



Cabinet Legislation Committee

Minute of Decision

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2019 ACC Regulations for Work Account Levies, the Earners' Levies and Experience Rating

Portfolio ACC

On 19 February 2019, the Cabinet Legislation Committee:

- 1 **noted** that on 10 December 2018 Cabinet made decisions on the 2019/20 and 2020/21 Earners' levy that require the introduction of the Accident Compensation (Earners' Levy) Regulations 2019, that:
 - 1.1 maintain the Earners' levy rate at \$1.39 per \$100 liable earnings, including GST;
 - 1.2 change the way levies for self-employed are calculated so the levy for that year is based on the income earned in that year;
 - 1.3 update the maximum liable earnings based on actual and forecast changes to the Labour Cost Index;
 - 1.4 update the minimum liable earnings that self-employed people pay Earners' levies on to \$34,320 in 2019/20 and 2020/21 (subject to adjustments to reflect the minimum wage review);

- 2 **noted** that on 10 December 2018, Cabinet made decisions on the 2019/20 and 2020/21 Work Account levies that require the introduction of the Accident Compensation (Work Account Levies) Regulations 2019 and the Accident Compensation (Experience Rating) Regulations 2019, that:
 - 2.1 set the Work Account levy rate at an average rate of \$0.67 per \$100 of liable earnings, excluding GST;
 - 2.2 update the maximum liable earnings based on actual and forecast changes to the Labour Cost Index;
 - 2.3 update the minimum liable earnings that self-employed people pay Work levies on to \$34,320 in 2019/20 and 2020/21 (subject to adjustments to reflect the minimum wage review);
 - 2.4 amend the description of one Work Account Classification Unit (CU number 84330) by removing the word "Modern" from the CU name "Modern Apprenticeship Coordinators employing apprentices";

- 3 **agreed** to updating the minimum liable earnings in 2019/20 and 2020/21 to \$36,816 to reflect the Minimum Wage Order 2019;
- 4 **noted** that the three-year experience periods that apply to the 2019/20 and 2020/21 levy years are updated in the Accident Compensation (Experience Rating) Regulations 2019 which is a minor and technical matter needed to make the experience rating programme work;
- 5 **noted** that sections 331(5A) and 331(5B) of the Accident Compensation Act 2001 provides that ACC must prepare a report in relation to the rate of levies prescribed detailing the effect the prescribed levies are expected to have on the relevant Accounts (including future levy and solvency rates), which must be published at the same time the regulations prescribing the rates of levies are made in the Gazette;
- 6 **noted** that the Accident Compensation (Earnings' Levy) Regulations 2019, the Accident Compensation (Work Account Levies) Regulations 2019 and the Accident Compensation (Experience Rating) Regulations 2019 must come into force on 1 April 2019;
- 7 **authorised** the submission to the Executive Council of the:
- 7.1 Accident Compensation (Earnings' Levy) Regulations 2019 [PCO 21877/5.0];
- 7.2 Accident Compensation (Work Account Levies) Regulations 2019 [PCO 21879/6.0];
- 7.3 Accident Compensation (Experience Rating) Regulations 2019 [PCO 21876/5.0].

Vivien Meek
Committee Secretary

Present:

Hon Chris Hipkins (Chair)
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Iain Lees-Galloway
Hon Tracey Martin
Hon Ron Mark
Hon Kris Faafoi

Officials present from:

Officials Committee for LEG

Hard-copy distribution:

Minister for ACC