



## COVERSHEET

<b>Minister</b>	Hon Matt Doocey	<b>Portfolio</b>	ACC
<b>Title of Cabinet paper</b>	ACC Financial Sustainability – levies and performance improvement	<b>Date to be published</b>	13 December 2024

<b>List of documents that have been proactively released</b>		
<b>Date</b>	<b>Title</b>	<b>Author</b>
28 August 2024	<i>Consultation on 2025/26 – 2027/28 ACC levies</i>	<i>Office of the Minister for ACC</i>
28 August 2024	<i>ECO-24-MIN-0174 - 2025/26 – 2027/28 ACC Levies: Approval to Consult</i>	<i>Cabinet Office</i>
25 November 2024	<i>ACC Financial Sustainability – levies and performance improvement</i>	<i>Office of the Minister for ACC</i>
25 November 2024	<i>CBC-24-MIN-0118 – Cabinet Business Committee Minute of Decision</i>	<i>Cabinet Office</i>
25 November 2024	Appendix 5 – Cost Recovery Impact Statement 2025/26, 2026/27, 2027/28 ACC Levies	<i>MBIE</i>
25 November 2024	Appendix 6 – RIS New classification unit for home improvement stores and sports and physical recreation	<i>MBIE</i>
25 November 2024	Appendix 7– RIS Removing ACC's No Claims Discount	<i>MBIE</i>
25 November 2024	Appendix 8 – RIS Reviewing motorcycle groupings to enable levy rates to better reflect crash and claim data	<i>MBIE</i>
25 November 2024	Appendix 9 – RIS ACC's Ride Forever programme	<i>MBIE</i>
25 November 2024	Appendix 10 – RIS Levy portion for plug-in hybrids and battery electric vehicles	<i>MBIE</i>
25 November 2024	Appendix 11 – RIS ACC's Fleet Saver	<i>MBIE</i>
25 November 2024	Appendix 12 – RIS ACC interest rates and bad debt	<i>MBIE</i>

### **Information redacted**

**YES / NO** (please select)

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 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.



# Cabinet Economic Policy Committee

## Minute of Decision

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*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.*

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### 2025/26 – 2027/28 ACC Levies: Approval to Consult

**Portfolio**                      **ACC**

On 28 August 2024, the Cabinet Economic Policy Committee:

- 1        **noted** that the Accident Compensation Corporation (ACC) intends to consult on its proposed 2025/26 – 2027/28 levy rates, as set out in Appendix One under ECO-24-SUB-0174, between 11 September and 9 October 2024 before making recommendations to the Minister for ACC in October 2024;
- 2        **noted** that ACC must give effect to the Funding Policy Statement set by the Government when recommending the making of regulations prescribing the rates of levies;
- 3        **noted** that without the cap on levy increases described in the Funding Policy Statement, ACC would be recommending materially higher levy increases;
- 4        **noted** that, following consultation and receiving recommendations from ACC and the Ministry of Business, Innovation and Employment (MBIE), the Minister for ACC intends to seek Cabinet approval in December 2024 to the final 2025/26 – 2027/28 levy rates for the three levied accounts;
- 5        **noted** that the Government is not obliged to adopt ACC or MBIE’s levy recommendations, as it can take account of broader considerations, including the overall public interest;
- 6        **approved** the release of public consultation documents, attached under ECO-24-SUB-0174, on:
  - 6.1      proposed changes to specific Classification Units;
  - 6.2      an increase to the Experience Rating Medical and Treatment Costs Threshold;
  - 6.3      new motorcycle risk groups and the associated ACC levy portions payable during the annual vehicle licensing process;
  - 6.4      increasing the ACC levy portion payable for non-petrol-powered plug-in hybrid electric vehicles and battery electric vehicles;
  - 6.5      introducing a 25 percent discounted levy for motorcycle owners who have completed advanced rider training equivalent to the Gold Ride Forever course; and
  - 6.6      the removal of Fleet Saver;

- 7 **approved** the release of public consultation documents, attached under ECO-24-SUB-0174, on proposals to update interest rates for:
- 7.1 debit interest charged on instalment plans;
  - 7.2 penalty interest; and
  - 7.3 credit interest;
- 8 **approved** the release of public consultation documents, attached under ECO-24-SUB-0174, on the circumstances under which ACC may waive debit interest charges on instalment plans;
- 9 **noted** that the Minister for ACC has asked ACC to undertake the above consultation on his behalf;
- 10 **noted** that ACC will consult on its proposed changes to the Experience Rating Framework and the level of cross-subsidisation in the Motor Vehicle Account;
- 11 **noted** that ACC's historic input into the Budget Economic and Fiscal Update was based on 5 percent levy rate increases, plus inflation for the Motor Vehicle Account;
- 12 **noted** that levy rates provided for final decisions in December 2024 will take into account Operating Balance Before Gains and Losses (OBEGAL) fiscal indicators;
- 13 **Confidential advice to Government**

Rachel Clarke  
Committee Secretary

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**Present:**

Hon David Seymour  
Hon Nicola Willis (Chair)  
Hon Brooke van Velden  
Hon Louise Upston  
Hon Paul Goldsmith  
Hon Tama Potaka  
Hon Matt Doocey  
Hon Simon Watts  
Hon Melissa Lee  
Hon Penny Simmonds  
Hon Nicola Grigg  
Hon Andrew Bayly  
Hon Andrew Hoggard  
Hon Mark Patterson  
Simon Court MP  
Jenny Marcroft MP

**Officials present from:**

Office of the Prime Minister  
Ministry of Business, Innovation and Employment  
The Treasury  
Accident Compensation Corporation  
Officials' Committee for ECO