



PREVENTION. CARE. RECOVERY.

Te Kaporeihana Āwhina Hunga Whara

shapeyouracc.co.nz

LEVY CONSULTATION Ask The Nation Station



2018 Levy Consultation

New workplace incentives and
ACC Proposals for Future Work
27 September 2018

Accident Compensation Corporation
Te Kaporeihana Āwhina Hunga Whara



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An online version of this consultation can be found at shapeyouracc.co.nz





Overview

Overview of this consultation

In addition to the changes to the levy rates for the Accounts, we are interested to hear from you on the introduction of workplace injury prevention grants and subsidies in 2019 and our future work programme that could be implemented after 2021.

- Introducing workplace injury prevention grants and subsidies
- Future work programme with any proposals to be developed for the 2021-2023 levy period or beyond
 - Review of the Fleet Saver programme
 - Review of the No Claims Discount
 - How should we levy electric vehicles and plug-in hybrid vehicles?
 - Investigating a shift to distance only levying for motor vehicles
 - Investigating discounts for owners of multiple vehicles





Introducing workplace injury prevention grants and subsidies

Introducing workplace injury prevention grants and subsidies

To help New Zealand businesses make health and safety improvements, we worked with businesses and key stakeholders to develop new injury prevention initiatives.

Why these initiatives?

We talked with a wide range of people and businesses who told us that we need to:

- reduce barriers to making health and safety improvements
- help businesses access information and services to improve health and safety
- better recognise and reward businesses for making improvements
- create a pipeline to focus injury prevention effort in areas of need.

Key features

We are introducing co-investment funding for injury prevention initiatives, which we are proposing to prioritise on high-risk sectors or activities each year.

There are two ways co-investment funding will be made available.

1. INJURY PREVENTION SUBSIDIES (AMOUNT VARIES)

We will make sector-specific subsidies available for businesses with six to 99 employees to access solutions to address health and safety problems in the key areas of:

- capital investment
- capability development
- consultancy and advisory services.

The level of contribution will vary depending on the business size and sector. Businesses will be reimbursed on proven purchase, and formally acknowledged for their commitment to improving workplace safety.

2. INJURY PREVENTION GRANTS (FROM \$50,000 TO \$500,000¹)

Often a business and its workers have a great idea to improve health and safety and need a hand to fund it. We propose a way to make those ideas a reality. We will make grants available for the development and delivery of health and safety solutions that address problems that impact multiple businesses within a sector, across the health and safety system or within a supply chain. Businesses, industry associations and workers' groups, research institutions and collaborative groups could apply.

Applications will need to demonstrate collaboration with industry, that they address real needs, and that benefits extend beyond a single organisation in one of these key areas:

- research
- innovation
- capability development.

Our definition of co-investment will broadly allow for an applicant's resource and time and/or financial investment to conduct the initiative.

We will establish an investment panel made up of members from ACC, strategic partners, industry experts and other government agencies. The panel will determine how funding will be allocated between injury prevention grants and subsidies, and the problems or challenges we will prioritise funding for.

Timeline

Injury prevention subsidies are currently available for the construction and health care sectors, and we plan to release new subsidies in 2019. We intend to make injury prevention grants available from early 2019.

¹ Proposed amounts for the first round of grants, subject to revision by the governing body once implemented

We want to hear your feedback

Head over to shapeyouracc.co.nz and tell us what you think. We want to know:

1. What specific issue is of most concern for your industry, and how do you think it could be addressed through subsidies or grants?

You can also email or post your feedback with your contact details to:

Email: levies@acc.co.nz

**Introducing
workplace
injury
prevention
grants and
subsidies**





Exploratory future work

To be developed for the 2021–2023
levy period or beyond

Review of ACC Fleet Saver programme

ACC Fleet Saver addresses the unacceptably high incidence and cost of accidents involving goods vehicles weighing more than 3,500kgs.

Goods vehicles weighing more than 3,500kgs, which are mostly trucks, make up about 3% of all New Zealand's registered vehicles. But accidents involving trucks cost up to 5% (\$33 million) of the estimated lifetime costs of all accidents covered by the annual Motor Vehicle levies.

The ACC Fleet Saver programme aims to reduce the incidence and cost of these accidents. We want to offer levy reductions to businesses that:

- adopt effective health and safety practices in their fleets
- show a strong safety culture
- show a commitment to the highest standards of safety among their employees.

This means businesses enjoy the benefits of having a safe fleet, a great workplace and more productive employees. And we recognise them for it.

How ACC Fleet Saver works

ACC Fleet Saver is for businesses that own five or more goods vehicles weighing more than 3,500kgs each. Businesses need to show safety management practices. Those in the programme can reduce their Motor Vehicle levies by 10% (bronze), 25% (silver) or 40% (gold).

Although ACC Fleet Saver is a workplace incentive programme, the discount applies to the ACC levy part of the licence for each heavy goods vehicle in the fleet. Businesses that don't qualify for ACC Fleet Saver will pay the proposed levy for heavy goods vehicles.

Businesses that wish to apply for ACC Fleet Saver accreditation need to undergo an audit to determine whether they meet the required levels of safety practices. Once a business is part of ACC Fleet Saver, they'll undergo an audit every 4 years to make sure they're maintaining the good safety management systems of the programme.

Find more information on ACC Fleet Saver at www.accfleets.co.nz/fleet-saver.

Review of ACC Fleet Saver

In April 2017, we discontinued the Workplace Safety Discount (WSD) and Workplace Safety Management Practices (WSMP) products. We recognised these products were not aligned with the Health and Safety at Work Act, which came in to effect in 2015.

The audit system we currently use for ACC Fleet Saver is based on the same system we used for the WSD and WSMP products. During the 2019-2021 levy period, we'll be reviewing the ACC Fleet Saver programme and its audit system. This is to check that it's still fit for purpose and to make sure the ACC Fleet Saver programme is demonstrating value. We want to ensure it is helping reduce the incidence and cost of accidents for large goods vehicles.

We want to hear from you

Head over to shapeyouracc.co.nz and tell us what you think about Fleet Saver. What should we consider when we review Fleet Saver?

Review of ACC No-Claims Discount programme

EXPLAINING THE NO-CLAIMS DISCOUNT PROGRAMME

A No-Claims Discount applies if your annual ACC Work Account levies are below \$10,000. To qualify you will have paid under \$10,000 in each of the three years of the experience period.

About 30% of New Zealand businesses qualify for No-Claims Discount. The following rules apply when calculating the discount or loading:

- If you have no claims for weekly compensation or fatal injury made during the experience period, a 10% discount applies.
- If between one and 70 days of weekly compensation were paid and no fatal injury claims were made, the Work levy doesn't change.
- If more than 70 days of weekly compensation were paid or a fatal injury claim was made, a 10% penalty applies.

- NCD does not differentiate between normal performance and good performance. 92% of businesses in NCD get a discount because for most smaller businesses no time lost claims over a three-year period is normal as the average time lost claim per business is 0.07 per annum. The inability to differentiate between normal and good performance means we charge \$18m to 472,000 other levy payers not eligible for NCD to pay for discounts that do not necessarily represent good performance.

We intend to remove the No Claims Discount programme in the future. However, we want to ensure there is an incentive programme that can replace it for smaller businesses before its removal.

Exploratory
future work

We want to hear your feedback

Head over to shapeyouracc.co.nz and tell us what you think. We want to know about any ideas you have for the future incentive programme to replace the No Claims Discount programme.

Review of the No-Claims Discount programme

As part of our work on the ACC's Experience Rating system, we also considered whether the No Claims Discount programme (NCD) was meeting the original goals of ensuring good performers pay less and poor performers pay more. We found that:

- NCD is ineffective at improving health and safety performance. The 2015 review by MBIE found little evidence to show injury prevention or health and safety management benefit. Interviewed employers did not believe that the experience rating system (ER or NCD) had improved their involvement in rehabilitation and return to work.

The Motor Vehicle Account review

ACC has been working with the Ministry of Business, Innovation and Employment to review the Motor Vehicle Account. This work will consider the challenges we can expect to face, and the changes we may need to make in response to new vehicle technologies and the changing transport environment.

The work also looks to develop future-fit proposals for funding the account and has resulted in the following proposals:

- Future work on levying electric vehicles and plug-in hybrid vehicles (page 15)
- Investigating a shift to distance-based levying for motor vehicles (page 16)
- Investigating discounts for owners of multiple vehicles (page 17).

Future work on levying electric vehicles and plug-in hybrid vehicles

How we currently levy EVs and PHEVs

Currently, electric vehicles (EVs) and plug-in electric vehicles (PHEVs) are classed as petrol vehicles under regulations for ACC levy collection. Users pay their ACC levies through a combination of vehicle licensing fees and petrol at the pump. EVs don't use petrol, while PHEVs use an uncertain but likely smaller amount of petrol than petrol vehicles. This means EVs and PHEVs are currently being cross-subsidised by other petrol vehicles.

For the 2019–2021 levy period, EVs and PHEVs will continue to be treated as petrol vehicles for the Motor Vehicle levy. Because they do not use petrol, EVs will pay no petrol levy and their only ACC levy will be paid through their rego. Under the current rates this equates to an approximately \$77 shortfall per vehicle.

Aligning treatment of EVs and PHEVs for Motor Vehicle levies with the Government's wider electric vehicle strategy is being considered by the Government. The current exemption for light electric vehicles from Road User Charges also needs to be taken into account.

'Road User Charges' are the levies that drivers of light diesel vehicles and heavy vehicles, ie trucks, pay to contribute towards the upkeep of New Zealand's roads.

Levying EVs and PHEVs in the future

In 2016, the Government decided that light electric vehicles would be exempt from Road User Charges until they made up 2% of the light vehicle fleet, to encourage the uptake of light electric vehicles. The current exemption expires on 31 December 2021. The Ministry of Transport will review this exemption and, if it's not extended, transition EVs onto Road User Charges.

It's proposed that the Motor Vehicle levy rates for EVs and PHEVs should be looked at again once a decision on the current exemption is made.

We want to hear your feedback

Head over to shapeyouracc.co.nz and tell us what we should be considering when we're thinking about the future of EVs and PHEVs.

You can also email or post your feedback with your contact details to:

Email: levies@acc.co.nz

Post: **Levy Consultation ACC**
PO Box 242
Wellington 6140

Exploratory
future work

Investigating a shift to distance-based levying for motor vehicles

During the 2016 levy consultation period, we asked for your thoughts on how we can collect Motor Vehicle levies in the future. The transport environment is ever-changing. There are new vehicle technologies and new ways of getting around. We need to make sure the way we provide our services keeps pace with these changes and the risks they present.

Feedback from you – the motor vehicle owners – suggested you would like us to explore the possibility of distance-based levying in the future.

Between 2019 and 2021, we will investigate the possibility of shifting away from paying levies through the rego for non-petrol vehicles in the future, to a distance-based levying system. We would like your thoughts on this idea.

How we currently collect Motor Vehicle levies

We apply a risk-based funding model in the Motor Vehicle Account. People who have higher levels of risk tend to pay a higher levy rate, as they're likely to incur higher costs for the ACC Scheme. Vehicle usage indicates the risk a driver could have.

NON-PETROL VEHICLES

Owners of non-petrol vehicles (often diesel vehicles) currently pay their entire levy via the vehicle rego. This is a lump sum and although it is policed, some people still don't register their vehicles. It also doesn't reflect usage. Owners of multiple vehicles told us they think it is unfair they pay substantial rego fees for each vehicle, when they can only drive one at a time. The levy is very expensive for people with multiple vehicles, and in general a less effective indicator of risk.

PETROL VEHICLES

In contrast, owners of petrol vehicles pay their levy partly via the vehicle rego fee and partly via a petrol levy (currently 6 cents per litre). The petrol levy is pay-as-you-drive and reflects vehicle use to some degree, so it better reflects the risk a driver has.

However, petrol vehicles are becoming more fuel efficient. This means petrol consumption is less effective as an indicator of usage.

Fuel efficiency and the known concerns around the rego fee have become a problem for us. The levying system should be fair for everyone by using a risk-based funding model.

A shift to a distance-based levying system would allow us to reflect vehicle usage as the risk for drivers. This would be fairer for everyone.

An area we want to explore

We'd like to explore the possibility to shift over time to a system that bases levies on distance travelled, as this better represents the amount of risk you – the vehicle owner – will have.

We want to hear your feedback

We'll be investigating this work between 2019 and 2021. We'll share the findings with you during the 2020 levy consultation.

To help shape our thinking, we want to hear your thoughts. Head over to shapeyouracc.co.nz and tell us what you think about our investigation into a future distance-based levy approach. What solutions do you think would be worth exploring?

You can also email or post your feedback with your contact details to:

Email: levies@acc.co.nz

Post: **Levy Consultation ACC
PO Box 242
Wellington 6140**

Investigating discounts for owners of multiple vehicles

We received lots of feedback in the 2016 levy consultation from owners of multiple vehicles, who argued that road users should be given a rego reduction if they drive more than one vehicle.

Currently, a full levy is charged for each vehicle. The cost of this can be particularly high for motorcyclists with multiple bikes, as the levy rate for a motorbike is higher than for other vehicle classes.

Between 2019 and 2021, we will be investigating the possibility of providing discounts in the future for people who own multiple vehicles. This could be for all types of vehicles, or it could be restricted to just motorcycles due to their higher costs. We want you to tell us what you think about this idea.

The challenge

A discount for owners of multiple vehicles wouldn't change the total amount we need to collect to cover the expected costs of injuries. We would need to reallocate funding. 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.

This work relates to the investigation of distance-based levying. Distance-based levying may end the need to introduce discounts for multiple vehicle owners as it would be more reflective of the amount of risk the vehicle owner has. Levies would be based on usage rather than the number of vehicles owned.

We want to hear your feedback

We'll be investigating this work between 2019 and 2021. We'll share the findings with you during the 2020 levy consultation.

Head over to shapeyouracc.co.nz and tell us what you think about the exploratory work we will be undertaking on providing discounts for people who own multiple vehicles in future levy years.

You can also email or post your feedback with your contact details to:

Email: levies@acc.co.nz

Post: **Levy Consultation ACC**
PO Box 242
Wellington 6140

Exploratory
future work





Glossary of terms

Glossary of terms

ACC Scheme

New Zealand's no-fault accident insurance scheme that provides cover to all New Zealanders and visitors to our country.

Accident Compensation Act 2001

The major piece of legislation under which ACC is governed.

Business customer

A business that pays a levy under the Scheme.

Case manager

An ACC employee assigned to manage an injured person's treatment and recovery needs.

Client

A person who makes a claim under the Scheme.

Compensatory damages

The ability to sue following personal injury. Under the ACC Scheme, individuals forego the right to sue for compensatory damages.

Crown entity

An organisation in which the Government has a controlling interest.

Customer

A client, provider or business customer.

Full-time equivalent

The hours worked by one employee on a full-time basis, generally considered to be 35–40 hours per week.

He Moemoeā

Our vision and aspirations for our Māori customers.

Levies

Amounts charged, separate from general taxation, and used to cover the cost of injuries caused by an accident within the Motor Vehicle, Earners' and Work Accounts.

Net promoter score

A measure of how likely our employees are to recommend ACC as a place to work. Respondents rate themselves on an 11 point scale, with 0 being 'not at all likely' and 10 being 'very likely'. The net promoter score is the proportion of 'promoter' respondents (score 9–10) less the proportion of 'detractor' respondents (score of 0–6). Scores range from –100 to +100.

Net trust score

A measure of the extent to which respondents have trust and confidence in ACC on a 0–10 scale grouped into four categories (low trust and confidence, medium trust and confidence, high trust and confidence, and don't know/refused). The net trust score is the proportion of respondents with high trust and confidence (score 9–10) less the proportion of respondents with low trust and confidence (score 0–6). Scores range from –100 to +100.

Ngā Tohutohunga

The principles that underpin our Whāia Te Tika strategy.

Outstanding claims liability

An estimate of the present value of expected future payments on all existing ACC claims.

Provider

A person or organisation providing a treatment or rehabilitation service to a client (eg a GP or physiotherapist).

Rate of serious injury

The number of new serious injury and fatal claims per 100,000 new registered claims.

Return on investment

The return or benefit obtained from an investment over and above the original investment, commonly expressed as a percentage or ratio.

Service Agreement

The annual agreement with the Minister for ACC setting out the services we will deliver and the expected performance standards.

Shaping Our Future

Our overarching strategy that looks at how we operate, from our technology to how we train our people, while putting the customer at the centre of everything we do.

Statement of Intent

A statutory document that covers a four-year period and outlines our medium-term strategic intentions.

Strategic intentions

The areas that ACC has identified as needing the most focus during the period of the Statement of Intent (2018–2022).

Transformation Programme

A series of projects that were focused on improving our systems, processes and employee capability.

Weekly compensation

Payments to clients who cannot work because of injury, based on 80% of their weekly income (capped) before the injury occurred.

Whaia Te Tika

Our strategy to pursue what is right for Māori and deliver on our aspirations.





Directory

Directory

Corporate office

information@acc.co.nz +64 4 816 7400 PO Box 242, Te Whanga-nui-a-Tara/Wellington 6140
Accident Compensation Corporation
Level 2, Justice Centre
19 Aitken Street
Te Whanga-nui-a-Tara/Wellington 6011

Claims

claims@acc.co.nz PO Box 242, Te Whanga-nui-a-Tara/Wellington 6140
Claims helpline 0800 101 996
Treatment Injury Centre 0800 735 566 PO Box 430, Ōtepoti/Dunedin 9054
Sensitive claims 0800 735 566 **sensitiveclaims@acc.co.nz**
PO Box 1426, Te Whanga-nui-a-Tara/Wellington 6140
Accidental death 0800 222 075
Deaf community fax 0800 332 354 **deaf@acc.co.nz**
Overseas callers +64 7 848 7400

Business and levies

business@acc.co.nz PO Box 795, Te Whanga-nui-a-Tara/Wellington 6140
Business Service Centre 0800 222 776
Employers 0800 222 776
Self-employed 0508 426 837
Agents and advisors 0800 222 991
Overseas callers +64 4 816 7880
Debt management 0800 729 538 PO Box 3248, Te Whanga-nui-a-Tara/Wellington 6140

Providers

providerhelp@acc.co.nz PO Box 90341, Tāmaki-makau-rau/Auckland 1142
Provider helpline 0800 222 070

Injury prevention

information@acc.co.nz PO Box 242, Te Whanga-nui-a-Tara/Wellington 6140
Publications 0800 844 657
ACC injury prevention unit +64 4 816 7400

Injury management (for employers)

returntowork@acc.co.nz Private Bag 9000, Heretaunga/Hastings 4156
Injury management team 0800 101 996

Concerns and complaints

customerfeedback@acc.co.nz Freepost 264, PO Box 892, Kirikiriroa/Hamilton 3240
Customer resolution 0800 650 222
Overseas callers +64 7 848 7403

Preventing fraud

collection.collation@acc.co.nz
Preventing fraud 0508 2223 7283

Media

media@acc.co.nz PO Box 242, Te Whanga-nui-a-Tara/Wellington 6140
Media enquiries +64 27 493 6858

More contact information, including branch details, Official Information Act requests and reviews, is available at **www.acc.co.nz/contact/**



Te Kaporeihana Āwhina Hunga Whara

www.acc.co.nz
0800 222 776

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