

NZII SCHEME SERVICE MODEL – ASSESSMENT CRITERIA

This paper provides descriptions of the criteria used to assess the NZII Service Model options. The criteria reflect Treasury Guidance on Government Expectations for Good Regulatory Practise: see <https://www.treasury.govt.nz/information-and-services/regulation/regulatory-stewardship/good-regulatory-practice>

The description of Te Tiriti o Waitangi/Treaty of Waitangi criteria is one that has been developed by MBIE with input from ACC and not yet been peer reviewed more widely.

The paper also includes a key for interpreting the +/0/- symbols used in the Options Assessment Table.

Within the context of the NZII scheme: ‘regulated parties’ refers to employers and employees/workers/ claimants and ‘regulator’ refers to ACC.

Effectiveness:

Description	Related Questions & Considerations
Meets the intended policy outcomes and objectives. In the case of NZII these include: <ul style="list-style-type: none"> - Income smoothing - Return to Suitable Work - Equity of Access & Outcome - Meeting the Crown’s Te Tiriti obligations - Mitigating economic shocks & downturns. 	How effective is the option in achieving the systems regulatory objectives? Will the system deliver net economic benefits? Any trade-offs between objectives or intended outcomes will be highlighted and taken into account

Te Tiriti o Waitangi/Treaty of Waitangi

Description	Related Questions & Considerations
<ul style="list-style-type: none"> - Meets the Crown’s obligations under Te Tiriti o Waitangi/Treaty of Waitangi - Gives practical effect to the principles of Te Tiriti o Waitangi/Treaty of Waitangi - Involves appropriate engagement with hapu/iwi/Maori in options development 	Does the option meet the Crown’s obligations under Te Tiriti o Waitangi/Treat of Waitangi? To what extent does the option give practical effect to the principles of Te Tiriti o Waitangi/Treaty of Waitangi? Has there been or will there be appropriate engagement with hapu/iwi/Maori in the options development?

Proportionality:

Description	Related Questions & Considerations
The regulatory burden (cost) is proportional to the benefits that the proposed change is expected to deliver	Are compliance requirements and costs proportionate to the expected benefits? Who will bear any additional compliance costs? Any changes to regulatory systems, including enabling legislation should have benefits that outweigh the cost of the changes

Certainty (including accountability):

Description	Related Questions & Considerations
<ul style="list-style-type: none"> - Regulated parties have certainty about their legal obligations and the regulatory system provided predictability over time - Legislative requirements are sufficiently clear and able to be applied consistently and fairly - Regulators can justify their decisions and are subject to public scrutiny - All participants in the regulatory system understand their roles, responsibilities and legal obligations 	<p>Will regulatory requirements, processes and decisions be transparent, predictable and consistent with other policy settings and provide certainty to regulated parties?</p>

Durability (including Flexibility):

Description	Related Questions & Considerations
<ul style="list-style-type: none"> - The regulatory system can evolve in response to changing circumstances or new information on system performance - The regulator is able to adapt its approach to the attitudes and needs of different regulated parties - Regulated parties have scope to adopt cost-effective and innovative approaches to meeting their legal obligations 	<p>Can the regulatory system evolve in response to new information and changing circumstances?</p> <p>Will regulated parties have the scope to adopt least cost and innovative approaches to meeting their legal obligations?</p>

Implementation Risk:

Description	Related Questions & Considerations
<ul style="list-style-type: none"> - Meeting legislative requirements is feasible - The implementation risks are low or within acceptable parameters - Implementation can be achieved within reasonable timeframes - The risk of perverse incentives and unintended consequences is low 	<ul style="list-style-type: none"> - Is the system based on established and proven regulatory features or will it include untested or novel solutions? - Are the implementation risks, timeframes and costs acceptable? - How certain are the implementation timeframes and costs? Are they within acceptable bounds?

Note: Accountability & Flexibility could be split out as considerations in their own right.

Assessment Table Key

Options Assessment Table Key	
++	Significant improvement on the status quo
+	Moderate improvement on the status quo
0	Neutral/no change to status quo
-	Worse than the status quo
--	Much worse than the status quo