ACC's accountability documents and relevant Crown expectations
- ensuring that ACC is a good employer and creates a supportive environment that promotes the highest standards of safety and wellbeing, both for its staff and for the communities it serves
- setting strategic direction and developing policy on the operation and implementation of the legislation
- maintaining the financial viability and security of ACC and its investments
- appointing the Chief Executive of ACC
- monitoring the performance of ACC and of its Chief Executive.

All decisions relating to the operation of ACC must be made by, or under the authority of, the Board. The Board delegates responsibility to the Chief Executive for the day-to-day management and leadership of ACC, which includes matters relating to ACC's responsibilities as an employer.

The current members of the ACC board are:

Member	Start date	End date	Region	Skills
Hon Steve Maharey (Chair)	1 May 2021 (Board member) 1 August 2021 (Chair)	30 April 2024	Manawatu-Whanganui	Governance, leadership, communication, financial management, public and commercial sectors, stakeholder engagement
Dr Tracey Batten (Deputy Chair)	1 Feb 2019 (Board member) 1 January 2022	30 Jun 2024*	Auckland	Qualified medical practitioner, education/health insurance/ medical technology/supply sectors, CEO experience in complex hospital groups,

ACCIDENT COMPENSATION POLICY

Member	Start date	End date	Region	Skills
	(Deputy Chair)			strategy creation and execution, mergers and acquisitions
Bella Takiari-Brame	1 Feb 2021	30 Jun 2023	Waikato	Regulated industries, treasury, bonds, bank financing, audit and risk, Māori connections
Patrick (Pat) Bowler	1 Feb 2021	30 Jun 2023	Wellington	Legal, strategy, statutory obligations, complex litigation
Dr Helen Nott	1 Feb 2021	30 Jun 2023	New South Wales	Insurance, large scale transformation, data analytics, strategy
Mark Cross	1 Aug 2021	30 Jun 2024	Auckland	Investment banking, acquisitions, divestments, mergers, IPOs, debt restructuring, capital structure reviews, valuations and general advisory
David Hunt	1 Sep 2021	30 Jun 2024	Wellington	CE experience energy sector, economic analysis/advisory, merger and acquisition
Ali'imua (Sandra) Alofivae	11 April 2022	30 Mar 2025	Auckland	Legal, Pasifika networks, public sector and not-for-profit governance experience
<i>Vacancy</i>				

\*Board members with terms extended

## Annex Six: Key stakeholders

<b>Crown Entities and Other Related Bodies</b>	
ACC	Chair: Hon Steve Maharey Chief Executive: Megan Main
WorkSafe NZ	Chair: Jennifer Kerr Deputy Chair: Bill Moran Chief Executive: Phil Parkes
<b>Worker/Union</b>	
Council of Trade Unions	President: Richard Wagstaff Secretary: Melissa Ansell-Bridges
<b>Other Business Stakeholders</b>	
New Zealand Law Society Accident Compensation Committee	Convenor: Peter Sara
Business Leaders' Health and Safety Forum	Chair: George Adams Executive Director: Francois Barton
Business New Zealand	Chief Executive: Kirk Hope
New Zealand Association of Accredited Employers	Chair: Rachel Moon