2018 Levy Consultation

ACC analysis of submissions on consultation proposals for the 2019-2021 levy period

28 November 2018

VERSION FOR CABINET CONSIDERATION

[SUMMARY WILL BE PUBLICLY AVAILABLE IN THE NEW YEAR]

Contents

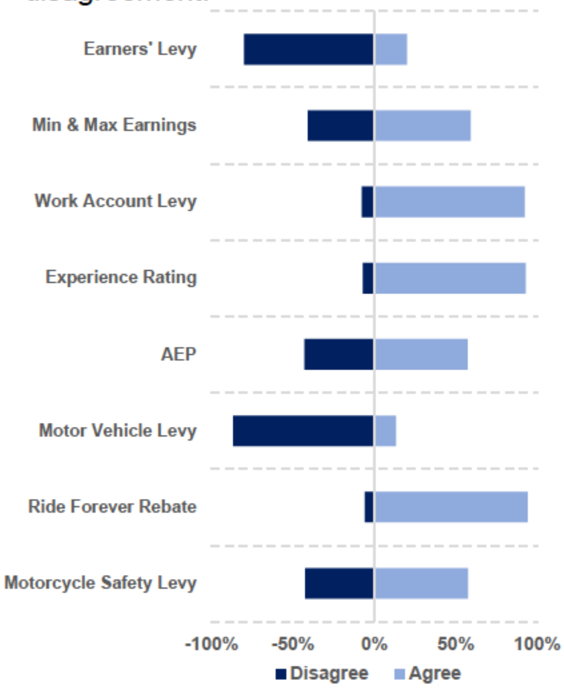
Executive Summary

This report details the submission analysis for ACC's 2018 Levy Consultation, which took place between 27 September and 26 October 2018. Analysis of public and stakeholder submissions is provided, describing aggregated themes and submissions from representative groups, as well as ACC's responses and recommendations. We received a total of **6,334 submissions** over the consultation period.

Have your say on your ACC levies |

Changes to levy rates and levy settings, which the ACC Board is legally required to consult on.

Of the eight 2019-21 levy rate and levy setting proposals we consulted on, six received strong support from submitters. Two proposals – the proposed Earners' and Motor Vehicle levy increase – received considerable disagreement.



Most submitters (80 percent) disagree with the proposed increase to the Earners' levy, telling us current levies are too expensive.

We received mixed feedback on the proposed increase to the minimum and maximum levied liable earnings.

Almost all submitters strongly support a decrease to the average Work Account levy, with 92 percent of submitters in favour of the proposal.

There is overwhelming support (93 percent) for the proposed changes to the Experience Rating Programme.

We received mixed feedback on the proposed fee changes to the Accredited Employers Programme (AEP).

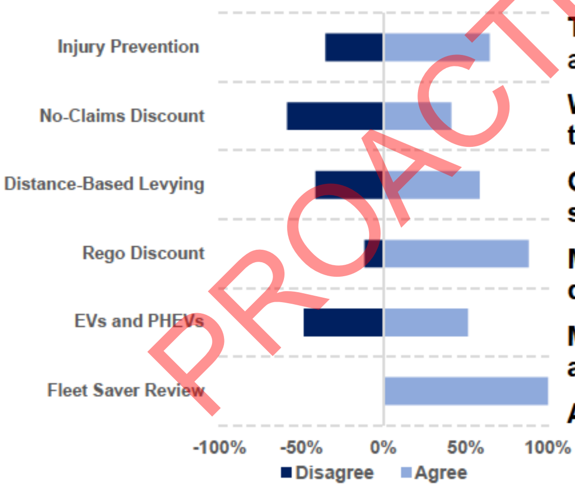
Most submitters (87 percent) disagree with the proposed increase to the average Motor Vehicle levy, with some submitters in favour of increasing the rego levy only and maintaining the current petrol rate, including the NZAA and the NZ Federation of Motoring Clubs.

The proposed Ride Forever rebate has overwhelming support (94%), with submitters also suggesting additional changes or improvements.

We received mixed feedback on maintaining the Motorcycle Safety levy.

Have your say on future work |

Other items to inform our future work programme, which the ACC Board is not legally required to consult on.



Two-thirds of submitters (65 percent) support the introduction of subsidies and grants for injury prevention

We received mixed feedback on whether ACC should keep or remove the No-Claims Discount Programme for businesses.

Over half of submitters support moving to a distance-based levying system (59 percent), with others worried about the potential impacts.

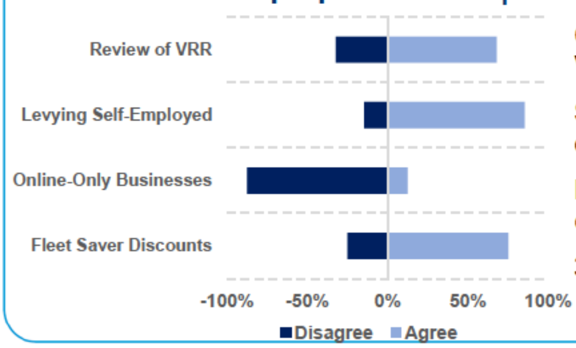
Most submitters (88 percent) support a potential vehicle registration discount for owners of more than one vehicle

Mixed feedback has been received on keeping electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs) classed as petrol vehicles.

All submitters agree with the proposal to review Fleet Saver.

Minister for ACC proposals |

Changes to levy policies, which are the Minister's proposals.



Over two-thirds of submitters (68 percent) are in favour of retaining Vehicle Risk Rating (VRR).

Submitters generally welcome the new approach to levying self-employed people, however a pre-payment option is not desired by most.

Most submitters disagree with ACC's current approach of a shared classification unit (CU) for all online-only retail businesses (88 percent).

3 out of 4 submitters agree with the current Fleet Saver discount levels.

Key findings

Earners' Account proposals

Proposal:
Increase the Earners' levy to $1.24 per $100 of liable earnings

694
total submissions

Key question:
Should we increase the Earner's levy?

Most submitters (80%) disagree with the proposed levy increase, telling us that current levies are too expensive and that the increase is unwarranted for those who rarely use ACC cover.

- Submissions from representative groups caution against the increase, with the New Zealand Council of Trade Unions noting the increase would be more reasonable if accompanied by improved entitlements.
- Low-income earners are against any increase to their earners' levy, noting that increasingly high living costs mean any levy increases will significantly impact their financial situation.
- A small number of submitters (20%) support the proposal, telling us the proposed increase is fair, and that the additional cost is a modest amount to pay for the injury cover they receive.
- We received a notable number of proposals on alternative ways to fund the Earners' levy increase, including a higher levy for people who engage in high-risk sports and activities, or to charge or exclude tourists from ACC cover.

Proposal:
Increase the minimum and maximum liable earnings for self-employed people and employers

93
total submissions

Key question:
Should we increase the amounts for levied liable earnings?

We received mixed feedback on this proposal.

- Just over half of submitters (59%) support the proposal. These submitters often make note of recent increases in the average wage and the need for the minimum and maximum earnings thresholds to reflect this.
- Submitters opposed to the proposal (41%) are concerned about a potential increase to their levies. Many of these submitters feel they are already subject to significant taxation and/or ACC levies.
- Some submitters also recommend removing the maximum income threshold, suggesting that there be no cap on levied liable earnings. Others recommend further increasing maximum earnings cover provided by ACC, noting that high earners often need to purchase private insurance to make up the difference in lost earnings.
- Some submitters oppose an increase to the minimum liable earnings threshold, claiming that this has a disproportionate impact on those who have low incomes and/or are self-employed, especially if their income falls below the minimum liable earnings threshold.

Work Account proposals

Proposal:
Reduce the Work Account levy to $0.67 per $100 of liable earnings

560
total submissions

Key question:
Should we decrease the average work levy?

There is overwhelming support to decrease the average Work Account levy, with many submitters telling us the levy is a significant cost to their business, and therefore welcome a reduction.

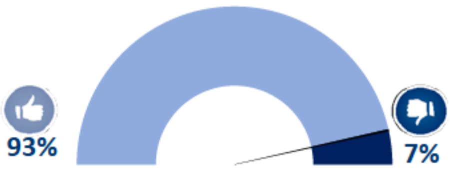
- Submitters who oppose the proposal believe the Work Account levy should be left as is, with the additional funds used to improve ACC services. Some were concerned how a reduction in the levy for 2019-2021 would impact the ability of ACC to remain fully funded and/or provide full coverage in the future.
- Several submitters were concerned that the potential removal of the No-Claims Discount programme would cancel out any savings to businesses, and/or reductions in the average work levy may be offset by the proposed increases in other levy rates. Other submitters were unhappy that they would not be receiving a reduction in their Work Account levy, despite the average reduction.
- Submitters also provided a range of suggestions on how ACC can reduce the number of work accidents in the future. This included more training, changing workplace safety culture, reducing workplace stress, and providing financial incentives to business.

Key findings

Proposal:
Implement changes to the Experience Rating programme

40
total submissions

Key question:
What do you think about our proposed changes to simplify the Experience Rating Programme?



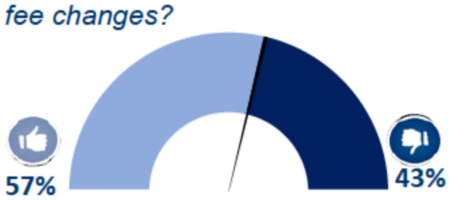
This proposal received overwhelming support, with 93% of submitters in favour of the proposed changes.

- Most submitters tell us the changes will simplify the programme and make it easier to engage with. Submitters particularly highlight the benefit of making the experience rating calculation more transparent, and giving greater weight to recent experience.
- Submitters opposed to the proposal note that the experience rating calculation remains too complicated or suggest alternative approaches to calculate the rating. A few felt it was unfair that the Experience Rating Programme applies only to large businesses.
- There is strong opposition to increasing penalties for business' levies in the event of a fatal accident, with submitters noting that employers are already doing their best in this area and that a business will already face financial penalties through legal or compliance costs in the case of a fatality.

Proposal:
Implement pricing changes to the Accredited Employer Programme (AEP)

13
total submissions

Key question:
What do you think about our proposed fee changes?



We received mixed feedback on this proposal.

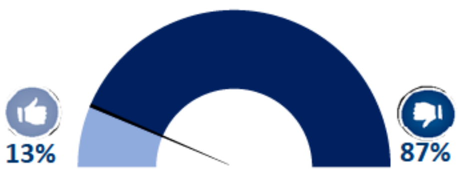
- Submitters who support the pricing changes (57%) note that the proposed fee changes appear reasonable and that any decrease in fees is welcomed to help with the costs of running a business.
- Those expressing disagreement (43%) are generally responding to the design of the Accredited Employers Programme (AEP), not the fee changes themselves. These submitters are unhappy that AEP is only available to large employers and not smaller businesses.
- The proposed decrease to the administration fee is generally supported by submitters, as is the decrease to the bulk-funded public healthcare, and planned increase to the average levy discounts for the Partnership Discount Plan (PDP).
- Submitters oppose increasing the unallocated primary healthcare cost fee, with several submitters saying they are unclear why AEP companies are required to pay for this.

Motor Vehicle Account proposals

Proposal:
Increase the average Motor Vehicle Levy to $127.68 per vehicle

985
total submissions

Key question:
Should we increase the average Motor Vehicle levy?



Most submitters (87%) oppose an increase to the average Motor Vehicle levy, stating that the cost of petrol and rego is already too high, particularly with rising petrol and living costs.

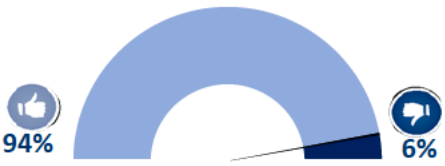
- Many submitters are worried the proposed increase will negatively target low and middle-income motorists, and/or that the increase may push more motorists to drive without a rego.
- Submitters who support the proposal (13%) feel the increase is fair.
- **A number of submitters are opposed to the proposed increase on petrol, given current fuel prices. Some submitters suggest collecting the levy increase through registration costs only.** Submissions from representative groups, such as the NZAA and NZ Federation of Motoring Clubs, both note that petrol prices are at near-record high, while the cost of relicensing a car has substantially fallen and is comparatively low, and support increasing the registration fee and maintaining the current petrol rate.
- Around the same number of submitters are opposed to any increase in the rego or registration levy, saying that this is already a significant cost and/or that additional increases to the rego would mean less people will register their vehicles, increasing the number of unsafe vehicles on the road.

- There are mixed views on the levying approach to motorcycles. Some who support the proposal recommend that motorcycle levies be increased further, pointing out that they are responsible for a large portion of accidents. Other submitters believe that motorcyclists pay an unfair proportion of motor vehicle levies, especially when compared to other vehicles such as sports and turbo-charged cars.

Proposal:
Designing the Ride Forever Incentive Programme

1,914
total submissions

Key question:
Should safe motorcyclists get a rebate?



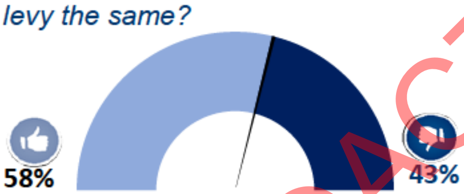
Almost all submitters (94%) support the Ride Forever Rebate, with the Ride Forever courses receiving significant praise.

- Some submitters also feel that current motorcycle levies are too high. Among submissions supporting the Ride Forever rebate, almost all comment on the expense of motorcycle levies.
- Under the current proposal, ACC has targeted the incentive to experienced riders who are over-represented in death and serious injury crashes. A number of submitters suggest lowering the 10-year licence minimum, wanting motorcyclists to be encouraged to up-skill from the start and see the 10-year minimum as a barrier to this.
- Some motorcyclists also want the eligibility criteria to include lower-level Ride Forever courses (e.g. Bronze and Silver) so that riders of all levels are recognised for improving their safe riding skills.
- A small number of submitters (6%) oppose the rebate, stating that motorcyclists are already heavily subsidised by other motor vehicle owners. A few also indicate that the eligibility criteria for the rebate does not necessarily guarantee safe riders.

Proposal:
Maintain the Motorcycle Safety levy at $25 per vehicle

142
total submissions

Key question:
Should we keep the Motorcycle Safety levy the same?



We received mixed feedback on this proposal.

- Over half of submitters (58%) agree with retaining the current Motorcycle Safety levy, and tell us that they are happy with the initiatives available through the Motorcycle Safety Advisory Council (MSAC). Ride Forever programmes have considerable support, as do motorcycle safety promotions and local road improvements.
- Just under half of submitters (43%) tells us the current Motorcycle Safety levy is too high. Many of these motorcyclists feel they are charged enough through other ACC levies, and haven't seen results to warrant the payment.
- Submitters also raise questions about the value MSAC, with a number specifically questioning MSAC's achievements, how MSAC funds are spent, and what studies MSAC have funded.

Key findings

Future work proposals

ACC also consulted on the following proposals to inform our future work programme, undertaking a full review of submissions to identify insights and opportunities to feed into business planning over the next two years ahead of the 2021-23 levy proposals. We received **1,322 submissions** on these proposals, and will share findings from this work in the 2020 levy consultation.

Injury Prevention Initiative Funding for Business

- Most submitters (65%) support the introduction of subsidies and grants for injury prevention. However, many also request a review of the proposed eligibility criteria, recommending that the minimum number of employees be reduced to include smaller businesses.
- Submitters opposed to the proposal (35%) often question whether ACC should provide subsidies and grants for injury prevention practices, with some stating that businesses should be financially accountable instead. Others are concerned that grants may be misused by businesses, or that funding for the grants and subsides may mean an increase in other levies.

Review of ACC No-Claims Discount programme

- We received mixed views on retaining the No-Claims Discount programme for businesses, with just over half of submitters (59%) recommending the programme be continued.
- Business owners generally tell us that the programme does not recognise the time and effort that they put into injury prevention, and that it is frustrating to engage in safety initiatives but miss out on the No-Claims Discount because of a single accident.
- Submitters suggest a number of alternative incentives that could replace the programme, including rewards for businesses that engage in health and safety practices, or a programme that bases discounts on a business's long-term claim history, rather than no-claims.

Investigating a shift to distance - based levying for motor vehicles

- Just over half of submitters (59%) support moving to a distance-based levying system, telling us the proposal is fairer – especially for multiple car owners and those who drive infrequently.
- People who spend more time on the road for work purposes, travel, or leisure – are worried about how the proposal could impact on them, particularly those who are commercial vehicle owners. Many of these submitters feel their considerable driving experience makes them safer drivers than those who spend less time on the road.
- Some submitters are concerned that low-income families who live rurally will be disproportionately disadvantaged by a distance-based system.

Investigating rego discounts for owners of multiple vehicles

- Most submitters (88%) are in favour of a rego discount, with many telling us that current rego costs for multiple vehicles makes ownership too expensive. A common sentiment is that it is unfair to charge levies for multiple vehicles when individuals can only drive one vehicle at a time.
- The proposal received strong support from motorcyclists and hobby vehicle owners, with many telling us they own multiple vehicles but only use them sporadically.
- A small proportion of submitters oppose the discount, with some concerned that people will "cheat the system" (e.g. families registering multiple vehicles under a shared name). Others worry about the environmental impacts that could occur by financially incentivising the ownership of more than one car, or have concerns that the discount will increase levy costs for single vehicle owners.

Future work on levying electric vehicles (EVs) and plug-in hybrid vehicles (PHEVs)

- We received mixed feedback on this proposal, with just over half of submitters (51%) agreeing tha EVs and PHEVs should remain classed as petrol vehicles. A notable portion of submitters support subsidising EVs and PHEVs through the levy system due to their environmental benefits..
- It appears our consultation question was not clear for this proposal, with many submitters who agree with the proposal also telling us the current subsidy EVs and PHEVs receive due to their vehicle classification is unfair. General feedback is that EVs and PHEVs use the same roads as other vehicles and present the same accident risks.
- A significant number of submitters are indicating that risk-rating for EVs and PHEVs should be the main factor for determining how their levy fees are set.
- Distance-based levying is often proposed as an alternative approach, with many submitters recommending that the way diesel vehicles are levied could apply to EVs and PHEVs.

Review of ACC Fleet Saver programme

- All submitters agree to the proposed review of Fleet Saver.

Key findings

Minister for ACC proposals

ACC included four proposals in this year's levy consultation on the Minister's behalf, receiving a total of **263 submissions** on these proposals. ACC has provided the Ministry for Business, Innovation and Employment (MBIE) with submissions related to these issues, and will provide comment on MBIE's advice to the Minister on these proposals.

Review of Vehicle Risk Rating (VRR)	• Two-thirds of submitters (68%) are in favour of VRR and feel it encourages the use of safer vehicles, reducing the number of injuries on the road and the subsequent flow-on costs to ACC. VRR is generally viewed as a fairer way to spread the costs of ACC by requiring those with unsafe vehicles to pay more. • Many submitters feel that VRR positively impacts consumers' car-buying behaviour, with several noting that VRR had personally caused them to consider safety when purchasing a car, and that it was unfair to be charged the same as vehicle owners who did not. • Some motorcyclists think that VRR is applied to their motorcycles and this unfairly classifies motorcycles as higher-risk vehicles, increasing their vehicle levies. This may have impacted on the overall number of submissions opposing the proposal. • Submitters opposed to VRR suggest it is a flawed approach to estimating risk, questioning both its rationale and evidence base and noting that newer cars may not necessarily be safer than older models. Others felt VRR disproportionately impacts those on low-incomes, who are more likely to have older cars and/or are unable to purchase newer cars with lower risk ratings. • A popular sentiment among those who object to VRR was to replace it with a "Driver Risk Rating", with many suggesting it was the driver, not the vehicle, that determined a vehicle's level of risk.
New approach to levying self-employed people	• Most submitters (85%) think the proposal is a fairer system, preferring to pay based on their actual earnings rather than basing levies off their income from the previous year. • Self-employed people told us that the current way levies are calculated is confusing and stressful, particularly for new businesses and those trying to meet forecasted earnings. • A pre-payment option is generally not wanted. Self-employed submitters often note how their fluctuating income makes it difficult to predict payment or pay in advance, instead they suggest a post-pay system based on actual earnings. • The small proportion of people who support a pre-payment option see it as a convenient way to plan for levy payments, and encourage making the option available.
Classifying online-only retail businesses	• Most submitters disagree with ACC's current approach of a shared classification unit (CU) for all online-only retail businesses (88%). These submitters tell us that online-only retail businesses should instead be independently classified based on the level of risk presented by their operating model, or the product or service they sell. • Views varied as to the best approach to determine the CU for these businesses in the future. Some submitters felt that online-only retail businesses should have the same CU as brick and mortar business that sells the same product(s). Other submitters felt that online-only businesses should be treated differently to those with physical stores, even if they sell the same product, because their operating model represents a lower risk of injury to employees. • A further suggestion was for the CU to distinguish between the different operating models that online-only businesses can have and their associated level of risk. Some submitters felt that the CU should differentiate between online-only businesses that handle goods and/or employ warehouse staff, and those that do not (e.g. drop-shipping models), because they present different levels of risk to employees. This approach would align with the current approach to CUs for wholesale businesses.
Review of ACC Fleet Saver Programme	• Most submitters (75%) recommend Fleet Saver discount levels remain the same. • A few submitters questioned if the Fleet Saver programme has been reviewed, which ties into support for the proposed review of Fleet Saver that we consulted on as part of our future work proposals.

Purpose

This report details the submission analysis for ACC's 2018 Levy Consultation.

Analysis of public and stakeholder submissions is provided, describing aggregated themes and feedback from submitters, as well as ACC's response and recommendations.

This report also provides you with an overview of the engagement approach and methodology that guides our analysis of public and stakeholder submissions.

An analysis of the general feedback we received from the Shape Your ACC (SYA) website is detailed in our Appendix, alongside an analysis of social media comments from the ACC Facebook and Twitter pages.

The 2018 Levy Consultation

The 2018 Levy Consultation took place between 27 September and 25 October 2018.

We asked the public to provide submissions on 18 different proposals, covering the Work Account, Earners' Account and the Motor Vehicle Account. This year we split our proposals across three areas of consultation:

1. **Have your say on your ACC levies:** changes to levy rates and levy settings, which the ACC Board is legally required to consult on
2. **Have your say on our future work:** other items to inform our future work programme, which the ACC Board is not legally required to consult on, but which are included in this consultation to socialise with our customers
3. **Minister for ACC's proposals:** changes to levy policies, which are the Minister's proposals.

We received a total of **6,334** submissions over the consultation period, **127 percent** of our 2018 Levy Consultation target of 5,000 total submissions, and around six times more than the 2016 Levy Consultation.

Submissions were received via the Shape Your ACC website and email. No submissions were received via post.

Our engagement approach

The 2018 consultation used a proactive, integrated and multi-channel communications and engagement approach, with the aim to increase understanding of levy consultation, increase the number of submissions, as well as grow support for what ACC does. This new approach used levy consultation as an opportunity to reach New Zealanders who had not provided feedback previously. A strong creative campaign was developed and implemented using a range of communication tactics and channels. These included social media, the refreshed Shape Your ACC website, email, and the new Ask the Nation Station.

Our methodology

This year we updated our methodology from the last levy consultation (2016) to reflect the large volumes of submissions we received. Below is an overview of the four-step process we used to collate, analyse, review and report on the 2018 levy submissions and related information.

Data collection

We gathered submissions daily from two sources: the Shape Your ACC website and email.

Comments from social media were also collected for separate analysis from the formal submissions.

Analysis

Submissions were sorted and grouped by question and proposal. We analysed submissions both qualitatively and quantitatively.

We applied two methods of analysis to all content received through the consultation: thematic analysis and statistical analysis:

- Thematic analysis is a common form of qualitative research which involves finding and recording patterns (or "themes") within data. Themes help us describe what people are saying, and find commonalities, outliers and salient points which relate to each levy proposal. For thematic analysis, we read through all submissions, assigned a set of variables (codes) and recorded patterns coming through.
- Our statistical analysis consisted of analysing submission analytics, such as the number of submitters who responded ‘agree’ or ‘disagree’ to a key question. We tracked our daily submission count and used this to gather an accurate number of submissions per proposal and relevant graphical representations. This information was analysed in conjunction with our thematic analysis to form insights.

Social media comments and analytics were not treated as submissions for reporting purposes. Because they were not received through one of ACC’s formal submission channels, we were unable to verify whether this feedback was intended as a submission. Thus, we collated and analysed this data separately. For social media analysis, we analysed all comments made over the consultation period and identified key themes. We also gathered website and social media analytics (such as visitor count and unique users). A full analysis of social media comments is available for consideration in Appendix One.

Submissions from representative groups

We define these as submissions that were provided by an individual or body on behalf of an industry or association.

Peer-review

Throughout the analysis, we implemented a peer-reviewing process for our coding, analysis and reporting. An overview of our peer-reviewing process is outlined below:

- A sample of our coding was independently reviewed to ensure consistency across our codes. Sample codes of around 10% of the total number of submissions were reviewed by checking the code definition against the matched submissions.
- Draft thematic analysis was reviewed weekly to ensure our interpretation matched the submissions received. This involved an internal reviewer re-reading all submissions per proposal and checking if codes matched what the analysis was saying.
- Draft thematic analysis was also internally reviewed by a subject matter expert to check that the analysis was accurately representing the technical aspects of submissions received.
- Two-step verification was applied to all statistics used in this report. An independent review of our numbers was undertaken during the analysis process.
- The final report has been reviewed by applying ACC’s internal peer-review process.

Reporting

Our full findings are reflected in this report, including aggregated submission analysis from the complete consultation period (27 September – 25 October).

Earners' Levy

ACC proposes a 2.5% increase to the Earners' Levy from 1 April 2019.

694 submissions

KEY QUESTION Should we increase the Earner's levy? **[528 submissions]**

Most submitters (80 percent) strongly disagree with the proposed increase to the Earners' levy, telling us that current levies are too expensive and the increase is unwarranted, especially for those who rarely use ACC cover. Many submitters **question the use and personal benefit they receive from ACC.** Matched with this sentiment are concerns that ACC fails to cover and/or reduce injury-related health care costs.

Low-income earners are against any increase to the Earners' levy, telling us **they can't afford the extra tax**, particularly in light of rising living costs.

ACC RESPONSE Under the Government's funding policy, ACC needs to collect enough money during each levy year to cover the full lifetime costs of every claim that occurs in that year. Over the past two years, the number of accidents covered by the Earners' Account and the lifetime costs of treating these accidents has increased. This means that the levies we collect also need to increase.

A portion of submitters who oppose the levy increase believe **there should be an opt-out option for Earners' levy**. These submitters tell us that ACC's service isn't working for them and that people should be given a choice to pick how they are covered, for example selecting medical insurance cover instead of ACC cover.

ACC RESPONSE This feedback has been passed on to the Ministry for Business, Innovation and Employment for consideration as advisors to the Government on ACC Scheme design.

A small number of **submitters view the increase as fair**, and believe the additional cost is a modest amount to pay for the injury cover they receive.

These submitters tend to be **pleased with the support they've received from ACC** in the past and see value in paying for the cover. They often discuss instances where they have been injured and received great support from ACC during their recovery and rehabilitation.

ACC RESPONSE This feedback is acknowledged by ACC.

We received a notable number of proposals on alternative ways to fund the Earners' levy increase. Many submitters recommend **increasing the levy for people who engage in high-risk sports or activities**, noting that they make up a large portion of injury-claims. Others suggest **charging or excluding tourists from ACC cover**, stating that it is unfair these individuals receive the benefits of the levy free of charge.

Among those who propose alternative ways to cover the increase, **a few submitters also suggest initiatives to lower the overall accident rate;**

"I disagree with this, I have not had a claim on ACC for a few years now. There should be a fairer way of working out the levies for people that do not have claims on the system."

"I'm a low wage earner I can barely make money as is working fulltime, increasing costs will cause more strain on my already low income."

"It is already hard to live with our budget. Everything is getting higher: rents, petrol, food... but the salaries are not. So no don't increase the earners' levy. It is already hard to pay for everyday expense."

"Why should I pay more when my injury was rejected after a diagnosis without help to fix it? We pay enough ACC and with the number of people turned down for cover every day it doesn't make anyone happier about it."

"I want an option to opt out of ACC entirely because your service is sub-standard and I pay for my own insurances."

"The levy we pay is very reasonable considering the entitlements available when injured. It beats any insurance premium, as do the entitlements."

"The help and support I have received from ACC in the past has been immeasurable. A small increase like this in order to keep this service available is something I am happy to have."

"I've spent time on ACC for different things twice in the last two years. I was supported by you in my time of need and in turn I will support you."

"I think people who injure themselves playing sport should pay more. Why should I be responsible for paying for people when their risk of hurting themselves is greater. If you take more risks than you should pay more."

"The earners levy is quite high already. Earners are subsidising more hazardous activities that should be paid for by those participating in them."

Earners' Levy

examples include: implementing road safety programmes for tourists, or making defensive driver courses compulsory.

ACC RESPONSE

The Earners' levy is collected through the PAYE system which provides an efficient collection mechanism for employees. However, this collection approach means that only a flat fee can be charged to all employees.

Most tourists to New Zealand contribute to levies via the petrol levy, and those on a working visa contribute through the wages they earn. ACC only pays treatment costs for tourists while they are in New Zealand and they are not eligible for weekly compensation for lost earnings. In return for ACC cover, overseas visitors forgo the right to sue if they are injured in New Zealand.

"I would love to see some consideration of requiring visitors to have travel insurance (many countries require a visa for a fee, and NZ already requires a return flight). This would eliminate ACC funds supporting injured tourists who are currently not paying into the system."

"I think we should stop covering tourists and use that money to cover costs."

"Road safety especially for tourists, let them understand our road signs and the dangers of the open roads

"Make defensive driving courses compulsory."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
New Zealand Council of Trade Unions (NZCTU) note the proposed increase in the Earners' levy, and state they would be more accepting of the increase if it was accompanied by improved ACC entitlements.	Levy rates are set to meet the costs of existing and new year's claims, not to allow for future changes to ACC entitlements. This feedback has been passed on to MBIE as the Government's policy advisor on the ACC scheme.
Manage Company caution against increasing the Earners' levy and request more information about the proposed levy changes. Manage Company also express concerns that any increase to the Earners' levy will result in additional costs to the employer and this, in combination with other levy changes proposed by ACC, means that *"the employer is not well served in this space."*	This feedback is noted.

ACC's recommendation

That the Board:

maintain their consultation proposal and recommend increasing the Earners' Account levy from $1.21 to $1.24 per $100 of liable earnings

Maximum and Minimum Earnings

ACC proposes to increase the minimum and maximum amounts for levied liable earnings to reflect changes in the minimum wage and labour cost index.

93 submissions

KEY QUESTION Should we increase the amounts for levied liable earnings? [**66** submissions]

We received mixed feedback on the proposed increase to the minimum and maximum levied liable earnings.

Just over half of submitters (59 percent) support the proposal. These submitters often make note of recent increases in the average wage and the need for the minimum and maximum earnings thresholds to reflect this.

ACC RESPONSE ACC acknowledges this feedback and the mixed support received for this proposal. Based on the balance of the support received we are recommending the proposed increase, and we will undertake a full review of this feedback over the next year and give consideration to it in our proposals for minimum and maximum earnings in 2020.

The purpose of the minimum and maximum income thresholds and how they impact on levied liable earnings was not clear to around one-quarter of submitters on this question. A brief error in the consultation materials provided via email and the Shape Your ACC website (stating that workers earning under the minimum threshold are not levied) may have added to confusion over how the thresholds operate, an area which is already not widely understood.

While the error was quickly amended, this **may have impacted overall support for the proposal,** as a number of submitters expressed their support for increasing the minimum income threshold with the understanding that individuals earning under this threshold would have no liable earnings.

Among submitters that agree with the proposal, some also recommended removing the maximum income threshold, suggesting that there be no cap on levied liable earnings. Several of these submitters feel that by removing the maximum threshold and levying higher-earners at a percentage of their income, ACC could decrease Earners' levies for those on lower incomes.

Other submitters recommend **further increasing the maximum earnings cover provided by ACC**, noting that higher earners often need to purchase private insurance to make up the difference in lost earnings.

ACC RESPONSE ACC will work with the Ministry of Business, Innovation and Employment over the next two years to review whether the maximum earnings level is set appropriately.

Submitters opposed to the proposal are concerned about a potential increase to their levies. Many of these submitters feel they are already subject to significant taxation and/or ACC levies. Other submitters are unhappy with the service provided by ACC and feel they are not getting

"We should increase the amounts for levied liable earnings. It's only fair that costs adjust upwards with salary inflation."

"Like everything salaries are going up - so why cap them, the more you earn the more you should pay."

"It makes sense that if labour costs and earnings rise, and there is an increase in weekly compensation relative to what people are earning, then the money to pay that increase in weekly compensation has to come from somewhere."

"The feedback summary explanation for increasing the minimum/maximum earnings states "the minimum amount is $32,760. If you earn under the minimum amount, you don't pay a levy on your earnings" - does that mean I shouldn't have been paying as much as I have?"

"The minimum amount needs to be raised - many families struggle on low wages so lifting the minimum would help those families. The maximum could be raised as there are many on a higher income than the current maximum and should therefore be paying their share."

"I did not understand this thoroughly."

"If you earn more you should pay more. You should place the levy on all earnings not set a maximum."

"If you insist on taxing people this way you should be removing people from the lower end of the spectrum and offsetting that with income from very high earners."

"Yes, if you can cover for more than 122k of earnings (current maximum) so that earners don't then have to buy more private insurance to cover difference between ACC maximum cover and their real earnings."

"ACC should increase cover amount for people's lost earnings."

"We are already taxed heavily so no."

"No, always taxing the people that pay the most. My ACC levies cleaned out my savings this year."

value for their levies. Some also express a general distrust of ACC and concerns that claims are being unfairly dismissed.

ACC RESPONSE

ACC need to collect enough money during each levy year to cover the full lifetime costs of every claim that occurs in that year. Over the past two years, the number of accidents covered by the Earners' Account and the lifetime costs of treating these accidents has increased. This means that the levies that we collect also need to increase. ACC uses 85-91% of the levies collected to pay for the recovery of injured people (the remaining amount is used for ACC operating costs).

Some submitters specifically oppose an increase to the minimum liable earnings threshold, claiming that this has a disproportionate impact on those who have low incomes and/or are self-employed.

A common sentiment was that it was unfair to calculate individuals' liable earnings using the minimum threshold when their income falls below this.

Individuals earning under the minimum threshold often noted that they struggle to pay their current Earners' levy **and that their finances would be significantly impacted by any increase to the minimum liable earnings threshold.**

ACC RESPONSE

Self-employed claimants who work full time (30 hours per week) are entitled to receive weekly compensation based on the minimum income even if their prior earnings are lower. For this reason, it is appropriate to charge a levy based on the minimum income.

"I already pay a massive amount of tax. Whether it's ACC, the tax on petrol, GST, rates or income tax at the end of the day these are fees that I have to pay and they keep going up. Government (and by extension) ACC need to be more efficient in how they spend funds. As a worker, it is massively disappointing to have to continue to pay increased taxes / ACC / etc and actually see a decrease in services that are available."

"Self-employed earning below the minimum struggle to pay the minimum ACC levy."

"I earn under the minimum amount but I have to pay an adjusted liable income rate levy (as I am a low earner working 30+ hours, self-employed)- this proposal would affect me significantly."

"You are penalising people who earn under the minimum amount as you charge them as earning the minimum."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

Federated Farmers comment that it *"is inappropriate to link the minimum liable earnings to the minimum wage"* stating that this disadvantages self-employed people with variable incomes. For example, if a farmer made a loss or earning of less than the minimum liable earnings, yet greater than that value in the other three years, he or she will not be able to access a discount.

ACC RESPONSE

This feedback is noted. ACC would welcome a discussion with Federated Farmers to see whether the CPX product would suit farmers and remove this concern.

ACC's recommendation

That the Board:

maintain their consultation proposal and recommend increasing the minimum and maximum liable earnings to:

	Current amount	Proposed for 2019-2020 levy period	Proposed for 2020-2021 levy period
Maximum for Employees	$126,286	$128,470	$130,911
Maximum for Employers	$126,286	$128,470	$130,911
Maximum for self-employed	$124,053	$128,470	$130,911
Minimum for self-employed	$32,760	$34,320	$34,320

ACC PROPOSALS

Work Account Levy

ACC proposes a 6.9% decrease to the average Work Account levy from 1 April 2019 to March 2021.

560 submissions

KEY QUESTION Should we decrease the average work levy? [335 submissions]

There is overwhelming support for a decrease to the average Work Account levy. Submitters who support the proposal (92 percent) agree that the average levy should be reduced to reflect lowered costs in the Work Account.

Many submitters told us the **current Work Account levy was a significant cost to their business,** and therefore welcome a reduction.

Others note that many **businesses have increased their spending on workplace health and safety,** and therefore appreciate the reduction to **offset these costs.**

"If it's costing less to cover work place injuries then levies should decrease too."

"If the costs are going down, the premiums should reflect that."

"To make it more affordable for small businesses to pay their ACC and be able to afford to employ more staff and grow their business, as it will bring down overheads."

"Many businesses are spending a lot on H&S to reduce risk so saving on ACC levies would be welcomed."

ACC RESPONSE

This support is acknowledged by ACC. While the current strong solvency rate in the Work Account allows a reduction in levies, there are long-term cost pressures building in the Work Account which will require levy increases in the future.

Submitters who oppose the proposal believe the Work Account levy should be left as is, with the **additional funds used to improve ACC services.** Some were concerned how a reduction in the levy for 2019-21 would impact the ability of ACC to remain fully funded and/or provide full coverage in the future.

"Use surplus to add improved rehab options or medical treatments."

"I don't see how there can ever be too much money in the pot for helping with injury claims. Maybe more people would get better and more help if there were more money. Just because there is a surplus doesn't mean it can't be used to improve the existing service."

"I think it would be great to broaden the scope of settlements rather than reducing the fees."

ACC RESPONSE

ACC has embarked on a significant change programme that will improve the services provided by ACC to injured people, the professionals working with them while they recover, and the businesses that are being impacted by the loss of a worker.

While the current strong solvency rate in the Work Account allows a reduction in levies, there are long-term cost pressures building in the Work Account which will require levy increases in the future.

Another common theme among submissions opposed to the proposal was that the **potential removal of the 10% No-Claims Discount would cancel out any savings to businesses.** A number of submitters were concerned that the proposed levy reduction was due to the removal of the No-Claims Discount and instead wanted to see this programme continued.

"Decreasing costs is always desirable but I don't want to miss out on my 10% no claims and replace it with a 6.9% discount. We have not had an ACC claim ever (over 14 years and counting) If you ask me I have already paid far more than needed.."

"I am firmly in favour of retaining the 10% no claims discount programme as it incentivises workplace safety processes in my view. I am not in favour of decreasing the average levy by 6.9% IF it is a trade-off for the NCD programme."

ACC RESPONSE

The recommended decrease to the average Work Account levy is driven by several factors, including lower weekly compensation costs than forecasted and lower claim costs for elective surgery. The potential removal of the 10% No-Claims Discount is not included in the pricing of the recommended average Work Account levy.

Work Account Levy

Others who did not support the proposal noted that, after using ACC's online levy calculator, they would **not be receiving a reduction in their Work Account levy despite the average reduction.** In addition, some submitters note that reductions in the average work levy may be offset by increases in other levy rates, such as motor vehicle levies.

ACC RESPONSE

ACC are recommending a decrease to the average Work Account levy rate. Individual levy rates may differ based on industry and the risk of injury at work associated with that industry.

Submitters also provided a range of suggestions for how ACC can reduce the number of work accidents in the future. Some submitters feel that **more training will reduce the number of workplace accidents,** and note that **changing workplace safety culture is crucial.** Other submitters suggest that **reducing workplace stress** will bring down accident rates.

Submissions were mixed as to employer responsibility for workplace safety. Some felt employers needed to take additional responsibility and ownership for workplace safety. Other submitters feel that employer responsibility is overstated, and that employees need to step up, with some concerned employees don't take workplace safety seriously because they know ACC will provide cover if anything happened to them. The provision of **financial incentives to businesses** to encourage investment in workplace safety was also recommended.

ACC RESPONSE

The feedback is acknowledged by ACC and will be considered by the Workplace Safety and Injury Prevention teams. ACC's new workplace injury prevention grants and subsidies will be available to businesses from early 2019.

"I don't know if i'm doing it wrong, but I've used the calculator through the link in the email which was sent to me, and my work levy rate actually increases, not decreases. Is there something I'm doing wrong, as its supposed to decrease?"

"No increase as according to your estimate calculation my levies increase."

"People need to be educated to stop and have a look before taking a risk… Stop the macho mentality and she'll be right mentality."

"The culture seems to be changing gradually, and safety standards being lifted seems to be part of this, but I would say that workplace culture is potentially the greatest cause of unsafe workplaces."

"Employers must take responsibility and ownership. Businesses need to be accountable for the wellbeing of staff."

"Employees especially need to understand the importance of this, not simply leave it to the employer and / or ACC to do this for them."

"Offer greater discounts as an incentive for organisations to adopt better practices."

"Discounts on safety equipment and things like ergonomic chairs and standing desks."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

Employers and Manufacturers Association Northern (EMA) note the proposed decrease and state that it would have been useful for the consultation documents to provide:

- What the levy rate would have been if the work account surplus was at the target of 105%, claiming that the decrease is acceptable but provides business a "*false sense of wellbeing and comfort*".
- Why the proposed Scheme's cost is changing from $0.26 (2017/19) to $0.13 (2020/2012), with no explanation for this decrease.
- the budget for workplace injury prevention, stating that ACC clients have the right to know how money has been allocated to reduce risk in the Work Account.
- The cost of vocational rehabilitation, commenting that it is thought to have an influence on total costs and duration. EMA also propose developing protocols to ensure treatments are "warranted and purposeful", indicating that the continued increase in cost of treatments could be investigated.

ACC RESPONSE

This feedback is acknowledged by ACC and will be considered in the design of future levy consultation material. It is noted that the ACC Pricing reports provide further technical information on the proposed levies.

The reduction in Scheme costs is partly due to the projected future benefits of our injury prevention and transformation programmes.

New Zealand Council of Trade Unions (NZCTU) would prefer workers' entitlements be restored to pre-2010 levels and enhanced, rather than further reducing levy costs to employers. NZCTU state that, due to the Work Account surplus, ACC have the financial capacity to improve the prevention, compensation and rehabilitation available to workers without immediately increasing the levy, or with only very modest increases.

ACC RESPONSE

This feedback has been passed to MBIE as the policy advisor for the ACC scheme.

Work Account Levy

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Road Transport Forum New Zealand note the proposed decrease, however also highlight that ACC's projections and analysis make it clear the average Work Account levy will continue to rise over the next 10 years.	This feedback is noted.
Motor Trade Association (MTA) supports the proposal, noting that most MTA members stand to benefit, such as small businesses with fewer than 10 staff.	This support is acknowledged by ACC.
BusinessNZ state that employers will welcome the proposed Work Account levy cuts of 6.9 percent (on average) for years 2019-21, although it is noted that there will be a slight increase in the Earners' Levy of 2.5 percent and a significant increase in the Motor Vehicle Account of 12.1 percent over the same period.	This support and feedback is acknowledged by ACC.
A number of submissions from representative groups raise concerns about the proposed levy increases for certain Work Account classification units (CU), or are seeking a review of their current CU:	
Tourism Industry Aotearoa (TIA) welcomes the reduction for most Work levy rates, but queries the CU increase for the Alpine and White Water Recreation Activities (Levy Risk Group 917; CU 93410). TIA state that, while this increase is small, ACC hasn't provided the data to support this increase. The proposed reduction for Tourism Air Operators, such as Skydiving Operators, is welcomed by TIA.	This feedback is acknowledged by ACC and will be passed on to the Levy Classification team for consideration and response.
Manage Company question the proposed increases to some CUs, stating that there isn't enough available evidence to determine if the changes are justified. They recommend ACC provide supporting claims data and analysis for the CU increases	This request for information was received at the close of the consultation period. It will be considered by the Levies, Actuarial and Levy Classification team and a response will be provided.
NZ Thoroughbred Racing (NZTR) expresses disappointment at the proposed levy increases for some CU codes and would like clarity on the following points: • How much of the increase in levy relates to an estimated increase in cost of entitlement claims in both LRG 917 and 919? • What is the current and projected earnings pool for LRG 917 and 919? • Can ACC provide a subset of the above information that relate to the thoroughbred racing Classification Units (1520, 93110 and 93114)? NZTR note that their sector has been subject to volatility in levies paid over the last 15 years, and has undertaken initiatives to minimise injuries.	This request for information was received at the close of the consultation period. It will be considered by the Levies, Actuarial and Levy Classification team and a response will be provided.
NZ Drillers Federation submit that the method for classifying drillers is incorrect, inconsistent and ambiguous. They propose creating a new CU covering the predominant activity of drilling irrespective of where that drilling takes place, and aligning this to the Levy Risk Groups 271 or 081.	This feedback is acknowledged by ACC and will be passed on to the Levy Classification team for consideration and response.

ACC's recommendation

That the Board:

maintain their consultation proposal and recommend decreasing the average Work Account levy from \$0.72 to \$0.67 per \$100 of liable earnings

Simplifying our Experience Rating Programme

ACC proposes to simplify the Experience Rating Programme by introducing changes to the rating calculation. ACC also propose to introduce higher penalties for poor performers and fatalities.

40 submissions

KEY QUESTION What do you think about our proposed changes to simplify the Experience Rating Programme? [**28** submissions]

Most submitters (93 percent) are in favour of the proposed changes to the Experience Rating Programme, telling us that the changes simplify the programme and make it easier to engage with.

Submitters particularly highlight the benefit of making the **experience rating calculation more transparent, and giving greater weight to recent experience.** Some point out that the current approach to the experience rating calculation is complex and welcome any changes that make it easier to understand how the levy is calculated.

ACC RESPONSE Improving the transparency and decreasing the complexity of the calculation is expected to improve injury management and prevention outcomes.

Some submitters note that proposed changes to the Experience Rating Programme **were raised in the last consultation round and are questioning why they have not yet been implemented.**

ACC RESPONSE The Experience Rating proposals within the 2018 Levy Consultation represent the first release of the changes outlined in the May 2017 consultation. Work is underway to finalise the scope of the second release.

Submitters opposed to the proposal tell us that the experience rating calculation remains too complicated or suggest alternative approaches to calculate the experience rating.

ACC RESPONSE ACC acknowledges this feedback and notes that the recommendations to simplify the experience calculation is the beginning of a wider programme of ongoing work to make Experience Rating more understandable to levy payers.

A few submitters felt it was **unfair that the Experience Rating Programme applies only to large businesses,** and that smaller businesses and self-employed people cannot access the claims discounts available through the programme.

ACC RESPONSE ACC acknowledges this feedback that Experience Rating should also be available to smaller business and self-employed. We will investigate the expansion of Experience Rating to smaller businesses as part of our review of the No Claims Discount programme over the next two years.

"Simpler is always better and reduces compliance and monitoring costs."

"Overall I agree with the proposed changes, particularly making the Experience Rating calculations transparent, and giving greater weight to recent experience. The enhanced immediacy of the rewards and consequences of safety performance will certainly provide some form of incentive for improving safety behaviour at a business planning level."

"A fairer and more individual experience rating system will better reward good performing businesses and increase consequences for poor performing businesses."

"Let's get on with it and stop talking about it. This was proposed 2 years ago and frankly has changed little from what that was."

"The current method of calculating the Experience Rating discount/loading is not transparent at all. We receive the annual invoice with a % discount/loading but there's no way of validating how this was calculated. ACC needs to produce an online portal to allow employers to see exactly how this calculation was arrived at."

"Experience rating should be based on 3 -4 years only, and be based on all actual costs. Meaning significant injuries with treatment, and amount of days lost all add to the claims experience."

"Level the playing field. Charge all business the same rate for all employees or workers doing the same work. Discount those with low or no claims across ALL employers."

"I think that an significant additional loading in response to a fatality is a good incentive to avoid the risk of fatalities (and thus serious incidents)."

"No. Most employers are doing their utmost to prevent accidents at their workplace from happening. But no employer can guarantee against a fatal accident occurring so penalising them if one occurs is pointless."

Simplifying our Experience Rating Programme

There is strong opposition to increasing the penalties for business' levies in the event of a fatal accident. While a few submitters believe the fatal modifier will provide greater incentive to employers to manage the risk of fatalities, most submitters tell us that employers are already doing their best in this area and that workplace fatalities can happen, regardless of a business's efforts.

Many of these submitters also point out that a business will already face additional financial penalties through legal or compliance costs in the case of a fatality.

"No. The legal ramifications are sufficient. Loading more financial penalties I suggest would be an insignificant incentive."

"Saying that a fatality doesn't have the ongoing ACC cost that an injury does so this would be a punishment that might have to be left to the court to decide. Is it double punishment?"

ACC RESPONSE

Reducing fatal injuries in the workplace is a primary objective for the Government and ACC. The current calculation includes fatal injuries but the impact is not visible. The proposed fatal modifier applies for only 2 years of experience rather than the current 3. The impact is moving the final levy rate two steps to the right on the ladder. Where a business is performing well this is a 20% increase in the levy for a single year. If a business has a history of poor performance this could be a 40% increase in levy. The modifier halves in the second year it is applied. The modifier is only applied once regardless of the number of fatalities a business has in the three year experience period. New Zealand's fatality record is poor compared to other countries. While we have heard clearly the arguments against this modifier, until New Zealand has fatality rates equal to that of the best in the world we believe that not enough is being done to avoid this injuries and as such a penalty such as that proposed is warranted to help reinforce the need for businesses to mitigate their critical risks appropriately.

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Employers and Manufacturers Association Northern (EMA) believe that the mechanisms of the Experience Rating are difficult to understand and see the programme as one-sided. The main driver of Experience Rating is claim cost and claim duration, however EMA state that both factors are not under direct control of the employer, but rather the medical profession. EMA welcomes any moves by ACC to streamline and simplify the Experience Rating Programme, as well as recommending: • A more direct line of communication between the parties when 'return to work' is being delayed by medical stakeholders. • Some form of medical experience rating on GPs, as a measure of their ability to return employees back to work on either full duties or on some form of alternative or modified duties. • Linking ACC injury prevention programmes to a discount, as a way of providing better incentives for ACC to target sectors and claim-causing tasks. • Linking the Experience Rating Programme to any new schemes.	This feedback is acknowledged by ACC and EMA's recommendations will be passed on to the Experience Rating team for consideration.
BusinessNZ are generally supportive of simplifying the current experience rating system.	This feedback is acknowledged by ACC.
[redacted] **from Martin Personnel,** believes that the current criteria for the Experience Rating Programme unfairly penalises businesses who incur workplace accidents. In the event of a workplace accident where the employee is at fault, he recommends that the employee should be responsible, rather than the company, for any levy increases that occur.	This feedback is noted and will be passed on to the Experience Rating team for consideration.

Simplifying our Experience Rating Programme

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
New Zealand Council of Trade Unions (NZCTU) are concerned about the continuation of the Experience Rating programme, stating that the proposed adjustments discourage reporting of claims and encourage workers to report that injuries did not occur at work. They view the continued use of Experience Rating as putting employers' and ACC's costs ahead of the primary purpose of the accident compensation and rehabilitation scheme. NZCTU understand that ACC is considering the introduction of lead indicators which would encourage better health and safety management and injury prevention. This is seen as useful mitigation, and should take high priority if the Experience Rating scheme continues.	This feedback is acknowledged by ACC. NZCTU's feedback on Experience Rating and lead indicators will be passed on to the Workplace Safety and Experience Rating team for consideration.
Road Transport Forum New Zealand (RTFNZ) welcomes the proposal to simplify the Experience Rating Programme, noting that their industry has struggled with the administrative complexity of some of the incentive processes. They do, however, question if the approach will result in the desired behavioural change and question how ACC performance profile and levy will impact companies that go into liquidation. RTFNZ are not convinced that a penalty burden in excess of 100% is necessary, but accept a fatal modifier. RTFNZ propose that only fatal accidents that occur in a workplace where management has direct oversight should result in application of the proposed fatal levy loading. They state that it is unfair for a business to be penalised for a fatal accident that isn't the fault of the company. RTFNZ believe that the revised programme should provide for a more tailored approach to levy setting across a group of industry participants, a model that RTFNZ has historically supported.	This feedback is acknowledged by ACC and RTFNZ's recommendations will be passed on to the Experience Rating team for consideration.
Crightons ITM Group state that the Experience Rating calculation is complicated, and it is impossible for a business to check whether it has been applied correctly. They would like to see the penalty weighting changed to prioritise the last year over previous years to incentivise recent improvements. They also claim that the days an employee is covered by ACC after an accident bear no relation to the number of days they are off work, as they include weekends, and find the latter figure more useful.	This feedback is acknowledged by ACC and these recommendations will be passed on to the Experience Rating team for consideration.
Manage Company agree that Experience Rating should be simplified and suggest the following changes to assist: • Removal of the industry modifier • Weighted penalty impact over the three-year period • Clear bands for penalties and discounts • Providing employers clearer tools and resources to understand and manage their Experience Rating. Manage Company do not support the medical cost criteria, and recommend removing the medical cost factor in determining the Experience Rating. Manage Company also have concerns with how a fatal modifier may be applied. They believe that it is unfair to incur a double penalty, both from WorkSafe and ACC, if a fatal accident occurs in	This feedback is acknowledged by ACC and these recommendations will be passed on to the Experience Rating team for consideration.

ACC's recommendation

That the Board:

implement the proposed changes to the Experience Rating Programme

Accredited Employers Programme: Pricing Changes

ACC are proposing five changes to the fees paid in the Accredited Employers Programme (AEP) for 2019-21.

13 submissions

KEY QUESTION What do you think about our proposed fee changes? [7 submissions]

We have received mixed feedback on the proposed fee changes to the Accredited Employers Programme (AEP).

Submitters who support the proposal (57 percent) tell us proposed fee changes appear reasonable and that any **decrease in fees is welcomed to help with the costs of running a business.**

"Looks reasonable against overall objective to reduce ACC levies."

"Any decrease would certainly help in the day to day costs of running a small business and would help with family costs."

ACC RESPONSE

ACC acknowledges this feedback and the mixed support received for this proposal. Based on the balance of support we received, we recommend implementing the proposed AEP pricing changes, however we will undertake a full review of submitter feedback over the next year and give consideration to it in our proposals for the AEP in 2020.

Submitters expressing disagreement with the proposal (43 percent) are generally responding to the design of the AEP, not the proposed fee changes. These submitters are primarily disappointed with the programme's eligibility, telling us it is unfair that AEP is only available to large employers and not smaller businesses.

"This only works for large companies with staff members employed to do payroll. Small business cannot afford time should be just be an affordable rate."

"Why can't little businesses get a break like 90% off their fees. We are sure there are insurances policies to help us with these cost that would be cheaper than ACC."

"Up to 90% discount for Work levies for Accredited employers. How do Self Employed and business' of less than 6 employees become Accredited Employers?"

ACC RESPONSE

The Accredited Employers Programme was designed and specifically targeted to larger employers due to the programme's basic nature of 'self-insurance' and thus only larger employers having the capability to carry the associated risk. For employers to effectively carry out the function of 'standing in ACC's shoes', significant resources are required; such resources are more likely to be available to large employers. Further, the level of risk transferred to the employers under the current scheme would place an unacceptable level of risk for smaller employers.

Submitters generally support the proposed decrease to the administration fee, agreeing with the rationale behind the decrease. However, one submitter felt that the proposed administration fee remains too high, even with the decrease.

"Admin fee should reduce as increase in collected levy amount can itself provide more allocation for admin fee."

"This should be charged on what you need if admin costs have gone up because of increased support fine. If they are coming down because of a larger pool to collect money from also fine."

"The admin fee still looks very high and seems hard to justify at all."

ACC RESPONSE

ACC acknowledges this support. The administration fee is the means by which ACC collects the costs of managing and administering the Accredited Employers Programme. It is calculated using an activity-based costing model of costs incurred in running the programme. The total administration costs of running the programme have remained relatively stable over the years. ACC views the level of administration costs to be satisfactory and cost effective.

The decrease to the bulk-funded public healthcare cost is generally supported, with submitters noting the fee should continue to be based on actual costs, or charged on a reimbursement basis so that District Health Boards (DHBs) charge only what is incurred.

"Seems fine, if based on actual costs."

"This should be based solely on what is required and goes up or down based on actual estimates."

ACC RESPONSE

ACC acknowledges this support and this feedback will be passed on to the Accredited Employers Programme team for consideration.

Accredited Employers Programme: Pricing Changes

Submitters **oppose increasing the unallocated primary healthcare cost fee,** saying they are unclear why AEP companies are required to pay for it.

ACC RESPONSE	ACC notes this feedback. In the Accredited Employers Programme, it is recognised that there will be time where primary health costs incurred by employees as a result of work-related personal injuries cannot be met by the relevant individual Accredited Employer. The unallocated primary healthcare cost fee is intended to recover the costs of administrating the collection of primary health costs from Accredited Employers generally.

"The unallocated cost increase seems unfair. It is not clear what the reasons are the AEP companies are being saddled with this."

"Increase to primary healthcare cost is not really required as there should not be any unallocated primary healthcare cost - this shows some processes / procedures need fine tuning so we don't end up with unallocated healthcare costs."

Submitters support the planned increase to the average levy discounts for the Partnership Discount Plan (PDP), noting that any changes to PDP discounts should be geared to encouraging employers to join or remain in the PDP.

ACC RESPONSE	ACC acknowledges this support and this feedback will be passed on to the Accredited Employers Programme team for consideration.

"The improved discounts should assist a few more companies to join the AEP. It remains a great programme."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Road Transport Forum New Zealand fully support the AEP, noting that they are pleased the programme is available to the road freight sector.	This support is acknowledged by ACC.
The New Zealand Council of Trade Unions (NZCTU) has concerns about the fairness of the AEP in terms of both entitlements and its administration. NZCTU share concerns that the AEP creates incentives for the employer to abuse the system by discouraging the reporting of claims and encouraging workers to report that injuries did not occur at work. In addition, NZCTU believe AEP can encourage shortened rehabilitation times, even when not in the best interests of the worker's recovery. While NZCTU's preference is to discontinue the AEP, if it does remain in place they recommend implementing stronger requirements for good health and safety practice including worker representation, participation and engagement, and oversight of the programme by unions. NZCTU understands that the AEP is under review and look forward to seeing the outcome of that review, as well as being consulted on any changes.	This feedback is noted and will be passed on to the Accredited Employer Programme team for consideration and response.
Manage Company would prefer to see a greater focus on injury prevention from AEP employers and third party administrators. They believe that the current model is fundamentally focused on claims management and the wrong motivators, such as claims volume. Manage Company see scope to utilise the AEP framework for the mid-tier employer who would not be financially suitable for the AEP. Manage Company has a management model that they currently use in this space. They welcome further discussions with ACC on this.	This feedback is noted and will be passed on to the Accredited Employer Programme team for consideration.

ACC's recommendation

That the Board:

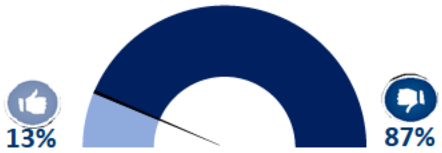
implement the proposed pricing changes to the Accredited Employers Programme

Motor Vehicle Levy

ACC proposes a 12.1% increase to the average Motor Vehicle Levy from 1 July 2019 ($113.94 to $127.68).

985 submissions

KEY QUESTION Should we increase the average Motor Vehicle levy? [732 submissions]



Most submitters (87 percent) disagree with the proposed increase to the average Motor Vehicle levy, stating that the cost of petrol and rego is already too expensive, particularly in light of rising petrol and living costs.

ACC RESPONSE

Under the Government's funding policy, ACC need to collect enough money during each levy year to cover the full lifetime costs of every claim that occurs in that year. Over the past two years, the number of accidents that are covered by the Motor Vehicle Account and the lifetime costs of treating these accidents has increased. This means that the levies that we collect also need to increase.

"Petrol prices have just increased almost beyond being able to afford to get to work, putting it up even more is going to cause problems for so many lower income families."

"Petrol is too expensive now, without ACC adding more tax to it, along with Government adding 3 cents on 1 October."

Submitters worry that the proposed increase will negatively target low- and middle-income motorists. There are concerns that the increase could make it unaffordable for low-income motorists to drive safely, or at all. For example, a few people have suggested that the increase may push more motorists to drive without rego for cost reasons.

ACC RESPONSE

Motor Vehicle levies are collected in two ways, petrol at the pump and as part of the vehicle license (rego) fee. Petrol levies are one way we try to make it fairer for everyone on the road: the more you drive the more at risk you are of having an accident, and so the more you pay. Vehicles without a rego make up almost 6% of vehicles on our roads. Petrol levies make sure they're still paying towards the costs of injuries.

"Increasing it will only take money from hard working low - middle income families who are already struggling."

"An increase in ACC motor vehicle levies will cripple the average to low income families of NZ."

"Any further increase will result in riders not registering their vehicles."

"People won't buy the rego…No rego means no warrant means more unsafe cars in the road."

Motorcyclists tell us that their levies are disproportionately high compared to other vehicles, and suggest ACC increase the cost for other vehicles, such as cars and trucks, to help lower the cost for motorcyclists. Conversely, several submitters tell us that motorcycle levies should be increased further, pointing out that motorcycles are responsible for a large portion of accidents.

ACC RESPONSE

In 2010 ACC began to align motorcycle levies with the costs involved in treating motorcycle injuries. However, motorcycle levies are still considerably cross-subsidised by other vehicle classes. As the average Motor Vehicle Account levy is increasing by 12.1%, ACC believes motorcycle levies should increase in line with this average increase, but not to the extent that motorcycle levies become unaffordable.

The costs of motorcycle injuries are high relative to other road users. Motorcycling has a higher level of risk of injury per kilometre travelled than any other mode of transport. Motorcycle levies are considerably cross-subsidised by other vehicle classes. Petrol mopeds and motorbikes are currently charged between $99 and $397 for the ACC levy portion of their rego. If we were to charge motorcyclists the full cost of treating motorcycle injuries, the levy part of their rego would need to increase to between $341 and $1746. This means that most of the funding for motorcycle injuries comes from levies paid by other road users.

"Motorcyclists pay too much currently and other classes of vehicle pay too little. I propose that the amount paid for motorcycles decreases and other classes increase. Registration costs for cars has decreased markedly a few years back and motorcycle registration has gone through the roof!"

"Increase motor vehicle to reduce the unfair and disproportionate levy on motorcycles. If cars and trucks etc were increased by just a few dollars, ACC could collect way more than they do from motorcycles and reduce the motorcycle levy."

Motor Vehicle Levy

A number of submitters are opposed to the proposed increase in the petrol levy, given current fuel prices. Some submitters suggest collecting the levy increase through an increase to rego or registration costs only. This includes representative groups such as the Motor Trade Association, NZ Federation of Motoring Clubs, and the NZAA, who generally support an increase to the Motor Vehicle Levy but recommend against further raising petrol excises.

Around the same number of submitters **are opposed to any increase in the rego or registration levy,** saying that this is already a significant cost and/or that additional increases to the rego would mean fewer people will register their vehicles, increasing the number of unsafe vehicles on the road.

ACC RESPONSE

Upon consideration of the submissions received during consultation, it is recommended that the petrol levy is maintained at 6c per litre and any increase to Motor Vehicle levies is placed on the registration levy only.

We also received a number of proposals on alternative ways to fund the proposed levy increase. **Most common was a suggestion to base the Motor Vehicle levy on driver's risk, rather than vehicle risk.** Submitters often tell us that a driver's history is an indicator of safety, with suggestions to base levy rates off driver records and accident history.

ACC RESPONSE

Under the current system levies are applied to registered vehicles, rather than individuals. This is a relatively simple and cost-effective system, because it is aligned with the NZTA vehicle registration process. As a result, there are administrative efficiencies for ACC and the part of the levies that covers the administrative cost of collecting the levy is lower for vehicle owners. This is a consistent and efficient process that avoids duplication in the transport system. Any changes to the current system would likely create a number of complex administrative issues, as well substantial costs. These would be passed on to the levy payer, and potentially negate any financial benefits to levy payers.

"Petrol prices have just increased almost beyond being able to afford to get to work, putting it up even more is going to cause problems for so many lower income families. Put rego up but not petrol!"

"The increases we are seeing at the pump are already too high... I would prefer to see the ACC levy placed into registration only not on the cost of fuel as well."

"Put the charge on fuel. That will place an incentive on people to drive more carefully, use more appropriate vehicles."

"I appreciate costs rise. I agree that the fairest way is that those who travel more contribute more, so rather than increase the rego, it's better to increase the ACC levies on fuel at the pump. I note that the 'pay-at-the-pump' is one of your proposals and I strongly encourage that."

"The levy should be based on the individuals driving record and not the vehicle."

"Why punish people who have good driving records for people who don't? Look at their past history and increase levy's on that?"

"I also believe that the levies should be structured similarly to insurance and should go off your previous driving history, so if you have had multiple vehicle accident involving injuries, you pay a higher levy as you are a bigger risk.."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
While the Motor Trade Association (MTA), NZ Federation of Motoring Clubs (NZFOMC) and NZAA generally support the increase to the Motor Vehicle levy, they do not support the proposed increase in the petrol excise. • **The Motor Trade Association (MTA)** generally supports the proposed levy increase but supports a smaller petrol increase, noting that current petrol prices are high and tell us that there is not enough available evidence in the consultation proposal provided by ACC to support the proposed increase. • **The NZ Federation of Motoring Clubs (NZFOMC)** and **NZAA** have previously advocated for increases in the petrol excise and reductions in the licence levy. However, with petrol prices reaching record highs and the cost of re-licensing cars decreasing, they are now suggesting that a slightly larger increase in the re-licence fee may be a better option than further rises in petrol prices.	This support is acknowledged by ACC. Upon consideration of the submissions received during consultation, it is recommended that the petrol levy is maintained at 6c per litre and any increase to Motor Vehicle levies is placed on the registration levy only.
BRONZ support the proposed increase to the average Motor Vehicle levy.	This support is acknowledged by ACC.

Motor Vehicle Levy

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Road Transport Forum New Zealand supports everyone paying an approximately proportionate increase to the Motor Vehicle levy, with some cross-subsidisation for heavy vehicles. They also question the accident liability for light vehicles and heavy vehicles, stating that it's difficult to determine whether the levy setting process is refined enough to take the proportion of liability into account.	This support is acknowledged by ACC and the feedback on the cross-subsidisation for Heavy Goods Vehicles is noted. Pricing of recommended levy rates take in to account the accident liability of vehicles.
Employers and Manufacturers Association Northern (EMA) note the increased cost to the Motor Vehicle account, and share concerns about a predicted increase of injury and cost over time. EMA accept ACC's position re: cross subsidies to the Motor Vehicle account, but note that there needs to be a push to reduce these as much as possible to ensure a fair and transparent system.	ACC's recommendations reduce the amount of cross-subsidisation in the Motor Vehicle Account for Motorcycle's and Heavy Goods Vehicles and move the levies for these vehicles classes closer to their true cost.
BusinessNZ state that "a key levy-setting goal and a principle of the ACC Board is that levy payers should contribute their fair share to the ACC scheme's costs." They consider the cross-subsidisation of motorcycles, and any other road users (where it is practical for them to pay), to be in direct conflict with this principle: *"Continuing to cross-subsidise motorcyclists, or any other road users where it is practicable for them to pay for their behaviour through increased levies on other motorists, is both unjustified and defeats many of the principles the ACC Board states are upheld in the levy setting process."*	ACC's recommendations reduce the amount of cross-subsidisation in the Motor Vehicle Account for Motorcycles and Heavy Goods Vehicles and move the levies for these vehicles classes closer to their true cost.
They recommend a thorough investigation of the Motor Vehicle Account funding to enable the costs associated with the scheme to be more closely aligned with vehicle class levies. If, however, ACC and the Government consider there is a sound public policy reason for the continued cross-subsidisation of motorcyclists, BusinessNZ would like the nature of the subsidisation to be made transparent and funding provided from general taxation.	This recommendation will be considered by the Levies and Actuarial team and a response will be provided.
The Motor Industry Association (MIA) support the proposal, noting that the vehicle classes are charged the full cost of this risk except for motorcycles and heavy goods vehicles. MIA also indicate that BusinessNZ will strongly oppose the proposed approach, instead advocating that all vehicle classes should pay their full cost or if that is unaffordable the motor vehicle account is topped up from the consolidated fund for any classes that are subsidised. MIA's anticipated response to this position is that the consolidated fund is derived from taxes, and the ACC levy is also a tax. In their view, it does not matter where the tax is sourced from, so long as any cross subsidisation is a deliberate decision of Government.	This support is acknowledged by ACC. MIA's feedback on BusinessNZ's submission for the Motor Vehicle Account is noted.
Manage Company think that Motor Vehicle levy collection places additional burden on businesses, given that statistically businesses would spend more time on the road than individual people. Manage Company feel that businesses go a long way to manage risk and are unfairly penalised by ACC. They argue that, for the most part, businesses tend to have newer vehicles and tend to have better maintained vehicles. Businesses also come under the Health & Safety at Work Act that requires them to have equipment fit for purpose. Manage Company recommend undertaking further modelling on the key drivers of claims and open this information up to scrutiny to drive transparency.	This feedback is noted and the recommendation will be considered by the Levies and Actuarial teams.

Motor Vehicle Levy

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Tourism Industry Aotearoa note the proposal and comment that the proposed levy is still lower than the 2016 levy. TIA share concerns that the increase will be felt by members with larger fleets, such as rental vehicle operators. According to TIA, these operators will likely pass additional costs on to their clients, resulting in higher costs for visitors to rent a vehicle.	This feedback is noted.

ACC's recommendation

That the Board:

increase the 'average Motor Vehicle Levy' from $113.94 to $127.68 per vehicle.

hold the petrol charge at 6 cents per litre (rather than the 7.9 cents per litre consulted on) and shift the increased cost to the registration component of the levy. This is a shift from 45% petrol and 55% registration (consultation proposal) to 34% petrol and 66% registration (Board recommendation)

increase Motor Vehicle levies for motorcycles in proportion to the average vehicle levy increases for 2019/21

Ride Forever Rebate

ACC proposes a $100 rebate for taking part in the Ride Forever coaching programme from 1 July 2019.

1,914 submissions

KEY QUESTION Should safe motorcyclists get a rebate? [1,278 submissions]

Across the consultation, the Ride Forever rebate has been the most popular proposal, comprising almost a third of submissions (30 percent).

Almost all submissions are in favour of the rebate (94%), although many submitters are suggesting additional changes or improvements.

The Ride Forever Courses are receiving significant praise, with a notable number of people telling us the courses are a great way to upskill or brush up on their riding skills.

ACC RESPONSE This support is acknowledged by ACC. We will be undertaking further work with the motorcycle community to finalise the rebates design.

A number of submitters **suggest lowering the 10-year licence minimum** to qualify for the rebate. Many submitters want motorcyclists to be encouraged to up-skill from the start, and see the 10-year minimum as a barrier to this.

Some motorcyclists want the **eligibility criteria to include lower-level Ride Forever courses** (e.g. Bronze and Silver). Motorcyclists acknowledge the benefits of these courses, and think that riders of all levels should be recognised for wanting to improve their safe riding skills.

Submitters propose providing incentives for newer riders, claiming that the eligibility criteria for the rebate excludes this high-risk group. Lowering the 10-year medium and including Bronze and Silver courses are often proposed as ways to incentivise new riders to take part in Ride Forever courses. Submitters who suggest providing incentives to new riders believe that it could help lay out the ground work for safer riders in the long-term.

ACC RESPONSE This feedback on the proposed incentive is acknowledged by ACC and will be passed on to the Road Injury Prevention team for consideration in the design of the rebate.

While there is general support for the Ride Forever rebate, **some motorcyclists want to see this rebate extended to other safety practices.** For example, rebates for wearing safety gear or rewards for a no-claim history.

There is also support for expanding the rebate criteria to include other qualifications. Motorcyclists question why the Ride Forever programme is the only qualification eligible for the rebate. They propose broadening the criteria to recognise other qualifications, such as the Institute of Advanced Motorists driving courses.

ACC RESPONSE The initial rebate scheme is a pilot and has selected the Ride Forever programme as it has good evidence of improvement in New Zealand. Other options could be considered if the pilot is extended.

"Makes perfect sense and will encourage more people to take the safety courses making our roads safer overall."

"Fantastic idea! Saves money for safe riders. Might make others that wouldn't usually take the training do so."

"As a mature returning rider, I competed both the silver and gold courses to brush up on rusty skills. They were both very worthwhile and the skills come to mind every time I ride. Great courses and thank you ACC for subsidising them."

"Brilliant idea-having completed all of the Ride Forever courses I can attest to their value to ANY rider, irrespective of experience levels."

"Sounds good, but why do you need 10years on a full licence? Why not encourage newer riders to learn proper safe riding?"

"If it can be proved that a rider has undertaken a bronze - Gold course (or recognized equivalent) should get appropriate discount for that year. This discount would also encourage riders to attend which will increase riders that are aware and will (hopefully) change general riding behaviour."

"Not quite. Targeting riders that are currently in the high-risk bucket seems very sensible, but why not target riders before they become high risk? Prevention is better than cure. Prevent them from dropping into that bucket in the first place."

"I'd like to see rebates or subsidies for safety gear as well. I have spent thousands of dollars on leathers, helmets, boots, back and chest protectors to make myself safer and would like to see that recognised as well."

"While I agree the ride forever gold Couse is great, I also think those who have completed IAM advanced motorcycle roadcraft should also be eligible. This is much more stringent than the Ride Forever Gold course."

"You could recognise motorcyclists who takes more responsibility by offering a rebate for no accident of their fault for quite sometime (i.e.: 1 year no accident, 2 years no accident, etc etc)."

Ride Forever Rebate

Some submitters also suggest increasing the value of the rebate. The total cost of completing the required Ride Forever courses is $100 to the motorcyclist, and submitters state that a $200 rebate (split over two years) is not a large enough incentive.

ACC RESPONSE

This feedback on the proposed incentive is acknowledged by ACC and will be passed on to the Road Injury Prevention team for consideration in the design of the rebate.

Motorcyclists responding to this proposal have also taken the opportunity to discuss how they think cars are equally responsible for motor vehicle accidents, particularly accidents involving motorcyclists. **A similar incentive for car drivers is proposed as a way of lowering motor vehicle accident rates, and making the roads safer for motorcyclists.**

ACC RESPONSE

This feedback is out of scope for the 2018 levy consultation, however it will be passed on to the Road Injury Prevention team for consideration.

Some aspects of the rebate could have been more clearly explained during consultation. A significant number of motorcyclists see the rebate as a reward for good behaviour, rather than an incentive to upskill. This leads to some confusion about the 10-year licence minimum, with people feeling excluded because the intention behind the rebate was not clearly communicated.

ACC RESPONSE

This feedback on the proposed incentive is acknowledged by ACC and will be passed on to the Road Injury Prevention team for consideration in the design of the rebate.

A small number of submitters oppose the rebate, **stating that motorcyclists are already being subsidised by other motor vehicles**, and the rebate amounts to a higher subsidy. Among submitters who oppose the rebate, a few indicate that the eligibility criteria for the rebate does not assume a safe rider, recommending other indicators such as a no-claims history.

ACC RESPONSE

This feedback on the proposed incentive is acknowledged by ACC and will be passed on to the Road Injury Prevention team for consideration in the design of the rebate.

"Rebate needs to be more than $100, the course will cost us $50 each and having to do two makes it $100 so we don't gain anything until the 2nd year where we get $100 back."

"I think it's a good idea, but the rebate needs to be higher. $100 isn't much incentive when it costs you 50 bucks to do the course and you have to do both silver and gold?"

"Perhaps eventually a similar education scheme for car drivers would revolutionise our driving culture and incentivise road users' continuous improvement."

"This is a great idea. Although it seems silly to me to limit it to just motorcyclists. Most serious motorcycle accidents involve cars, and the car drivers are often at fault."

"Perhaps a better investment is to get car drivers to take compulsory (but cheap or free) driving courses."

"You are essentially rewarding higher risk motorcyclists, and therefore punishing those who are lower risk to begin with, by making them not eligible for any rebate!"

"Good idea, but the 10 years is harsh on those of us who are riding safely and clocking up thousands of KMs without an accident... having a licence for 10,20,30 years doesn't mean you're going to be a safe rider."

"It's great to try to make riders safer riders, but still, they are a big risk group. So, I don't think giving a rebate is the way to go. In fact, I'd say increase the levy for motorcycle riders just because they are a big-risk group."

"Car owners already subsidize their registration. What about safe car owners who have never had an accident. Why not a rebate for them."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
All submissions from representative groups support the Ride Forever Rebate, with **MIA** and **BRONZ** commending ACC for the Rebate and their empirical evidence illustrating the safety benefits of the Ride Forever courses. **Most representative groups who support the proposal also suggest changes or improvements to the Ride Forever Rebate:**	This support is acknowledged by ACC.
The Motorcycle Industry Association (MIA) and **BRONZ** think that the 10-year licence minimum is too high. They're suggesting reducing the licencing qualifying period, with MIA suggesting it be lowered from 10 years to 5 years for experienced riders.	This feedback is noted and will be passed on to the Road Injury Prevention team for consideration in the design of the rebate.

Ride Forever Rebate

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
MIA also recommend extending the rebate to include novice riders who progress through Bronze, Silver, and Gold Ride Forever Courses, stating that "learner riders are at risk and the sooner we can educate them on safer riding practices the better".	This feedback is noted and will be passed on to the Road Injury Prevention team for consideration.
The NZAA and **BRONZ** recommend extending the eligibility criteria to include Silver Ride Forever Courses. NZACC believe that motorcyclists who are making the effort to reduce their injury risk should be rewarded, and this is a reasonable incentive.	This feedback is noted and will be passed on to the Road Injury Prevention team for consideration.
The NZAA and **BRONZ** propose applying a similar rebate scheme to other road users, such as drivers who complete a defensive driving course.	This feedback is out of scope for this proposal, however it will be passed on to the Road Injury Prevention team for consideration.
BRONZ recommends a subsidy for MOTOCAP rated gear, seeing it as a way to incentivise the use of rated safety-gear for motorcyclists.	This feedback is out of scope for this proposal, however it will be passed on to the Road Injury Prevention team for consideration.

ACC's recommendation

That the Board:

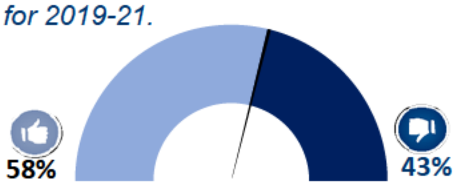
note significant support was received for the Ride Forever rebate programme and the Board will be provided with an update in early 2019.

Motorcycle Safety Levy

ACC proposes to keep the annual Motorcycle Safety levy at $25 per motorcycle for 2019-21.

142 submissions

KEY QUESTION Should we keep the Motorcycle Safety levy the same? [80 submissions]



We received mixed feedback on this proposal. Over half of submitters (58 percent) support maintaining the current Motorcycle Safety levy, with many telling us that they are happy with the initiatives available through the Motorcycle Safety Advisory Council (MSAC).

Ride Forever courses are the subsidised initiative receiving the most positive feedback. Submitters tell us they are pleased with these courses and are happy to pay the Motorcycle Safety levy because of them.

ACC RESPONSE

ACC acknowledges this feedback and the mixed support received for this proposal. Based on the balance of support received, we are recommending maintaining the Motorcycle Safety Levy. However, we will undertake a full review of this feedback over the next year and give consideration to it in our proposals for the Motorcycle Safety Levy in 2020.

Just under half of submitters (43 percent) are opposed to the current levy, telling us that ACC levies are already too high for motorcyclists, and that they haven't seen results from the safety levy to warrant the payment. These submitters advocate either reducing or abolishing the safety levy.

There are questions about the value of Motorcycle Safety Advisory Council (MSAC). We received a number of submissions from people who specifically question MSAC's achievements, how they're spending funds and the studies they've funded. Submitters want to have a say in what projects MSAC engages in to contribute to motorcycle safety, with a number suggesting initiatives including education programmes for non-motorcyclists, promoting safety gear, improving roads, and more motorcycle-friendly road barriers.

Targeting car drivers through safe driver courses, rather than motorcyclists, is often raised by submitters as an alternative way to reduce motorcycle accidents and improve road safety. Submitters allude to the fact that car drivers are at fault for a portion of motorcycle accidents, so more emphasis should be placed on encouraging safer car drivers.

ACC RESPONSE

ACC acknowledges this feedback and it will be passed on to the Motorcycle Safety Advisory Council and the ACC Road Injury Prevention team for consideration.

"This is great way to get motorcycle safety updated and out there where it is needed."

"This, in my view, does little to enhance safety on the roads."

"The ride forever courses more than make up for the levy. As long as we can see the money being put to good use I'm happy for it to remain as is."

"I am happy to continuing paying this levy, the Ride Forever course makes it worth every cent."

"I have never seen any sign of the ACC levies being used to reduce motorcyclist injuries. From my point of view you don't do anything. It's just revenue gathering and does not contribute to safety."

"Scrap it, most riders get nothing from it. Sick of paying excessive amounts out of my pocket for others incompetence."

"The MSAC has done nothing of value in the approx 9-years since it has been established. They do not engage with the motorcycling community and spend funds on studies that have previously been completed therefore they and the levy of no value to the safety of motorcycling in NZ."

"Training other road users to look out for motorcycles would help to improve motorcycle safety."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Motor Industry Association, NZAA and the **Motor Trade Association** are in full support of the Motorcycle levy, praising the initiatives provided by the fund.	This feedback is acknowledged by ACC.
BRONZ believes that the Motorcycle Safety levy should be removed altogether, claiming that the Motorcycle Safety Authority Council (MSAC) has proved to be "unusable and ineffective".	This feedback is noted.

ACC's recommendation

Maintain the Motorcycle Safety Levy at $25 per vehicle.

Injury Prevention Initiative Funding for Business

ACC are seeking feedback on new injury prevention subsidies and grants to be introduced from March 2019.

47 submissions

KEY QUESTION Should we introduce an prevention subsidy or grant for business? [**31** submissions]

Two-thirds of submitters (65 percent) support the introduction of subsidies and grants for injury prevention, seeing it as a great initiative that could result in less accidents in the workplace and financial gain for businesses.

However, many that support the proposal **also want to see the eligibility criteria reviewed**, recommending that the minimum number of employees could be reduced to include smaller businesses. For example, a notable number of submitters suggest **widening the criteria to include self-employed people or businesses with two or more employees**.

ACC RESPONSE ACC acknowledges this feedback and will pass this feedback on to the ACC Workplace Safety team for consideration.

The opportunity to receive a subsidy for injury prevention is greatly appreciated by the business owners we received submissions from. These submitters tell us that cost is often the main barrier to implementing health and safety improvements in the workplace. Submitters' ideas for how the grants could be used include purchasing personal protective equipment, hiring consultants or specialists to implement health and safety systems, or injury prevention training.

Those who disagree with the proposal often **question the relevancy and value of ACC providing subsidies and grants** for injury prevention practices. Some submitters question whether ACC is best fit to provide these investments, telling us this is not the role of ACC, and/or that businesses should be accountable for paying for injury prevention practices. Other submitters are concerned that the grants may be misused by businesses, and share concerns that the cost for grants and subsidies may mean an increase in other levies.

ACC RESPONSE ACC notes this feedback and will pass it on to the ACC Workplace Safety team for consideration.

"An excellent idea. It costs business a lot of money and time and resources to keep staff safe at work. This can be the difference between profit and loss."

"A grant to help pay for new technology to help reduce risk of work place injuries is a fantastic idea. it would be a great help to NZ companies to compete in the global market."

"The proposal is only for businesses 6 to 99 employees. As a self employed person there would be no assistance for my business… Maybe a subsidy for smaller enterprises on proof of H&S training?"

"Small business struggle to implement safety initiatives because of the cost - I believe having a subsidy available for employers would encourage them to think of ways to reduce injuries and make the work place safer and healthier."

"I do not see this as the role of ACC. There are plenty of other avenues of financing innovation."

"Businesses should fund their own activity and use the significant support already available from Worksafe."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

Only two submissions from representative groups provided feedback on this proposal; each had different views about ACC investing in the proposed subsides and grants:

Manage Company cautions against providing subsidies for legal requirements, stating that the employer should already have these in place. They believe that ACC already plays a significant role in injury prevention and claim management, and this should be balanced with what employers legally are obligated to do, such as comply with health and safety standards.

New Zealand Council of Trade Unions (NZCTU) strongly support the proposal and are pleased that ACC is now taking a broader view of its legislative functions. NZCTU also welcome ACC's closer collaboration with WorkSafe in this area, making funds available for WorkSafe's important, often systemic, prevention efforts.

ACC RESPONSE

ACC acknowledges this feedback, and will pass this feedback and request for discussion on to the ACC Workplace Safety team.

ACC acknowledges this support and will pass this request for collaboration with Worksafe on to the ACC Workplace Safety team.

Review of ACC No-Claims Discount Programme

ACC are seeking feedback on the No-Claims Discount programme.

36 submissions

KEY QUESTION Should the No-Claims Discount programme be replaced? [17 submissions]

We received mixed feedback on whether ACC should keep or remove the No-Claims Discount Programme for businesses, reflecting diverse views on the effectiveness of the programme.

Business owners tell us that the **programme doesn't recognise the time and effort that goes into injury prevention.** We're told people feel frustrated when they engage in injury prevention but miss out on the No-Claims Discount because an accident happens, especially when the accident is perceived as the fault of the individual, not the company.

ACC RESPONSE This feedback will be passed on to the ACC Workplace Safety and Levies team to inform future work on a replacement for the No-Claims Discount programme.

Among submitters who agree with ACC's proposal to replace the programme (41 percent), **many tell us that it would be fairer to remove the No-Claims Discount and consider alternatives**, with recommendations including incentives that reward businesses who engage in health and safety practices, or taking into account long-term claim history instead (rather than a no-claims criteria).

ACC RESPONSE This feedback will be passed on to the ACC Workplace Safety and Levies team to inform future work on a replacement for the No-Claims Discount programme.

Submitters in favour of ACC retaining the No-Claims Discount (59 percent) argue that **removing the discount may increase business costs and penalise those who keep clean claim records**. Businesses that are low-risk and have no claims feel that this should be reflected by lower levy rates or financial incentives.

Rewards for no claims are often viewed by submitters as an incentive to engage in workplace health and safety practices, however some say that the discount should only apply to businesses who have evidence of investment in health and safety practices.

ACC RESPONSE This feedback will be passed on to the ACC Workplace Safety and Levies team to inform future work on a replacement for the No-Claims Discount programme.

"I can't think of a better incentive programme for small business. Anything to ease the high burden of administrative costs is welcome. Please leave it alone."

"The Experience Ratings System penalises a company where an employee injures himself despite training, instruction and safe operating procedures."

"Because sometimes no matter how hard you try accidents happen and then you feel it is used against you by reducing your discount."

"Please consider long-term claims history. We are paying at top level due to our job, yet in 25 years of our business, had 1 single claim which was an infected scratch on the leg. (That earned us a letter from ACC threatening that our levy may go up due to the one claim.) That really doesn't seem fair."

"As a small business owner with a track record of no work place injuries I feel there should be some recognition of these results. Even with the discount the levy feels expensive."

"Removing this will penalise those sole traders that do not make any claim. All it will do is increase our cost because others have done nothing to improve. It's unfair."

"An incentive is always good - so long as the drivers make sense. A simple discount wouldn't normally be linked to improved health & safety (though for some it might). The discount should apply for those with no claims AND who can show evidence of investment in health & safety (e.g. approved courses, records, etc.)."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

All submissions from representative groups on the No-Claims Discount Programme support the removal or modification of the Programme.

EROAD supports the removal of the No-Claims Discount programme, noting that it is demonstrably ineffective and creates cross-subsidies with no beneficial return to the subsidising party.

New Zealand Council of Trade Unions supports the removal of the No-Claims Discount programme, noting it is ineffective.

Manage Company recommends aligning the No-Claims Discount Scheme with the Experience Rating scheme to have one scheme for all employers.

ACC RESPONSE

This feedback will be passed on to the ACC Workplace Safety and Levies team to inform the future work on a replacement for the No-Claims Discount programme.

Distance-Based Levying for Motor Vehicles

ACC are seeking feedback on the possibility of shifting to a distance-based levying system.

271 submissions

KEY QUESTION Should we shift to distance-based levying for motor vehicles? [193 submissions]

Over half of submitters support moving to a distance-based levying system (59 percent). Supporters claim the proposal is fairer – particularly for multiple vehicle owners and those who drive or ride infrequently.

Supporters of a distance-based levy share the sentiment that **the more you drive, the more risk you are exposed to**, linking distance travelled with higher accident rates. They agree that the Motor Vehicle levy should reflect accident risk, and think that distance-based levying is the best method of capturing this.

ACC RESPONSE ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future. We will share our findings of this exploratory work as part of the 2020 levy consultation.

A few submitters note that **distance-based levying makes sense for electric vehicles,** telling us that because these vehicles do not contribute towards the fuel levy, a distance-based based approach could be used to collect a full levy from electric car owners.

ACC RESPONSE ACC acknowledges this feedback and will use it to inform our future levying approach for Electric Vehicles and Plug-in Hybrid Electric Vehicles. This feedback will also be passed on to the Ministry of Business, Innovation and Employment to be considered as part of the Government's wider electric vehicle strategy.

High volume drivers – people that spend more time on the road for work purposes, travel, or leisure – worry about how they will be impacted. Many of these submitters feel their considerable driving experience and skill makes them safer drivers than those who spend less time on the road. Private drivers, or those who travel often for work, are especially opposed to a distance-based system, sharing concerns that it could result in income loss. Even a few submitters who support the proposal suggest that it should only apply to private car owners, not commercial vehicle owners.

ACC RESPONSE ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future.

A number of submitters tell us that **low-income families and those who live rurally could be disproportionately disadvantaged** by distance-based levying, **as well as those in higher deprivation areas that have a lack of available public transport**.

ACC RESPONSE ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future.

"The more KM you travel the higher the risk, so this is fairer."

"This would also be fairer to people who need a fleet of vehicles for different purposes but can only drive one at a time. It would also assist people who collect vehicles."

"People with multiple vehicles can only drive one at a time, and shouldn't have to pay the ACC levies multiple times."

"The greater the distance travelled the greater the use of the roads and damage caused. A vehicle sitting in the garage does not contribute at all to national cost so why have fixed fees?"

"A levy based on kilometres travelled would more equitably account for the use of electric or hybrid."

"Yes, distance based licencing is the fairest way (thinking about electric vehicles as well). Electric vehicles pay ACC levies only in the registration & use no fuel, yet cost of injuries in an accident would be no different to a similar petrol powered vehicle."

"As a motorcycle instructor I would cover a very large amount of KM's per year training others in safety. Why should I be penalised for increasing the safety of road users?"

"It could be costly for people who are using their vehicle for everyday use and for those who travel large distances."

"The rural sector of NZ already pay more for their fuel cost to drive to centralised services within NZ (ie hospitals). Extra costs added to this already costly travel will disadvantage numerous members of our communities."

"Unfairly penalises those who live further out. Adds costs to those whose incomes are already stretched."

Distance-Based Levying for Motor Vehicles

There are mixed comments about adding a Road User Charge (RUC) for Motor Vehicles. Some submitters think that adding another revenue mechanism, such as RUC, is an additional hassle for vehicle owners. Other submitters see RUC as a good levying mechanism, as it allows for cost per distance-travelled.

Distance-based levying could be difficult to implement. Some commenters point out that odometers can be tampered with, so aren't necessarily reliable indicators, while others suggest GPS tracking of vehicles.

ACC RESPONSE

ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future.

While we've received support for a distance-based approach, we've also received many alternative proposals for how the Motor Vehicle levy could work. **Removing or lowering fuel-based levying is a popular proposal**, with some submitters telling us that fuel is an unfair way to collect the levy because certain vehicles are exempt, such as electric vehicles.

Taking into account driver risk or regional risk, as opposed to vehicle risk, is also proposed as an alternative approach.

ACC RESPONSE

ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future.

"Adding a different revenue mechanism (like RUC) means extra costs and more hassle for a vehicle owner."

"Tacking it on to road user charges (on diesel) and move all other vehicles to a RUC system, removing the taxes from the fuel completely."

"It's not a good idea. It invites cheating of the system by disconnection of speedometers, which would have a detrimental effect on safety."

"Despite your claim that petrol cars are becoming more fuel efficient there is no doubt that the more often it is driven the more fuel it requires, therefore keeping the levy on fuel is efficient."

"A levy on petrol would also have the advantage of encouraging smaller, more efficient vehicles and a switch to e-vehicles."

"To take it a step further, vehicles registered to entities/owners with poor driving/safety record should also be charged more as they represent an increased risk."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
Most submissions from representative groups are interested in investigating a shift to distance-based levying, but indicate that more work needs to be done to assess if this is the preferred option. One submitter completely rejects distance based levying, sharing the concern that people will "cheat" Motor Vehicle levy payments.	ACC agrees that further work needs to be undertaken to investigate shifting to a distance-based levying system in the future. This work will be completed over the 2019-21 period.
The New Zealand Federation of Motoring Clubs (NZFOMC) support an investigation of distance-based levying for all roads users, especially for non-petrol vehicles. NZFOMC have a long-term focus, telling us that electric vehicles should be accountable for road use and risk, as well as noting that there will be expected changes in the makeup of New Zealand's vehicle fleet in the proposed new regulatory environment. In addition to investigating a distance-based levy, NZFOMC recommends investigating an opt-out scheme. Such a scheme could be fairer for vehicle collectors who currently pay multiple levies even though they can only drive one vehicle at a time.	ACC acknowledges this support and feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future. We will share our findings of this exploratory work as part of the 2020 levy consultation.

Distance-Based Levying for Motor Vehicles

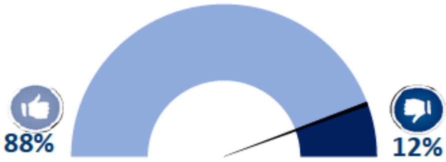
WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
The NZAA supports ACC investigating distance-based levying, especially for non-petrol vehicles. The NZAA has encouraged ACC for some time to investigate collecting a portion of ACC levies for non-petrol vehicles via RUC, to be equivalent to the petrol excise, so that the licence levies for both petrol and non-petrol vehicles are equivalent. **The NZAA** note that petrol excise will become less equitable in the future as cars become more fuel-efficient, and therefore a distance-based levying scheme will eventually be needed for all vehicles. They claim that this will only become feasible once a national electronic road user charges system for road funding (to replace the current petrol excise and diesel RUC) has been successfully implemented.	ACC acknowledges this support and feedback and will use this feedback to help inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future.
EROAD are in favour of distance-based levying, stating that it's the *"single most fair way of determining a road user's base level of exposure to harm within a no fault, risk-rated regime"*. EROAD reference related research that has looked at distance-based levying, with a focus on electronic road user charging (eRUC). With this, they suggest the operating costs and data costs are the main barriers to introducing electronic road user charging (eRUC), but indicate that this is a feasible option for ACC and the roll out of eRUC is available in the near future.	ACC acknowledges this support and feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future.
Manage Company note that, in principle, distance-based levying makes sense, however they question how distance-based levying will work in practice i.e. if it will be in line with road user charges as currently being done for diesel vehicles.	ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on a potential distance-based levy approach in the future

Rego Discount for Multiple Vehicle Owners

ACC are seeking feedback on the possibility of providing discounts for people who own multiple vehicles.

792 submissions

KEY QUESTION Should you get a discount on your rego if you own more than one vehicle? **[600** submissions]



Most submitters (88 percent) support a potential vehicle registration discount for owners of more than one vehicle. Of the seven future work proposals, this topic received the most feedback.

Among those in favour of the discount, a common sentiment is that the **cost of ownership and rego for multiple vehicles is too expensive** at present. Submitters who own more than one vehicle tell us its unfair that they are levied for multiple motor vehicles when they can only drive one vehicle at a time. Some submitters also note that they rarely have all their vehicles registered, especially motorcycle and hobby vehicle owners, because the cost of multiple regos is unaffordable for them.

The discount received **strong support from motorcyclists and hobby vehicle owners** who own multiple vehicles but only use them sporadically.

ACC RESPONSE	ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on providing rego discounts for people who own multiple vehicles in future levy years. We will share our findings of this exploratory work as part of the 2020 levy consultation.

A small proportion of submitters (12 percent) **challenge the provision of a discount for multiple vehicle owners.** Some raise concerns that people will "cheat the system"; for example, that families could register multiple vehicles under a shared name. Others worry about the environmental impacts of the discount, noting that it may encourage ownership of multiple vehicles and further increase the number of vehicles on the road.

ACC RESPONSE	ACC acknowledges this feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on providing rego discounts for people who own multiple vehicles in future levy years.

A few submitters are concerned that **a discount on multiple vehicle owners may increase levy costs for single vehicle owners.**

ACC RESPONSE	A discount for owners of multiple vehicles wouldn't change the total amount ACC need to collect to cover the expected costs of injuries, instead funding would need to be reallocated. This may increase the level of cross-subsidisation between different vehicle classes in the Motor Vehicle Account, or the levy for a single vehicle may increase to offset levy reductions for subsequent vehicles.

"Absolutely agree with this concept. Many people own multiple vehicles for different purposes and having to pay full rego on each one is not very fair."

"I own 4x vintage or classic motorcycles, I can only ride 1 at a time, so now I only register one per year and can't afford to do more on the pension."

"It's already hard enough to maintain multiple cars because of wof and rego so having a discount would be perfection."

"When there are multiple vehicles owned by an individual it is clear that they can only use one at a time and the usual reason for this is that they collect bikes or cars and are enthusiasts."

"Many motorcyclists own more than one bike. We can only ride one bike at once and some special bikes might only go out a few times per year."

"I think that this could be exploited, having all the family cars registered in one persons name to avoid fees."

"More vehicles in existence means more potential for more vehicles on the road, more carbon emissions, more accidents, and less incentive to use public transport, walking or cycling. I think we need to think hard about what we overall want to achieve for our environments and health - making healthy choices the easy choices."

"The argument that a vehicle owner can only drive one vehicle at a time is not valid as another member of the household can be driving the other vehicle. And if it means a lift in levy to offset the multi vehicle discount, people who only own one vehicle are effectively cross subsidising the multi vehicle owner."

"Passes that cost onto single vehicle owners - ie not so great when you think of it."

Rego Discount for Multiple Vehicle Owners

A significant number of multiple-vehicle owners also recommend pushing beyond a discount for the rego and instead collecting motor vehicle levies via an individual's driver's licence, rather than the rego. Many subitters also suggest reviewing the way Vehicle Risk Rating (VRR) is estimated as part of the current levy, noting that this should be tied to the individual driver, not the vehicle.

We've also received the recommendation of **basing levy fees for multiple car owners on the most expensive vehicle payable** – the vehicle with the highest risk class – and removing levy costs on other vehicles.

ACC RESPONSE

Under the current system levies are applied to registered vehicles, rather than individuals. This is a relatively simple and cost-effective system, because it is aligned with the NZTA vehicle registration process. As a result, there are administrative efficiencies for ACC and the part of the levies that covers the administrative cost of collecting the levy is lower for vehicle owners. This is a consistent and efficient process that avoids duplication in the transport system. Any changes to the current system would likely create a number of complex administrative issues, as well substantial costs. These would be passed on to the levy payer, and potentially negate any financial benefits to levy payers.

"…apply it to the drivers licence rather than the vehicle."

"I think this fee should not be charged to the vehicle but instead be charged to each driver and the class of vehicles the licence holder is allowed to drive. That is a fairer way of user pays."

"You can only drive one vehicle at a time and owning multiple vehicles doesn't increase your chance of an accident by a factor of the number of vehicles you have."

"Yes, there should be a discount for those who own more than one vehicle as obviously only one is driven at a time. The simplest way to do this is only have the most expensive levy payable."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

All submissions from representative groups support investigating a proposed discount for owners of multiple vehicles:

The NZAA fully supports a discount for 'vintage' class vehicles, claiming that they are disadvantaged by the current levying model. They're suggesting lower licence levy for 'vintage' class vehicles, as well collecting a portion of the levy via petrol excise.

EROAD are concerned that discounts may be difficult to implement for business vehicles, instead they suggest restricting the discount to motorcycle owners to contain the unintended consequences.

BRONZ fully supports discounts for owners of multiple motorcycle owners, stating that the current cost of levy per bike is difficult to manage for many riders.

ACC RESPONSE

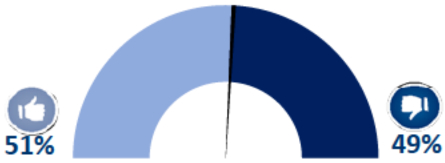
ACC acknowledges this support and feedback and will use it to inform the exploratory work we will be undertaking during the 2019-21 levy period on providing rego discounts for people who own multiple vehicles in future levy years.

How Should We Levy Electric Vehicles?

ACC are seeking feedback to inform their review of Motor Vehicle levies for electric vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs).

173
submissions

KEY QUESTION Should we keep these vehicles classed as petrol vehicles
[119 submissions]



Our sentiment scale isn't matching what submitters are saying about Electric Vehicles (EVs) and plug-in hybrid electric vehicles (PHEVs). While over half of all submitters agree with keeping EVs and PHEVs classed as petrol vehicles, it appears that it was not clear what our consultation question was asking.

Many submitters may not be aware that they're agreeing with EVs and PHEVs paying a lower Motor Vehicle levy, as most who agree are saying that these vehicles should pay a higher levy. General feedback is that these vehicles present the same, or higher, accident risk as other light-weight vehicles. We're also receiving many comments that claim petrol or fuel use isn't a determinant of a vehicle's risk, so shouldn't be treated as one.

While most people are stating that EVs and PHEVs present similar accident-risks to other light-weight vehicles, **a few people are claiming that these vehicles are safer than other motor vehicles**. According to these submitters, EVs and PHEVs have good safety features and aren't incurring the same injury cover usage as other vehicles.

Currently EVs and PHEVs have a $77 shortfall per vehicle which is paid for by other vehicles. Most submitters want to see this reviewed, indicating that these vehicles are placed at an advantage compared to other road users. Some maintain that EVs use the roads just like any other vehicles and present the same risks, claiming that the $77 subsidy is unfair towards other road users who are making up the shortfall. Others state that those who can afford to buy EVs should be able to pay the shortfall, and the cost shouldn't be covered by road users who cannot afford to purchase EVs.

Among those who support keeping EVs and PHEVs classed as petrol vehicles, **a notable portion of submitters are embracing subsidies for these vehicles, remarking that the environmental benefits should be recognised** when assessing their levy rates. Charging a lower levy rate for EVs and PHEVs in the short to medium term is proposed as a way to increase uptake, with some advising raising levy rates for EVs and PHEVs in the long-term to compensate for the anticipated loss of petrol levies.

ACC RESPONSE	This feedback is welcomed and will be considered by ACC and the Ministry of Business, Innovation and Employment to inform our future levying approach for EVs and PHEVs.

We're receiving considerable feedback advising that the **risk-rating for EVs and PHEVs should be considered when assessing these vehicles overall levy fees.** A significant number of submitters are indicating that risk-rating for EVs and PHEVs should be the main factor for determining how their levy fees are set, with a few submitters

"Levy them more to make up for the shortfall - why should drivers of petrol cars have to subsidise them? Those that can afford the luxury of an EV can afford the levy, they're already saving on fuel."

"Whether they use petrol or not they need to contribute to the cost of maintaining roads that they also use. Fuel type should not be a determinant, actual use should be the factor."

"There is absolutely no justification for EV's to not be paying the same fees as everyone else. Simply because it's an electric vehicle does not make it any less likely that the driver will need ACC cover. The risk profile is no different to a normal car."

"Electric and hybrid cars have very good safety features. They aren't going to incur the same injury cover usage as some other cars on the road. It makes sense they don't pay as much."

"A level playing field is what needs to be considered. If EV owners are being subsidised to the tune of $77 per vehicle, then this needs to be addressed through their rego at the review in 2 years' time. Anyone who can afford an EV at the current prices can hardly claim that this is an unaffordable extra cost."

"They [electric vehicles] cause the same wear and tear on the road surfaces and congestion on the roads, so they should be levied accordingly."

"There must be a significant incentive for becoming and EV owner. You're paying more upfront for the vehicle, taking a risk on new technology, accepting reduced range and paying for higher devaluation due to the steady battery degradation. Yet your zero emissions is providing health and environmental benefits for everyone."

"Should be encouraging the use of EV's as overall it has a positive impact on environment and a bigger pay off for everyone in the long run."

"If an EV vehicle shows more or less risk than this should be considered. However currently the risk of an EV accident is no different to a petroleum powered vehicle - therefore the levy

How Should We Levy Electric Vehicles?

requesting more information about the accident rates of EVs and PHEVs compared to other vehicles.

Distance-based levying is often proposed as an alternative to petrol-based levying, recommending that the way diesel vehicles are levied could apply to EVs and PHEVs. Most submitters claim that it's one-sided that these vehicles pay no petrol levy and are only levied through their rego, they think that **EVs and PHEVs should be levied through a Road User Charge (RUC),** this way they would be paying for vehicle type and distance travelled.

Not everyone agrees about distance-based levying for EVs and PHEVs, a couple of submitters don't believe that RUCs are the best way to levy these vehicles. Instead, they're suggesting levying through rego or classifying EVs as motorised passenger vehicles.

ACC RESPONSE

This feedback is welcomed and will be considered by ACC and the Ministry of Business, Innovation and Employment to inform our future levying approach for EVs and PHEVs.

needs to be the same. As this cannot be obtained through fuel purchase, an increase in REGO cost should be implemented."

"EVs will need to pay their fair share given the current uptake in usage of the types of cars. Maybe something similar to diesel where an average petrol rate on distance covered is applied at the time of registration."

"Distance based levy similar to RUC, I see no reason to exempt them [electric vehicles] from a use based levy. Since you cannot tax their fuel the distance should be taxed."

"I am not sure if RUCs are the way to go on EVs. Perhaps, treated like motorised passenger vehicles is better, but the levy be increased to make up the shortfall in the petrol levy."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

Only submissions from representative groups gave feedback on this proposal, each having different views about how electric vehicles should be levied.

EROAD would like to see EVs and PHEVs paying similar average levy costs to other vehicles, claiming that the risk of a Motor Vehicle accident is largely independent of the vehicles energy source and the subsidy is inconsistent with the premise of the ACC scheme.

The NZAA, on the other hand, supports the current RUC exemption for electric vehicles (EVs) until 2021, seeing it as a modest incentive to encourage the uptake of EVs. They also support ACC's review of the levy rates for EVs (and PHEVs).

ACC RESPONSE

This feedback is welcomed and will be considered by ACC and the Ministry of Business, Innovation and Employment to inform our future levying approach for EVs and PHEVs.

Review of ACC Fleet Saver Programme

ACC are seeking feedback to inform their review of the Fleet Saver programme during the 2019-21 levy period.

3 submissions

KEY QUESTION Should we review Fleet Saver? [2 submissions]

All submitters to date agree with the proposal to review Fleet Saver, with one submitter noting that businesses who engage in safety practices for fleets should be recognised through financial incentives.

Most submissions received on this topic haven't focused directly on the review, but have chosen to discuss more general issues relating to fleets, such as truck accidents or the levying approach to truck companies versus private vehicles.

"Companies that ensure the safe running of their fleet should be recognized with lower premiums."

"Some truck companies seem to be in the news for more accidents than others."

"Companies need to pay more than private vehicles".

ACC RESPONSE

This feedback is welcomed and will be considered by ACC to inform our review of the ACC Fleet Saver Programme over the 2019-2021 levy period.

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
While almost all submissions from representative groups support the review of the Fleet Saver, there are differing views on the effectiveness of the programme:	
Road Transport Forum New Zealand are disappointed that the fleet saver programme hasn't been as successful as it could have been. They note that there seems to be general reluctance for many operators to participate, indicating that the benefits are often outweighed by the costs.	This feedback is welcomed and will be considered by ACC to inform our review of the ACC Fleet Saver Programme over the 2019-21 levy period.
While **EROAD** agrees with the review, they also believe that the Fleet Saver programme should continue as it encourages greater attention to workplace safety.	
Manage Company note that the current Fleet Saver programme is based on the now defunct Workplace Safety Management Practices (WSMP) platform. They recommend reviewing the effectiveness of using the WSMP audit framework for the Fleet Saver programme.	
Motor Industry Association support the review of the Fleet Saver programme with no further comment.	
A few submissions from representative groups are suggesting expanding or improving the Fleet Saver programme:	
With pending changes to the motor vehicle levy, **Manage Company** feels that there could be scope to extend the Fleet Saver programme to all vehicles, not just those over 3.5 ton.	
EROAD indicate that workplace data, information and insight generated through telematic systems could improve fleet-safe driving practices. They suggest using telematic systems to support businesses in meeting and improving the requirements under the Fleet Saver programme model.	

Review of Vehicle Risk Rating (VRR)

The Minister for ACC is seeking feedback on the review of Vehicle Risk Rating (VRR).

139 submissions

KEY QUESTION Should we keep Vehicle Risk Rating (VRR)? [**56** submissions]

Over two-thirds of submitters are in favour of retaining Vehicle Risk Rating (VRR) (68 percent).

The main sentiment among submissions in support of VRR was that it **helped encourage and reward the use of safer vehicles**, reducing the number of injuries on the road and the subsequent flow-on costs to ACC. VRR is generally viewed as a fairer way to spread the costs of ACC by requiring those with unsafe vehicles to pay more.

Many submitters believe that VRR positively impacts consumers' car-buying behaviour, with several noting that VRR had personally caused them to consider safety when purchasing a car, and that it was unfair to be charged the same as vehicle owners who did not.

ACC RESPONSE

ACC acknowledges this feedback. Vehicle Risk Rating was designed to lead to fairer levies that are better aligned to risk factors affecting Scheme costs. The rating bands provide an opportunity for vehicle owners to understand the safety of their car should they be involved in a crash. It is the only comprehensive system based on safety rating in Australasia.

Submitters opposed to VRR suggest it is a flawed approach to estimating risk, questioning both its rationale and evidence base. Several note that newer cars may not necessarily be safer than older models and other factors (such as distance and frequency of travel, car maintenance, type of roads used) contribute to vehicle risk.

The need to improve VRR's evidence base was also noted by some submitters who otherwise supported VRR. A handful suggested ways that ACC can **ensure the band classifications are evidence-based**, such as improving the vehicle safety rating data that informs the bands.

ACC RESPONSE

ACC uses evidence-based information to inform VRR gathered by Monash University from real world crashes and the New Car Assessment Programme ratings to decide which band applies to a particular make and model of car.

ACC has worked extensively with researchers, vehicle manufacturers and the AA to make this system as robust and evidence-based as possible.

Some opponents of VRR also expressed that the policy **disproportionately impacts those on low-incomes**, who are more likely to have older cars and/or are unable to purchase newer cars with lower risk ratings. Several submitters identified themselves within this category.

ACC RESPONSE

When introducing VRR ACC undertook market research that showed there were a range of band 3 & 4 vehicles (the safest) for sale at prices of $3,000-$10,000.

"We need to do all we can to encourage people to buy safer cars and be rewarded when we do."

"People have a choice when buying cars, and choosing a model that is safer should be encouraged."

"I now look at the safety rating when buy a car."

"This promotes safer vehicles and reducing the risk/severity of injury rather than paying for it on the other end."

"When travelling in a safer vehicle a crash should have less impact on the passengers, so there should be lower ACC costs associated with any injuries, so this is a fair system."

"I believe this is the fairest way to distribute the levy collection. Safer vehicles should be rewarded with lower fees. Given the levies are set based on the level of risk and cost of rehabilitation it makes sense."

"The system is a little naive. Newer cars tend to cover a much higher annual mileage, so are more likely to be involved in an accident in the first place. Many, many older vehicles are driven rarely and carefully by enthusiasts and are very unlikely to be involved in an accident at all."

"Does need some tweaking to ensure vehicles are allocated to the correct band. Previous data used Australian safety ratings for cars of a similar model to those in NZ but often the NZ cars had a higher safety rating that was not recognised."

"VRR disadvantages low income earners."

"VRR penalises people who can't afford a newer car. It is grossly unfair; it is not the Kiwi way."

"I have an older car, and am unable to afford a newer one."

Review of Vehicle Risk Rating (VRR)

A significant number of motorcyle owners replied to this proposal, thinking that VRR is applied to their motorcycles and that this unfairly classifies motorcycles as higher-risk vehicles, increasing their motor vehicle levies. A number of these motorcyclists commented that the risk ACC assigns to motorcycles is based inaccurate or outdated statistics.

ACC RESPONSE

ACC acknowledges that it should have been made clearer in our consultation material that VRR only applies to light passenger vehicles. We will ensure this is incorporated in to our lessons learned process to inform future levy consultations.

A popular sentiment was to **replace VRR with a "Driver Risk Rating"**, with many submissions suggesting it was the driver, not the vehicle, that determined a vehicle's level of risk. Such an approach was also proposed to be "fairer" to owners of multiple vehicles, who are currently levied for each vehicle. Suggestions for implementing this scheme varied; some submitters suggested it could operate as a fee or discount applied to drivers at registration, others suggested an annual payment.

ACC RESPONSE

ACC will incorporate this feedback in its work programme as it looks at the options for levying multiple vehicle owners in the future.

"The current high ACC levy rate is statistically unfair as the majority of accidental injuries to motorcyclists are caused by the fault of the other motorist usually driving a car. The percentile increase in rates will send the already ridiculously high fee sent into the stratosphere."

"It's is a good option for cars/trucks but when applied to motorcycles it makes the unit vehicle cost too high which is now pulling money from maintenance and safety gear on bikes, which in turn is increasing accidents and injuries."

"Risk should be individually based and assessed and paid annually on drivers licenses, NOT on vehicles."

"There should be a DRR (Driver Risk Rating). Each time someone gets demerits/fines, they should also pay more on their registration; safe drivers get a discount off their next registration. Link the Registration Network to Police Infringement Network."

"I think it is important to use the cost of registering your car as low as possible for the safest vehicles. It will encourage (albeit not greatly) their uptake."

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

All submissions from representative groups on Vehicle Risk Rating (VRR) are in support of retaining VRR.

BRONZ Wellington argue that VRR should be retained and also be applied for discounts. They also suggest applying VRR to the motorcycle levy as well i.e. factoring in ABS and other safety features used for the cars.

Federated Farmers are disappointed by the proposed removal of VRR programme in favour of a flat fee. They believe that risk should be aligned to cost, arguing that a practical method of aligning risk with cost should be applied to vehicles.

Motor Trade Association (MTA) supports the retention of VRR. MTA note that they have supported VRR from the outset and are represented in the Motor Vehicle Industry Expert Group (MVIEG). Instead of removing VRR, MTA suggest that more should be done to promote the scheme's relevance as part of the annual vehicle licence renewal process. If the decision is made to retain VRR scheme, MTA would like the opportunity to participate in the proposed separate consultation on the proposed 2019-2021 levy rates for light passenger vehicles in early 2019.

ACC RESPONSE

This feedback has been passed on to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

Review of Vehicle Risk Rating (VRR)

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID	ACC RESPONSE
The Motor Industry Association (MIA) strongly support retaining VRR, stating that removing VRR will be at the expense of road safety. MIA indicate that this sentiment is shared by the NZAA, Motor Trade Association and the VIA. **The MIA, NZAA** and **MTA** note that the VRR scheme has helped raise public awareness about vehicle safety and contributes to encouraging New Zealanders to make safer choices when purchasing cars. The MIA and MTA both indicate that this supports the Government's Safer Journeys strategy and improves road safety by improving the safety of the vehicle fleet. **The MIA** and **NZAA** note that the Motor Vehicle Account discussion document states that ACC wants to recognise New Zealanders "who are taking responsibility for their own health and safety" because they're helping to drive down costs for others. They state that this argument can also be applied to support the retention of VRR, as people who buy safer vehicles are also taking responsibility for their safety on the road, and are contributing to improved road safety and reduced crash costs. VRR also reflects the principles of the entire ACC scheme, which is to charge levies according to risk. **The MIA** and **NZAA** believes that scrapping VRR will be at the expense of road safety, and this would be a retrograde step at a time when a rising road toll is demanding more action to improve road safety. According to the Motor Vehicle Account discussion document, if the ACC motor vehicle levy reverts to a fixed levy for all light passenger vehicles, then the average levy will be almost equivalent to the 2019/21 Band 3 levy (for either petrol-driven or non-petrol). Presently, 46% of all cars are rated Band 4, the highest safety rating, and 23% rated Band 3, with only 16% rated Band 2 and 15% rated in the lowest Band 1. Therefore, if VRR is scrapped, nearly half of Kiwi motorists will end up paying proportionately much higher ACC licence levies than currently – more than double. This will be unpopular. Whereas if VRR is retained, levies for 46% of cars would actually fall slightly despite the rise in ACC costs (if petrol excise is increased). **The NZAA** also understands that MBIE are considering changes to the Consumer Information Notice (CIN) that must be displayed on all cars sold by motor vehicle dealers, including whether vehicle safety ratings should be included. NZAA also called for a requirement for vehicle safety information to be displayed at the point of sale. NZAA note that VRR is the only scheme which rates all cars under 40 years of age, and so would be a leading choice for the rating model to be used for the CIN or otherwise displayed at point of sale. In late June/early July 2018, the NZAA undertook a random member survey about VRR, which was completed by 1,769 respondents (with a margin of error of 2.3%). The member survey results showed that a much larger percentage of members support the principle of risk-rating compared to those that oppose it. In the NZAA's view, whilst VRR is still in its infancy and there is unlikely to be universal public awareness or full understanding of the scheme, their member survey results demonstrate a level of public support for VRR.	This feedback has been passed on to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

New Approach to Levying Self-Employed People

The Minister for ACC is seeking feedback on a proposal to levy self-employed people based on actual annual income.

92 submissions

KEY QUESTION Do you agree with our new approach to levying self-employed people? [34 submissions]

Submitters generally welcome the new approach to levying self-employed people, telling us they would prefer to pay based on their actual earnings rather than basing levies off their income from the previous year.

Many submitters (85 percent) think **the proposal is a fairer system, especially when business is unpredictable and earnings fluctuate year-to-year.** Self-employed submitters often mention instances when the current levying approach has put them at a disadvantage; for example, when business has been good one year and bad the next, resulting in an additional income loss through levy payments.

Self-employed people also told us the current way that levies are calculated is confusing and stressful, particularly for new businesses and those trying to meet forecasted earnings. **They would prefer ACC's approach to align with the current tax system.**

ACC RESPONSE	This feedback will be passed on to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

A pre-payment option is generally not desired by most submitters. Self-employed submitters often note how their fluctuating income often makes it difficult to predict payment or pay in advance, instead they suggest a post-pay system based on actual earnings.

The small proportion of people who support a pre-payment option **see it as a convenient way to plan for levy payments**, and encourage making the option available.

ACC RESPONSE	This feedback will be passed on to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

While not a direct response to this proposal, **some submitters also told us that their current levy is unfair because their risk-rating doesn't match the perceived hazards of their job.** We've received a few complaints from people who spend most of their work life in low-risk jobs, but occasionally work in a high-risk environment. They believe that their risk-exposure is incorrectly assessed, resulting in unfairly high levy fees.

ACC RESPONSE	These submissions will be passed on to the Levy Classification team for review and assessment.

"Makes sense! People in regular employment don't pay made up future payments. This may encourage more people into small business."

"It just makes sense to charge based on current earnings. Significant disadvantage can occur if income drops and the levy is based historically."

"New approach of calculating levy based on actual income rather than predicted income is a great idea. This is because business profitability is unpredictable."

"It is confusing for a new business to know what impact ACC levies are or will have when trying to establish a business whilst juggling tax and other overheads - anything to align overheads with actual income and expectations would be helpful."

"Yes! Finally. No one can accurately estimate yearly earnings. The stress of having the upfront payment for forecast earnings is a strain on businesses. There's a pressure to meet that forecast."

"[Pre-pay] is not helpful, because my income fluctuates greatly."

"No, wouldn't want to prepay, might make it too confusing for people."

"Like the idea of pre-payment - can't you have the same rules but just a lower limit? Or let me pay what I want in advance - I do it with my power and rates after all!"

"I am an architect and currently pay levies based on the risks associated with building sites. Me and my staff attend building site meetings for a maximum of 2 hrs in a typical 40 hr working week. We wear health and safety protection at these meetings. I feel our risk exposure is more akin to desk workers and a review would be timely and we would support a reduction in levies."

New Approach to Levying Self-Employed People

WHAT SUBMISSIONS FROM REPRESENTATIVE GROUPS SAID

Only two submissions from representative groups commented on the proposed approach to levying self-employed people. Both submissions see advantages in the new approach but are cautious about how it will work in practice.

Federated Farmers and **Manage Company** both believe that there are advantages to basing levies on actual earnings rather than forecasted earnings, as well as aligning the self-employed levy with basic tax rules. For example, the current system is difficult to navigate for businesses who are in the first year of operations, the proposed approach of basing levy rates on actual earnings will simplify this process.

Federated Farmers do, however, point out that basing levies on previous years' income has not been an issue that has been raised with Federated Farmers, who represent a relatively high volume of self-employed people.

Manage Company and **Federated Farmers** both share concerns about how CoverPlus Extra, an optional ACC cover, will slot into the proposed changes.

Manage Company believe that the proposed changes will cause difficulties for self-employed people who move from CoverPlus to CoverPlus Extra. For instance, ACC may invoice upfront for the CoverPlus Extra and then the following year the client will still get an ACC invoice for the previous year. Manage Company have seen similar issues when ACC placed a moratorium on sending out CoverPlus Extra invoices twice over the last decade. They note that this resulted in double invoices in subsequent years.

To avoid confusion, **Manage Company** recommend ACC to be clearer on how CoverPlus Extra will sit alongside the proposed changes, as well as considering moving all self-employed people to CoverPlus Extra. They suggest that this would allow for cover to be predetermined, providing security at claim time, as well as providing ACC more control over its investment income.

Federated Farmers have also identified difficulties for self-employed people moving from CoverPlus to CoverPlus Extra. They note that the choice, presumably, cannot be made at the time of paying the invoice because the insured period would have passed. Instead, they're suggesting implementing a mechanism to determine what insurance product the self-employed person elects at the beginning of the insured period.

Manage Company are also concerned that the proposed changes will cause confusion for customers and create significant work for accounting firms, intermediaries, and for ACC. They also note that the proposed change may clash with the timing of IRD's next entrenchment, set to take affect 1 April 2019.

Federated Farmers understand why it may not be worthwhile to develop a system for early payment. They note that there was concern from some of their members about large, unexpected bills coming at the same time as their tax bill, however it would seem based on the figures provided by ACC that this would be rare.

ACC RESPONSE

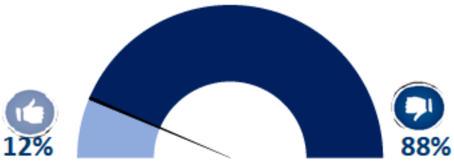
This feedback has been passed on to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

Classifying Online-Only Retail Businesses

The Minister for ACC is seeking feedback on our current classification unit (CU) for online-only retail businesses.

24 submissions

KEY QUESTION Is it fair for all online-only businesses to be classified together? [8 submissions]



Most submitters **disagree with ACC's current approach of a shared classification unit (CU)** for all online-only retail businesses (88 percent).

These submitters tell us that online-only retail businesses should instead be **independently classified based on the level of risk presented by their operating model, or the product or service they sell.**

A common sentiment is that online-only retail businesses **vary in their level of risk depending on the product(s) they sell or the service they provide,** and therefore their CUs should also vary. Several submitters point out that online businesses selling heavy items that staff must handle (such as furniture) expose their employees to a higher risk of injury than online businesses that handle only light products (such as gift cards) or do not directly handle the products they sell (such as drop-shipping businesses).

ACC RESPONSE This feedback is acknowledged and will be passed on to the Levy Classification team for consideration on behalf of ACC, and to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

While most submitters agree with removing the shared CU for online-only retail businesses, **views differed on the best approach** to determine the levy classification unit for these businesses in the future.

Some submitters felt that online-only retail businesses **should be treated the same as their brick and mortar equivalents,** and therefore an online-only store and a physical store selling the same product(s) should share a CU.

However, other submitters felt that **online-only businesses should be treated differently** to those with physical stores, even if they sell the same product, because their **operating model represents a lower risk of injury to employees.** A suggested way of implementing this was to classify online businesses under the same CU as their brick and mortar equivalents (i.e. based on the products they sell) but to provide an additional levy discount or a reduced levy rate.

A further suggestion was for the CU to **distinguish between the different operating models** that online-only businesses can have and their associated level of risk. Some submitters felt that the CU should **differentiate between online-only businesses that handle goods and/or employ warehouse staff, and those who do not** (eg. drop-shipping models), because they present different levels of risk to employees. This approach would align with the current approach to CUs for wholesale businesses.

ACC RESPONSE This feedback is acknowledged and will be passed on to the Levy Classification team for consideration on behalf of ACC, and to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

"They should be classified according to what they sell"

"The same way that you classify bricks and mortar store workers, based on what they sell, and the rate charged should be the highest one of all the goods they sell e.g heavy machinery sales as against greeting cards etc."

"It depends on the work they do. Some on-line businesses do not touch the product and so are office workers. In a furniture store some staff have to do the heavy lifting, which may not exist on-line."

"They could be a very low safety risk shop selling say for example, phone cases. Or they could be selling large and heavy car parts which are much more likely to cause an injury in the workplace. Regardless of the fact that they are an online only business - they still have people behind the website."

"Still required to pick and pack and subject to manual handling injuries etc so should be treated in the same manner as bricks and mortar."

"I think they should be classified similar to the CU that they align with as bricks and mortar but use a reduced rate to compensate that they are an online business. Maybe have 2 rates for the CU's. One is the online rate which is a % less than the traditional CU rate as bricks and mortar."

"I think it should depend on whether they're purely online (no physical stock management) or simply retail online but do in fact hold and physically deal with stock - whether that's in a garage or warehouse."

ACC Fleet Saver Programme: Discount Levels

The Minister for ACC is seeking feedback on a proposal to keep the discount levels for the ACC Fleet Saver programme the same for the 2019-21 levy period.

8 submissions

KEY QUESTION Should we maintain the discount levels for ACC Fleet Saver? [4 submissions]

3 out of 4 submitters agree that the discount for safe fleets should remain the same, although it's unclear whether most of these submitters are informed about the Fleet Saver proposal. For example, we received comments about rising levies and stagnant wages, incident of drug use by heavy vehicle drivers and the risk of motor vehicles.

Two submitters told us that the Fleet Saver discount is a good way to encourage safe behaviour.

ACC RESPONSE	This feedback will be passed on to the Ministry of Business, Innovation and Employment for consideration on behalf of the Minister for ACC.

A few submitters **questioned if the Fleet Saver programme has been reviewed,** which directly ties into support for the proposed review of Fleet Saver.

ACC RESPONSE	ACC acknowledges this feedback and will use this feedback to help inform the review of the ACC Fleet Saver programme we will be undertaking during the 2019-2021 levy period. We will share our findings of this review as part of the 2020 levy consultation.

"If the operator has a good safety record and is spending on bettering their safety record and systems, then it is only fair to be rewarded for this. This will also encourage others to get on board to make the savings. Incentive based basically. A win win."

"ACC should definitely maintain the current discount levels on Fleetsaver as it rewards the transport operators who have high standards over the operators that don't care or invest in raising their standards"

"Does fleet saver actually work? Larger businesses could put resource into applying for the Accredited Employers programme - I suspect that human factors would have a bigger impact on heavy vehicle accidents than a vehicle that should already be to a prescribed standard to even be on the road."

"Has there been a review on the effectiveness of this programme? Are accidents because of human factors or the actual vehicle (which should be maintained to a COF level anyway."

Appendix One: Social Media Analysis

As well as analysing 2018 levy submissions received through our formal channels, we have also analysed social media comments from our Twitter and Facebook pages relating to the 2018 Levy Consultation.

A summary of our complete analysis is provided below.

Social media commenters have generally talked about their **personal experiences with ACC**, using this as the basis of their opinion about the 2019-21 levy proposals. While most commenters were opposed to any increases in levies, there were a notable portion in favour of proposed increases.

The **Ride Forever Rebate** has received the most attention in social media comments, followed by Distance-Based Levying for Motor Vehicles, the proposed increase to the Motor Vehicle levy, Work Account decrease and the proposed Earner's Levy increase. Social media comments on these proposals have been **consistent with the feedback we have received in consultation submissions.**

Commenters are supportive of the Ride Forever Rebate seeing it as an *"Great incentive"*, but aren't happy with the cost of motorcycles levies, especially for riders who own multiple bikes. As one commenter summed up, *"reading over the comment left here the general consensus is motor cyclists are feeling ripped off."*

Motorcyclists find it unfair that prevention programmes are mainly aimed at them, they suggest targeting car drivers as well: *"What about training for car drivers? I'd like to know how many bike accidents are caused by bad car drivers…."*

There are mixed views on distance-based levying. Commenters who are in favour of distance-based levying believe that it's a fairer way to charge motor vehicles for their road use and risk: *"Registration fees should be dropped and a charge per kilometer should be instituted. Why should someone driving 5,000 km pay the same as a commercial salesman who drives 30,000 km a year?"*

Commenters opposed to a distance-based approach state that there already is a distance-based levy in place via petrol, and that introducing a further 'distance-based levy' is unfair. Distance-based levying is perceived as being disproportionally unfair to rural people, with commenters noting that such a levy would *"screw over the rural sector of NZ yet again."*

Almost all comments about the Motor Vehicle proposal are not in favour of the increase, telling us the cost of petrol and other tax is already too high. If the prices are to increase, commenters suggest putting it on rego or basing levies on individual risk factors: *"Classify risks and charge based on that."*

Many would like **other transport to be levied before increasing the motor vehicle levy**. Electric Vehicles and Hybrid Cars are currently subsidized by other vehicles because they are classified as petrol vehicles; commenters want to see these vehicles paying a higher levy. They point out that these vehicles use the roads just like any other vehicle and are just as likely to be in an accident: *"Make the owners of hybrid cars and electric cars pay their share. They use the roads as much as anyone else but get a free ride at other motorists' expense."*

A few commenters want to introduce a cyclist levy, noting that they use the road like other vehicles and are just as likely to be in an accident: *"how about road user charges to cyclists; to cover the cost of their rehabilitation"*.

While not a frequently discussed proposal on our social media channels, **the decrease in Work Account levy has received significant support**: *"I hope that they are dropped, as an apprentice Carpenter on contract meaning I am self-employed the levy's at the end of the year are hard since I'm not on tradesman pay rate yet."*

A few commenters are frustrated by the proposed increases in other accounts, stating that **reductions in the average work levy may be offset by increases in other levy rates,** such as fuel increases: *"A possible $15 decrease has already been overtaken by fuel increases and there are still proposed ACC increases to come!"*

According to some commenters, **the decrease in the average work levy isn't high enough** *"It is a good idea but when I checked it only shows $50 less than what we pay for it now, and think it should be higher".*

A few commenters oppose the decrease, they're concerned about service cuts: *"How about instead you raise it by a couple of dollars each and continue to provide decent services, rather than cutting it and scrambling for money for anything".*

Most comments on the Earner's levy oppose the increase, stating that rises in taxes and petrol are stretching incomes too far: *"No more increases. In anything! We are losing everything already with the price of gas and food."*

There are, however, **a few commenters who are in support of the proposed Earner's Levy increase, mentioning how it is a small rise for the cover they receive**: *"Increase? Yep - in my book, you never know when you will need it."*

It is not clear to many commenters that ACC uses different levy accounts to fund different accident types. They think lowering one levy while raising another is unfair, not realising that this is driven by different accident rates and costs: *"So just another excuse to reduce business levies and shift the burden onto wage earners by increasing their levies."*

A popular opinion is that **ACC should broaden its remit to include other health conditions**, regardless of the cause: *"What about paying for sickness as well-it's always seemed unfair that stroke or cancer sufferers, for example, get nothing."*

As is common on social media channels, there were a lot of general complaints and negative comments about ACC. Among these commenters, some **think that ACC often denies claims**, and want the organisation to support more people: *"They need to stop paying their medical advisers to find any pathetic little excuse they can not to pay out. Instead of saying how can we help you - it's how can we NOT help you."*

Appendix two: General Feedback

While most of the feedback we received from the 2018 levy consultation related to our specific proposals, we also received general feedback which provided us with insights about the levying system and ACC services. The complete analysis of our general feedback is outlined below.

General feedback from the Shape Your ACC (SYA) website

In addition to specific consultation proposals, the Shape Your ACC website also gives visitors the option to **provide general feedback about their recent experiences with ACC, or anything else ACC-related.**

Out of the 198 comments we've received, almost half (77 comments) have been complaints against ACC, such as personal disputes or issues about ACC services. However, a few commenters have praised ACC services (3 comments) and support the levy consultation (6 comments).

Several general feedback comments also mention specific levy proposals. Work and Earners' account proposals have been mentioned in a total of 23 comments, while Motor Vehicle account proposals have received 25 comments. **This feedback generally aligns with the submissions we've received across the consultation.**

The rego discount for multiple vehicle owners has received the most feedback in general comments (11 comments). The discount has continued to receive overwhelming support, with most commenters saying that motor vehicle levy rates should be based on the risk of the driver.

While not specifically mentioning a levy proposal**, some commenters have taken the opportunity to discuss more general issues they have with the levying system.** These comments tend to align with the general feedback we've received across the consultation:

- A common view is that **low-income earners will be hurt by levy increases** (6 comments). With rising fuel prices and increased cost of living, people are saying many can't afford the proposed levy increases.

"You are being socially irresponsible with your proposed increases most folk are struggling to make ends meet with low wages & increased costs."

- **Some comments have expressed that it is discriminatory that people who are receiving superannuation aren't eligible for full ACC cover** (4 comments). A few commenters who are over 65 find it unreasonable that they aren't eligible for full ACC compensation due to the pension they receive, with one questioning why they should pay ACC levies at all.

"I paid my levy to protect my greatest asset. I needed ACC when it mattered most. ACC decided it didn't need me. We recognise your claim they said, but we are giving you nothing as you are receiving government super. You cannot receive two benefits."

- **A popular sentiment is that tourists should be charged ACC levies, or stop receiving ACC cover** (21 comments). Most often, people feel that it's unfair that ACC cover applies to tourists when they don't contribute to the overall cost of cover.

"*I feel that ACC should not cover tourists or people that do not pay into it. Tourists should have to pay a fee upon arrival if they want this."*

- **Some customers feel their Classification Unit (CU) doesn't match their perceived workplace risk.** 18 customers believe that their CU rating isn't right, or they're requesting a re-assessment of some Classification Units.

"As a self-employed water industry consultant, nearly all of my work is done on my laptop for clients around the country. As such my ACC levy seems high for the risks involved."

- **We received a fair amount of comments about cyclists paying levies.** 6 commenters think cyclists do not pay levies or should pay more. Cyclists are quoted as being road users who **"***pay nothing towards any levies yet have a higher chance of critical injury".*

General feedback from representative groups

Submissions from representative groups also provided us with general feedback about ACC and the consultation process. Their insights are summarised below.

Tourism Industry Aotearoa (TIA) suggest that ACC should improve its stakeholder management process. TIA feel that there is a lack of engagement from ACC with the tourism industry around the proposed levy fee increases.

> *"For some years now TIA has requested improvements in ACC consultation and stakeholder management. However, there appear to be few gains made."*
>
> *"In its 2016 submission, TIA welcomed the reduction in proposed levies for most ACC levy risk groups involved in tourism. We believe the reduction acknowledges the significant work the tourism industry has done to better manage workplace safety. At the time, we also noted our disappointment that there was a lack of industry consultation and engagement with the tourism industry in regards to proposed fee increases, despite its own commitment to do so. Unfortunately, this situation has not improved in this recent round of consultation."*

New Zealand Thoroughbred Racing, mentions that they feel that there has been a recent lack of communication from ACC, noting that their past experiences with ACC have been positive.

> *We understand that ACC staff members the industry previously engaged with have now both left the organisation. The communication and support we received from both were valuable and would appear that this void has not been filled with contact with persons looking after similar areas, whether through oversight on our industry's or ACC's part.*

Employers and Manufacturers Association Northern (EMA) found that ACC's levy consultation document lacked detail.

> *"It seems every time this topic [levy rates] emerges the public are given less and less detail re the actual financial account numbers and more and more of generalisations. That said then it becomes difficult to comment on the discussion document as there is little substance to discuss, this does somewhat defeat the purpose of a consultation process."*

On the other hand, **Manage Company state that ACC's levy consultation document is too detailed and difficult to digest** for employers.

> *"The current submission documents cover over 200 pages. This is not something we would consider clear and concise. Employers especially do not have the time to digest, understand, think about, and then make recommendations of any value and substance with such a vast array of information."*

EMA question why Worksafe NZ and SafePlus has not been mentioned in the consultation, naming Worksafe as a *"major contributor to injury prevention in New Zealand".*

> *"The role SafePlus as a product has also not been mentioned. One may have thought that with such a big investment and roll out some more tangible benefits may have been forthcoming. As it stands now to be audited by an independent auditor is a cost to business with no financial rewards what so ever. If the SafePlus theory is correct ACC and the employer should be experiencing less accidents and better RTW outcomes."*