NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

SUBMISSION

of the

New Zealand Council of Trade Unions
Te Kauae Kaimahi

on the

ACC Levy Consultation 2012/13

16 August 2011

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1. Introduction

1.1. The New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU) is the internationally recognised trade union body in New Zealand. The CTU represents 39 affiliated trade unions with a membership of over 330,000 workers.

1.2. The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Runanga o Nga Kaimahi Māori o Aotearoa (Te Runanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.

1.3. We have argued that the history of levy reductions demonstrates that extreme caution should be taken in setting levies and that a generous prudential margin should be allowed.

1.4. We have also noted previously that the cost of restoring fairness (both in terms of entitlements and the administration of them) should be factored into the projected ACC costs, in particular in relation to: the requirement in ILO Convention 17 that all necessary treatment should be provided for people who are injured in accidents at no cost to the injured person; and the requirement in ILO Convention 42 to provide the same compensation to workers incapacitated by occupational disease as is provided to workers incapacitated by industrial accidents.

1.5. The CTU has supported enhancements to the scheme such as: cover for a mental injury caused by exposure to a sudden traumatic event in the course of employment; changes to the provisions for work-related gradual process, disease, and infection, to provide more clarity around whether cover is available and how it is determined, and to remove some existing barriers to cover; changes that allow greater flexibility to amend the list of occupational diseases provided in schedule 2; removal of the age-limits for eligibility for vocational rehabilitation; and better compensation for seasonal workers. These changes are fully justified. For instance, we believe that the greater support for occupational disease treatment indicates that there have been and still are significant costs for workers who suffer from occupational disease. We are concerned at the loss of entitlements in the last two years.

1.6. While we support a generous prudential margin we do not support full funding to cover the lifetime costs of treatment and rehabilitation and, as we submitted last year, are concerned that its requirements have led to much higher levies than would otherwise be required over the next several years, which in turn feeds pressure to reduce coverage. This issue also underlies the levels of levies this year.

1.7. The CTU takes an interest in all of the ACC Accounts but, in particular, the Work, Residual and Earner Accounts.

1.8. Workplace health and safety is a core issue for unions and workers. In the context of ACC levies, reducing workplace injuries and occupational disease is not only a matter of safe workplaces and prevention of injury or death, but also a way to contain costs and hence levy increases. New Zealand's accident rate demands attention from a range of government agencies. As just one indicator, the UK's fatality rate was 0.7 per 100,000 in 2007, but according to Statistics New Zealand ("Injury Statistics - Work-related Claims"), work place fatalities in New Zealand were 5.2 per 100,000 in calendar year 2004, 5.0 in 2005, 5.5 in 2006, 4.7 in 2007, 4.5 for 2008, and 4.7 for 2009 (the latest available). Even at 4.7 per 100,000, the incidence is almost seven times the U.K. level, and since then we have had the tragedy of Pike River to remind us that these are unacceptably high levels of fatalities in international or any other terms.

1.9. The CTU with the support of ACC is a major provider of workplace health and safety training. The primary motivation of this training is to reduce the numbers of deaths and injuries of workers. But effective training that can reduce the incidence of injury also contributes towards minimising the costs of accident compensation. Due to funding cuts, training has had to be reduced. This could lead to increased injuries.

2. Summary

2.1. We are very concerned at the continual reduction in spending on injury prevention. It should be substantially increased in the light of New Zealand's poor injury, and particularly workplace injury, record. If the reduction in the levy is justified, there is room for a generous increase in the provision for injury prevention. We recommend that it be returned to at least the 2005/06 level in real terms. Applied to the work account, this would increase the work account levy by only 2 cents.

2.2. While welcoming reductions in the levy, we have always taken the position that levies should be set at a level that ensures the scheme meets real costs of treatment, rehabilitation, and prevention, or to improve coverage or entitlements. We support levies being set at a level adequate to ensure the continuation of a strong accident compensation scheme. We are concerned that some of the lowered claim numbers, costs and rehabilitation rates being reported are at the cost of reduced entitlements, more legalistic and narrow interpretations of ACC's responsibilities, and additional pressures on claimants to return to work, sometimes to jobs that are unsuitable or lead to ongoing loss of income.

2.3. We are concerned that the proposed levies are based on overly optimistic assumptions as to claims frequencies and costs and seem at variance with the stated principles for levy setting that "we haven't anticipated improvements", and "we don't over-react to short-term trends and outcomes". They do not appear prudent – or alternatively they indicate an intention to even more aggressively manage claims, to the disadvantage of claimants. We recommend they be revisited.

With turbulence in the international financial markets and the economy resuming in the last few weeks, it would also be wise for ACC to revisit its assumptions on investment returns.

2.4. Our opposition to full funding has in part been because it has increased levies unnecessarily and this would be exacerbated by the proposal to raise reserves to 116 to 118 percent of funding requirements (depending on the Account), and then operate within a band of between 100 and 135 or 140 percent of requirements. We do not consider that this additional margin is necessary given the substantial reserves which will be held under full funding and oppose this change in funding policy.

2.5. We support the proposal made by Hazel Armstrong Law for a flat rated levy across all employers to cover occupational disease claims.

2.6. In response to the questions asked in the online survey we, in addition to the points made in the body of our submission, raise concerns at the focus on Levy Payers in the levy setting goals rather than ACC's primary clients – actual and potential claimants – and propose a number of changes and additions. We also oppose cross crediting of the audits for the Workplace Safety Management Practices programme with other industry-based compliance audit results.

3. Injury Prevention

3.1. We are very concerned, as we stated last year, that given New Zealand's poor work injury record, the Corporation's spending on injury prevention is small and is steadily reducing.

3.2. In 2005/06 it was $41.4 million, and had fallen to $39.5 million by 2008/09. It was $30.6 million in 2009/10, forecast to be only $29.2 million in 2010/11 (despite an original forecast of $38.2 million at the time of last year's levy consultation), and $26.7 million in 2011/12 (p.5 of the Introduction to the Levy Consultation). That is a fall of over a third in the expenditure over 6 years – and of approximately 45 percent in real terms (after inflation).

3.3. We do note that an increase is proposed in spending on Injury Prevention in the Work Account but the increase is only about 2 percent in real terms.

3.4. Spending on Injury Prevention in the Partnership Programme is planned to be reduced to less than half of its 2011/12 value.

3.5. While we acknowledge that ACC does not have full responsibility for injury prevention in New Zealand, it has an important part to play and is in a position to make a real difference in safety culture and behaviour. A significant increase in this expenditure is necessary to address New Zealand's poor safety record, particularly in the workplace.

3.6. Given the general decrease in levies proposed, there is ample room for an increase in injury prevention spending. We recommend that it be returned to at least the 2005/06 level in real terms. Applied to the work account, this would increase the work account levy by only 2 cents.

4. Work Levies

4.1. A significant reduction in the employers' levy for the Work Account is proposed. Average levies would fall from $1.47 per $100 liable earnings to $1.15 (excluding GST).

4.2. The part of the levy used to fund current year claims would fall from $1.06 per $100 liable earnings to $0.84, and that for the residual claims portion of the Work Account from $0.41 to $0.31.

4.3. The residual claims portion is what is calculated to fully fund residual claims by 2019, and the reduction is presumably due partly to administration costs no longer being funded from this sub-levy, and partly because of improved returns on investments.

4.4. Regarding the levy to fund the current year (2011/12) claims, $0.19 of the $0.21 fall to $0.84 is due to the “funding adjustment” being reduced to zero. This is the amount required to raise ACC’s investment funds to the level required for full funding of all current claims. It is being removed because higher investment returns will fund it.

4.5. The part of the levy for funding the cost of actual new claims will be unchanged, increased claims and costs being projected to rise at the same rate as liable earnings. Both the part used to fund “scheme costs” (including administration and injury prevention) and that for “incentive programme funding” (experience rating etc) will fall by 11 percent – a $0.03 reduction.

4.6. Most of the reduction therefore appears to be due to improved investment returns, and reduced estimates of the long term cost of claims, which is sensitive to the discount rate. This is a matter of policy as to how these returns and rates are forecast, and luck as to current returns, rather than better claims management or reduced injury, although forecast liabilities for claims also depends on claim sizes as discussed below. With turbulence in the international financial markets and the economy resuming in the last few weeks, it would be wise for ACC to revisit its assumptions on these matters.

4.7. The consultation document shows claim frequencies that have “remained at the lower levels seen in recent years” and bravely assumes that claim frequencies will remain unchanged out to 2020 despite only two years experience of this level. Average claim costs are around $4,000 lower than expected last year, but the projected costs are an optimistic $7,000 to $10,000 lower than last year’s projection out to 2020. It is not explained why the projected lower costs are so much lower than experience. Both sets of projections seem at variance with the stated principles for levy setting that "we haven't anticipated improvements", and "we don't over-react to short-term trends and outcomes" (p.6). On the face of it, the lowered cost projections and flat claim rates do not appear prudent – or alternatively they indicate an intention to even more aggressively manage claims, to the disadvantage of claimants.

4.8. We are very concerned that current claim rates have been depressed by aggressive claims handling by ACC, depriving claimants of entitlements. The evidence provided in Hazel Armstrong Law's submission on declines for claims giving rise to elective surgery, and the high rate of success in reviews requested by claimants against these declines, comes on top of anecdotal evidence. As the Report on the elective surgery declines notes, "Every one of these decisions we get wrong is an individual patient whose quality of life is impacted by these decisions". Many such claimants will still be a cost to the state through the public health system. Others will suffer the impacts on their quality of life without redress, longer periods on sick or unpaid leave as ACC debates causes of injury, or increased surgical costs as ACC denies accident or finds degeneration. Whether ACC is technically right or wrong in refusing a claim, the effects on the injured person's recovery chances, work potential and quality of life are the same. Long recovery periods on sick leave without the rehabilitation assistance that well managed ACC claims should provide, set the scene for increased costs in the future. Access to rehabilitation services is weak in non-injury cases[1].

4.9. As the Work Account Technical Report puts it (p.86): "Claims experience has shown a marked drop-off in the most recent accident

[1] See the New Zealand Nurses Organisation's submission to the submission to the Australasian Faculty of Rehabilitation Medicine (AFRM), the Royal College of Australasian College of Physicians, and the New Zealand Rehabilitation Association (NZRA) Rehabilitation Strategy Working Group on a New Zealand Rehabilitation Strategy, July 2011, available at http://www.nzno.org.nz/activities/submissions/articletype/search/search/rehabilitation.

years for all Accounts and payment types in general, both in terms of numbers of new claims receiving compensation and the number of claims remaining on the scheme. A large portion of this favourable experience has been attributed to ACC's improved case management practices through the Service Delivery Model (SDM) and the Recover Independence Service (RIS)."

4.10. The most favourable interpretation that could be put on ACC's changes in claim management is that it is more effectively filtering out unwarranted claims and shortening rehabilitation. Even if we accepted that (and we do not), it would mean that unless there was a radical improvement in injury prevention which is not apparent, the recent steep falls in claim rates and claim costs are a step down to a new stable regime, at which point valid claims and costs may revert to previous rates of change from the new level.

4.11. While we would welcome reduced claim rates based on lower injury rates, the evidence adds to our concern that is not the case and that the forecast claim rate and claim costs are too optimistic.

4.12. Nonetheless, we do point out that claim rates have been reducing since about 2004, so the recent falls have been changes in degree of fall rather than a "turnaround".

4.13. Rehabilitation rates are also reported to have improved, with 12-month rehabilitation rates rising from 90 percent to 93 percent since their lowest point in 2009. Again, we are concerned that this is due as much to aggressive handling of cases, and definitions of rehabilitation and job placement that leave claimants with a significant financial loss, as it is to genuine improvements in rehabilitation which we would welcome.

4.14. This appears to be consistent with the ACC Work Account 2012/13 Technical Report on Levy Setting Methodology which records the following regarding vocational rehabilitation (p.124-5):

> “Firstly, the emphasis on cost containment in the recent financial year has led to a review of all long-term vocational rehabilitation claims. This review has resulted in a number of active claims being closed. Secondly, there have been operational changes in case management which have reduced the rate of referral to vocational rehabilitation and the maximum length of a vocational rehabilitation course has been reduced from 12 weeks to six weeks.
>
> In the experience from 2004 to 2007, around 40% of claimants who received weekly compensation also received vocational rehabilitation. This is an extremely high ratio in terms of the proportion of injured employees needing to be retrained for future employment. The recent operational change in the management of vocational rehabilitation services is expected to bring this statistic down to around 30%, due to the removal of the policy of automatically providing vocational independence assessments to claims receiving weekly compensation for a set duration of time. The new operational policy encourages case managers to determine vocational assessment needs on an individual basis.
>
> The future frequency growth has been projected to stabilise at current levels and the average growth in severity for future years is projected to be in line with LCI.”

4.15. The evidence provided by Hazel Armstrong Law in this regard again sits alongside our own experience of individual cases.

4.16. Nurses have also noted that upon release from hospital after serious injury, there has been a move towards “support for living” rather than professional rehabilitation, in the form of increased reliance on “natural” help such as from families. For some injuries, especially brain injury, there is a limited time in which successful rehabilitation can occur. If the injured person does not get proper rehabilitation in time, the capacity for rehabilitation is greatly diminished. Support for living delivered by family or caregivers may decrease costs but does not honour the terms of the social contract which is to provide rehabilitation[2].

4.17. We note that the estimated present value of the fully funded estimated liability for vocational rehabilitation for 2012/13 is only $12.1 million or $0.015 per $100 liable earnings. The savings from skimping on rehabilitation must be far less than the potential losses to the claimant and to ACC if it leads to repeat claims.

4.18. Long term weekly compensation claims have also fallen significantly since 2009 – from about 6,700 to about 5,300. It is not made clear how much these projections contribute to the projected lowered costs.

4.19. While of course welcoming reductions in the levy, we have always taken the position that levies should be set at a level that ensures the scheme meets real costs of treatment, rehabilitation, and prevention, or to improve coverage or entitlements. We support levies being set at a level adequate to ensure the continuation of a strong accident compensation scheme. We remain concerned that some of these lowered claim numbers, costs and rehabilitation rates are at the cost of reduced entitlements, more legalistic and narrow interpretations of ACC's responsibilities, and additional pressures on claimants to return to work, sometimes to jobs that are unsuitable or lead to ongoing loss of income.

4.20. It is also clear that a significant part of the "recovery" of ACC's position in the last 2-3 years is due to the performance of its

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[2] See the submission made by the New Zealand Nurses Organisation to the Department of Labour on Increasing Choice in Workplace Accident Compensation, 15 July 2011, which was informed by expert nurses working with ACC in this area. It is available at http://www.nzno.org.nz/activities/submissions/articletype/categoryview/categoryid/24/submissions-to-the-department-of-labour.

investments and the discount rates used to calculate lifetime costs of claims.

4.21. Huge variations in the apparent position of ACC's accounts due to such factors which are related neither to the performance of the corporation itself nor to claim characteristics undermines confidence in the funding of the scheme as much as large changes in levies, which we have also seen. This can be, and is, used for political position taking in order to make unwarranted and unwise changes to the scheme. We remain unconvinced of the benefits of full funding.

4.22. We note the proposal to build up reserves beyond what is strictly needed for full funding. In the case of the Work Account, it is proposed to rise to 117.5 percent of funding requirements, and then operate within a band of 100 to 140 percent of requirements. This is in order to ensure that there is a low probability of calls on funding, or unexpectedly low costs, taking reserves outside the band in any one year. We presume that the main focus will be on ensuring that it does not fall below 100 percent of funding requirements.

4.23. While we understand the risk considerations that have led to this policy, the additional 17.5 percent is in practical terms yet another unnecessary loading on levies. Running the large reserves that will be built up (and indeed are almost there) for full funding at between 82.5 percent and 120 percent of actuarial requirements would entail a tiny to vanishing risk of the Corporation running out of money (which is in any case guaranteed by the government).

4.24. The policy is in effect not far from having a reserve for pay-as-you-go funding on top of the reserve for full funding.

4.25. It is excessive and we do not support this change in policy.

5. Earner Levies

5.1. The proposal is for the Earners' Levy to fall by 17 percent from $1.73 to $1.44 (excluding GST) for every $100 of liable earnings. Again, the $0.29 fall is due to a large fall in the funding adjustment, by $0.31 – from $0.49 to $0.18. The part of the levy to fund new claims actually increases from $0.97 to $0.99. Here, the cost of claims is rising faster than expected liable earnings.

5.2. Claims frequencies are also down from previous years, and again are predicted to be unchanged out to 2020, though at a slightly higher level than for 2011. Despite average claim costs in 2011 being only slightly less than expected, and higher than previous years, they are projected to fall significantly in 2012, and then rise at a much lower level than previously to 2020, by when they will cost about $10,000 less than previously projected. Rehabilitation rates have also improved since 2009.

5.3. Reserves in this Account are proposed to rise to 116 percent of funding requirements, and then operate within a band of 100 to 140 percent of requirements.

5.4. Accordingly we have similar concerns about the projections and the funding policies to those we hold regarding the Work Account.

6. Motor Vehicle Levies

6.1. The proposal is for the Motor Vehicle Levy to remain at $334.52, with the part of the levy funding current claims rising by 10 percent and the portion funding residual claims falling by an equal dollar amount. All elements making up the current year claims portion of the levy rise, the largest rise being in the funding adjustment which increases by 20 percent or $19.04. The motorcycle safety levy introduced in 2010 is unchanged at $30. Average cost of claims rises only 2 percent. There are similar issues to the other accounts with regard to projections of claim frequency and average cost of claims.

6.2. Reserves in this Account are much further behind full funding than the other accounts, and are proposed to rise to 115.5 percent of funding requirements, and then operate within a band of 100 to 135 percent of requirements.

6.3. We again have similar concerns about the projections and the funding policies to those we hold regarding the Work Account.

7. Occupational Disease

7.1. Hazel Armstrong Law is proposing a Flat Rate Levy on all employers be introduced to cover occupational disease claims. This because the risks that lead to such diseases may not match the risks of the employer for a number of reasons.

7.2. The worker's exposure to the cause of the disease may have occurred at any number of his or her employers, and due to the long latency period of most such diseases, the worker is unlikely to be able to identify at which employer the exposure occurred. It may have been the result of multiple exposures at more than one employer, and the contribution of any one employer can be difficult or impossible to ascertain.

7.3. We therefore support Hazel Armstrong Law's proposal that post-1999 occupational disease claims should be funded by a flat rate levy on all employers, including those in the accredited employers programme. It should not be subject to risk rating due to the difficulties in attributing occupational disease to a specific employer.

8. Online survey questions and answers

1. Do you support reducing the average work levy rate for 2012/13?

See Sections 3-6 above.

2. Do you have any feedback on the proposals to increase the maximum and minimum liable earnings limits for employees and self-employed?

   No.

3. *As the experience rating programme is only recently established, ACC is not proposing any changes to the No-Claims Discount programme (for small businesses and self-employed people) and the Experience Rating programme (for large businesses), other than consequential changes to minimum liable earnings and relevant Experience Periods.* Do you support this?

   Yes, subject to our comments regarding occupational diseases in Section 7.

4. *For the 2012/13 levy year, ACC proposes maintaining the numbers of levy risk groups at 143.* Do you support this?

   No opinion.

5. *ACC proposes changing the name of one of the classification units and relocate 'marina operations for recreational boating' to the CU 93120.* Do you support the changes to the classification unit structure?

   No opinion.

6. Do you support capping levy increases at +10% or 2 cents (whichever is the greater)?

   We support smoothing of levy changes, but doubt that arbitrary caps are wise.

7. Do you support capping levy decreases at -25% in addition to the change in the average rate?

We support smoothing of levy changes, but doubt that arbitrary caps are wise.

8. Do you support these levy setting goals?

Each levy payer contributes their fair share to the Scheme costs

Where practical, levy rates should match different levels of 'risk' – so that levies paid by 'low-risk' people and businesses are lower than those paid by 'high-risk' people and businesses.

We do not support individualised risk experience rating for employers, because it leads to claim-avoidance behaviour at the cost of claimants. Risk rating is impractical for occupational diseases. We prefer an approach putting a much stronger emphasis on injury prevention.

Levy rates reward injury prevention

Levy rates should provide financial incentives for safe behaviour (which prevents injuries). This supports ACC's work in encouraging people to be aware of the risks associated with activities and preventing injuries.

We support such incentives as long as they do not encourage claim avoidance such as occurs with experience rating and where employers meet full or substantial parts of the cost of claims. We support a much stronger emphasis on injury prevention, including increased funding for it, and greater regulation and inspection of health and safety in the workplace.

Levy rates reward good injury management

Levy rates should provide financial incentives for getting injured people back to work or living independent lives. By encouraging levy payers to get involved with injured people's rehabilitation, we are helping to reduce the social impacts of injuries (that is, the impacts on injured people's lives and those of their families and communities, and ultimately the impacts on New Zealand's economic wellbeing).

See answer under previous goal. We believe that with regard to employers, who do not bear the bulk of the cost of injuries (the injured employee does), financial incentives cause more problems than they solve and can lead to very adverse results for their employees. Encouraging individual levy payers to be safer is good, but not to the extent that the results of injury are punitive and long lasting.

Levy payers are informed

Levy payers should understand the cover that ACC provides, the costs involved in providing that cover and any options that might be available.

We agree if the phrase "Levy payers" is replaced by "Potential claimants and levy payers" throughout.

The Scheme is cost effective

We must ensure that the Scheme is financially strong and represents value for money for levy payers.

We agree that the Scheme should be financially strong, but consideration of this should include the fact that it has government backing. The concept of "Value for money for levy payers" is not straight forward where the levy payer is not the person affected by injury, such as in work accidents. Low cost levies might be "value" for the levy payer, but not for the potential claimants. This is an inherent problem with employer-paid levies which has not been satisfactorily resolved and requires more sophistication than this goal provides.

9. Are there goals that you think should be there that are not?

We are most surprised that there is no direct mention of the principle clients of ACC in the goals: claimants. Levy payers are not the same as claimants. Levy setting should take into account

- satisfactory treatment and rehabilitation of claimants, and fairness in the way they are treated by ACC and other parties involved in claims (such as employers, third party administrators, health professionals and services);
- minimising risk of perverse incentives and their consequences;
- the adequacy of direct funding of injury prevention, and of injuries that are not subject to standard risk and exposure considerations such as occupational diseases.

10. *ACC has reviewed its Funding Policy for 2012/13, and is now using a funding band rather than a point target. The funding band includes allowance for risk margins (that were additional in the previous Funding Policy) and means that fluctuations in claims experience can be more easily absorbed without changing the levy rate*. Do you support using funding bands in the new Funding Policy?

No. See our comments in Section 4 and elsewhere.

11. *ACC proposes increasing the maximum level of liable earnings for entering the ACC Workplace Safety Discount programme, from $499,000 to $519,000*. Do you support this change?

Yes.

12. *ACC proposes to make the WSD programme available to all industries*. Do you support this change?

No opinion.

13. *ACC proposes to maintain the levy discounts we currently offer to employers that participate in the ACC Workplace Safety Discount programme.* Do you support maintaining this discount level?

No opinion.

14. *ACC proposes cross crediting of the audits for the Workplace Safety Management Practices programme with other industry-based compliance audit results*. Do you support this proposal?

No. We would regard that as a weakening of these audits when strengthening is called for. If, despite this, a change is in fact made it is important to note that the AEP injury prevention audit is a vital mechanism for employee and union participation. Any audit equivalency needs to provide equivalent employee/union participation

15. *ACC proposes maintaining the levy discounts we currently offer to employers that participate in the ACC Workplace Safety Management Practices programme.* Do you support maintaining these discount levels?

No opinion

16. *The proposed 2012/13 levy includes a reduction in the loading for incentive programmes from 9 cents per $100 of liable earnings in 2011/12 to 8 cents per $100 of liable earnings.* Do you support these loadings?

No opinion.

17. *ACC proposes the following changes to the ACC Partnership Programme from 1 April 2012*. Do you support these changes?

	Current: 2011/12	**Proposed: 2012/13**
Partnership Discount Plan discounts:		
One-year claim management	50.4%	50.0%
Two-year claim management	58.2%	58.5%
Administration fee	2.1%	2.7%
Unallocated primary health costs	1.2%	1.3%
Bulk-funded public health care costs	2.4%	3.25%

We oppose the halving of injury prevention funding.

9. Conclusion

9.1. We are strong supporters of the no fault ACC scheme and its principles of prevention, rehabilitation and compensation, and of it being one of the community responsibility mechanisms that government can provide. We are concerned however at a number of the developments that are eroding these strengths and unnecessarily increasing both the level and potential volatility of levies.

9.2. We are particularly concerned at the increasingly aggressive approach being taken to claims entitlements and to rehabilitation.

9.3. We have also expressed concern at the reduction of funding for injury prevention.

9.4. We have noted that we believe the assumptions made in projections are overly optimistic and that the changes in funding policies proposed are unnecessary and costly.

9.5. We also concerned at the apparent focus on Levy Payers in the proposed levy setting goals. The focus should be on ACC's primary clients: potential and actual claimants.