



COVERSHEET

Minister	Hon Matt Doocey	Portfolio	ACC
Title of Cabinet paper	Accident Compensation (Interest on Instalments and Unpaid Levies) Amendment Bill	Date to be published	26 July 2024

List of documents that have been proactively released

Date	Title	Author
March 2024	Accident Compensation (Interest on Instalments and Unpaid Levies) Amendment Bill	Office of the Minister for ACC
6 March 2024	Accident Compensation (Interest on Instalments and Unpaid Levies) Amendment Bill SOU-24-MIN-0005 Minute	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under the Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld to protect professional legal privilege and confidential advice to government.



Cabinet Social Outcomes Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Accident Compensation (Interest on Instalments and Unpaid Levies) Amendment Bill

Portfolio ACC

On 6 March 2024, the Cabinet Social Outcomes Committee:

- 1 **noted** that the Accident Compensation Scheme provides entitlements that cover the cost of personal injuries in New Zealand largely funded by levies, which ACC collects from New Zealanders including businesses;
- 2 **noted** that businesses generally pay their ACC levy invoice annually in one single payment, however, ACC also offers a range of instalment plan options to pay their levy;
- 3 **noted** that the Accident Compensation Act 2001 allows ACC to charge a reasonable fee to recover its costs of collecting any levy by instalments (s234(2)) and ACC appears to have relied on s234(2) to collect debit interest since at least 2004;
- 4 **Legal professional privilege**
- 5 **noted** that the current ten-month plan (inclusive of a fee of 2.73 percent of the levy, inclusive of a debit interest charge) is beneficial for those that opt to use it as it is likely to cost them less than alternative sources of finance, and ensures other levy payers are not cross-subsidising instalment plan levy payers;
- 6 **agreed to:**
 - 6.1 amend the Act to explicitly allow ACC to charge debit interest when levy payers opt to pay by an instalment plan;
 - 6.2 provide that the Act include a transitional provision which would set an initial rate of debit interest until regulations are made to set a rate. The initial rate will be the same as is currently charged; and
 - 6.3 retrospectively validate ACC's past and current practice of charging debit interest in some cases where levies are paid by instalments by clarifying that it was appropriate to do so;
- 7 **noted** that there has been no public consultation on this approach **Legal professional privilege**

- 8 **invited** the Minister for ACC to provide drafting instructions to the Parliamentary Counsel Office for the Accident Compensation (Interest on Instalments and Unpaid Levies) Amendment Bill;
- 9 **noted** that the Minister for ACC has sought a category 3 priority (a priority to be passed by the end of 2024) on the 2024 Legislation Programme because of the need to ensure that ACC's practice of charging interest to those who pay levies by instalment plans is clearly provided for in the Act;
- 10 **agreed** to the use of urgency **Legal professional privilege** [REDACTED];
- 11 **authorised** the Minister for ACC to make any additional policy decisions or any minor and technical changes required to give effect to the decisions in the paper under SOU-24-SUB-0005.

Rachel Clarke
Committee Secretary

Present:

Hon Nicola Willis (Chair)
Hon Erica Stanford
Hon Louise Upston
Hon Mark Mitchell
Hon Matt Doocey
Hon Melissa Lee
Hon Nicole McKee
Hon Penny Simmonds
Hon Chris Penk
Hon Karen Chhour

Officials present from:

Office of the Prime Minister
ACC
Officials Committee for SOU