Submission by

BusinessNZ

GROWING PROSPERITY AND POTENTIAL

to the

Accident Compensation Corporation

on the

2024 ACC Levy Consultation

Proposed Levy Rates 2025-28

October 2024

PROPOSED ACC LEVY RATES 2025-28
SUBMISSION BY BUSINESSNZ[1]

1.0 EXECUTIVE SUMMARY

1.1 While BusinessNZ can understand why ACC is proposing levy increases, levy payers will not welcome the proposed increases. They will add further pressure on businesses, workers, and motor vehicle owners during challenging economic times and cost-of-living pressures. The Government is responding by seeking to restrain core Crown operating spending and it has called on local government to focus on 'doing the basics brilliantly.' We believe ACC should do likewise.

1.2 BusinessNZ has significant concerns with elements of the proposed funding regime. Specific concerns relate to the following matters:

- The ACC Funding Policy Statement
- 10-year smoothing policy on changes to levies
- Capping aggregate levy rate increases to 5%
- Removal of the No Claims Discount for smaller businesses
- Continued cross-subsidisation (in respect to the Motor Vehicle Account)

1.3 Two other issues have been raised by a number of BusinessNZ members during our consultation process which are expanded upon in the body of this submission:

1.4 The first is the desirability of greater competition to ACC in terms of claims management. ACC, as a monopoly insurer, has struggled to provide the services required by both funders of the scheme and claimants, resulting in further blow-outs in the number and cost of claims (including earnings-related compensation).

1.5 Secondly, a number of members have raised concerns about the impacts of external pay equity settlements, with consideration required to be given to the impact of cost pressures on the capacity of ACC to deliver its services.

1.6 BusinessNZ would welcome the opportunity to discuss our recommendations with ACC officials and/or the ACC Board as appropriate.

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[1] Background information on BusinessNZ is attached as Appendix 1.

BUSINESSNZ RECOMMENDATIONS

Improving Systems

Given the substantial increase in the number and length of claims since the last levy consultation in 2021, ACC should proactively improve systems for accepting and monitoring claims, while ensuring injured people receive rapid and effective rehabilitation and timely surgery where required to minimise overall costs (including earnings-related compensation) on the scheme.

Levy Changes

The proposed levy changes to the Work and Motor Vehicle Accounts should proceed.

Earners' Account

ACC should revisit its levy projections for the Earners' Account to ensure it is rapidly returned to a fully-funded position. This is crucial given the financial risks to future levy payers (and potentially to the Crown) associated with a significantly underfunded account.

Funding Policy Statement

ACC should be required to publicly explain why premiums are not adjusted to bring reserves to a fully-funded state within three years if the proportion of claims liability funded falls below 100%. Conversely, if projected premiums are significantly higher than required to maintain a fully funded account (e.g., 110%), ACC should provide reasons for retaining such funds rather than returning them to premium payers.

Independent Audit

ACC's proposed premiums and the rationale for such premiums should be audited by independent third-party actuaries, with the results made public to ensure transparency in the premium setting process.

Ministerial Decisions

Given that ACC is a statutory monopoly, if the Minister decides to reject or modify ACC's premium recommendations, the reasons for doing so, including actuarial analysis, should be made public. This will allow both premium payers and ACC to scrutinise the Minister's decision and ensure

that levy decisions are consistent with the Accident Compensation Act and associated required Funding Policy Statement.

Premium-Smoothing Policy

ACC's proposed premium-smoothing policy over the 10-year timeframe should be reduced to between 3-5 years. This would ensure the rates facing premium-payers are not unnecessarily distorted and more accurately reflect the true costs of the various ACC accounts. Reducing the timeframe would also minimise the risk of scheme changes increasing costs without immediate rate adjustments.

Levy Caps

If caps on aggregate levy changes are to be retained, they should be set at a much higher level than the current 5% to minimise the risk of over- or under-funding.

No Claims Discount

ACC must reconsider its proposal to remove the No Claims Discount for businesses levied less than $10,000 over a year.

Motor Vehicle Account

A thorough investigation of Motor Vehicle Account funding should be carried out to align associated costs more closely with claimants based on risk, not vehicle type or transport mode.

Cross-Subsidisation Transparency

If, after a thorough review of the Motor Vehicle Account, the ACC Board and the Government find a sound public policy reason for the continued cross-subsidisation of motorcyclists or other road users, the nature of the subsidisation should be made transparent. Funding should be provided from general taxation, clearly showing in government accounts to allow the quality of the expenditure to be judged alongside other areas of government expenditure.

<u>Reintroducing Contestability</u>

Over the medium term, the Government should consider reintroducing contestability in the provision of accident insurance cover. This would ensure improved outcomes for both levy payers and claimants under the scheme while retaining its essential no-fault nature.

<u>External pay equity settlements</u>

ACC should revisit contract pricing adjustments to allied health sector contracts such as vocational rehabilitation services in relation to pay equity and annual inflation applied within the multi-employer collective agreement (MECA).

2.0 INTRODUCTION

2.1 BusinessNZ welcomes the opportunity to comment on the proposed levy rate changes set out in various ACC Levy Consultation Documents (2024-28).

2.2 Just to be clear, BusinessNZ remains highly supportive of the ACC 24-hour, no-fault scheme which, although unique to NZ, provides certainty for claimants that they will receive treatment and earnings-related compensation for accidents in NZ where appropriate. For funders - Employers, Earners and Motor Vehicle Owners - it provides a degree of certainty about costs and avoids the massive time delays and costs often associated with litigation in some overseas jurisdictions.

2.3 The proposed levy rates apply for three years from 2025-28. In exceptional circumstances, such as a substantial change in ACC's financial position significantly affecting the scheme's sustainability, the ACC Board and the Government may recommend resetting levies for the second or third years of the levy period. This is a prudent policy.

2.4 The Consultation Documents note that the ACC Scheme is facing numerous challenges, namely:

- Claim volumes are increasing faster than population growth.
- Rehabilitation performance is declining but is expected to stabilise over the next 12 months.
- Health sector cost pressures are being passed onto service costs for ACC.
- Falling interest rates will result in higher levies to offset the reduction of investment earnings but should reduce the rate of scheme cost growth.
- Funding positions in the levied accounts are falling primarily due to significant increases in claim liability (costs).

2.5 Given the above, BusinessNZ considers that ACC should be much more proactive in improving systems for accepting and monitoring claims, and ensuring injured people receive rapid and effective rehabilitation treatment to minimise costs and constrain levy increases over the forecast period. Given their current monopoly status, ACC must be receptive to the needs of both levy payers and ensure that people covered by the scheme receive appropriate treatment and rehabilitation in a timely manner to minimise overall costs.

2.6 BusinessNZ notes that there will be increases in the Work Account, Earners Account, and the Motor Vehicle Account over the period.

2.7 While BusinessNZ can understand why ACC is proposing levy increases, levy payers will not welcome the proposed increases. They will add further pressure on businesses, workers, and motor vehicle owners during challenging economic times and cost-of-living pressures. The Government is responding by seeking to retrain core Crown operating spending and it has called on local government to focus on 'doing the basics brilliantly. ACC should do likewise.

2.8 Notwithstanding the above, it is accepted that all the accounts risk being underfunded over the longer term if action is not taken to increase premiums to a level more in line with fully funding claims in the years in which they occur.

2.9 The levies across the various accounts proposed for 2025-28 are still well below those that would apply if the years were fully funded on an annualised basis. This is legitimate because funds within the Work and Motor Vehicle Accounts are still well in excess of what is required for full funding. Some of this excess will need to be returned to levy payers over time until the funding policy target is achieved, hence the "funding adjustments" outlined in the Levy Consultation Document. In contrast, the Earners' Account is now significantly underfunded (around 90% funded), so additional levy increases are required for this account until 100% funding is reached.

	Motor Vehicle Account			Work Account			Earners' Account (including contribution to Treatment Injury)		
$millions	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28	2025/26	2026/27	2027/28
Cost of supporting recovery	969.8	1,013.2	1,055.0	1,407.1	1,517.6	1,595.2	3,906.6	4,147.6	4,439.3
Operating costs	4.5	4.5	4.7	59.2	59.3	60.6	15.6	15.7	16.1
Total funding for new claims	974.3	1,017.7	1,059.7	1,466.3	1,576.9	1,655.8	3,922.2	4,163.3	4,455.4
Funding adjustment for current funding position[1]	-295.7	-276.1	-255.5	-186.0	-183.5	-168	+295.6	+280.8	+292.1
Levy required for the year	**678.6**	**741.7**	**804.2**	**1,280.3**	**1,393.4**	**1,487.8**	**4,217.8**	**4,444.1**	**4,747.4**
Accepted funding shortfall from FPS caps	-152.2	-169.4	-182.2	-210.7	-220.9	-212.5	-1,081.5	-997.6	-992.0
Proposed levy	**526.5**	**572.3**	**622.0**	**1,069.6**	**1,172.5**	**1,275.3**	**3,136.3**	**3,446.4**	**3,755.4**
	$ per vehicle			***$ per $100 liable earnings***			***$ per $100 liable earnings***		
Current rate	$113.94			$0.63			$1.39		
Proposed levy rate	**$122.84**	**$131.94**	**$141.69**	**$0.66**	**$0.69**	**$0.72**	**$1.45**	**$1.52**	**$1.59**
Annual change	+7.8%	+7.4%	+7.4%	+4.8%	+4.5%	+4.3%	+4.3%	+4.8%	+4.6%
	Comes into effect **1 July** each year			Comes into effect **1 April** each year			Comes into effect **1 April** each year		

[1]A negative number indicates ACC is using surplus assets to discount levies needed. A positive number is used when the Accounts assets are less than future claims costs and we need to rebuild the level of assets to ensure the Account has sufficient assets.

2.10 BusinessNZ has significant concerns with elements of the proposed funding regime, which will be outlined in further detail in the remaining sections of this submission.

2.11 Specific concerns relate to the following matters:

- The ACC Funding Policy Statement
- 10-year smoothing policy on changes to levies
- Capping aggregate levy rate increases to 5%
- Removal of the No Claims Discount for smaller businesses
- Continued cross-subsidisation (in respect to the Motor Vehicle Account)

2.12 While perhaps not specifically related to the levy setting process per se, two other issues have been raised by a number of BusinessNZ members during our consultation process which are expanded upon in the body of this submission.

2.13 The first is the desirability of greater competition to ACC in terms of claims management. ACC, as a monopoly insurer, has struggled to provide the services required by both funders of the scheme and claimants, resulting in further blow-outs in the number and cost of claims (including earnings-related compensation).

2.14 Introducing competition to ACC should be a medium-term goal for the Government as part of its future work programme to improve the overall business environment in which businesses must operate. Opening up ACC to competition from private sector providers would increase discipline on the scheme while still retaining the essential no-fault nature of the scheme.

2.15 Secondly, a number of members have raised concerns about the impacts of external pay equity settlements with consideration required to be given to the impact of cost pressures on the capacity of ACC to deliver its services. Of note is the impact of the Health New Zealand pay equity settlement for allied scientific and technical staff. While ACC is not a party to this agreement, it has committed to matching it for comparable staff, in order to retain them. Funding however has not matched this commitment, and ACC is losing capacity through staff and contractors moving away.

2.16 Regardless of levy increase outcomes we believe that it is necessary to address this short fall to ensure providers can attract and retain the necessary workforce to provide this service to employers. This is currently at risk.

2.17 Given the diversity of BusinessNZ's membership, some members and sectors will have specific issues they wish to comment on (for example, in relation to proposed changes to some levy classifications and changes to experience-rating settings). Therefore, we have encouraged individual members and sector representatives to make their own submissions raising those issues specific to their areas of interest. This submission largely focuses on the proposed levies and funding policies across the various accounts.

2.18 BusinessNZ would welcome the opportunity to discuss our recommendations with ACC officials and/or the ACC Board as appropriate.

3.0 The ACC Funding Policy Statement

3.1 BusinessNZ notes that ACC funding policy has generally improved over the years due to more rigorous legislative requirements. These require ACC to target holding an equal level of funds (assets) and liabilities, aiming for a 100% funding policy target to ensure premiums accurately reflect the lifetime costs of current claims.

3.2 Previously, a buffer or risk margin was in place, which is unnecessary for the following reasons:

- **ACC is a State-Monopoly Provider**: Unlike private-sector insurers, ACC, as a state-monopoly provider, has the power to tax future employers if premiums collected in any year are insufficient to fund ongoing accident claim costs.

- **Risk of Scheme Expansion**: Over-funding might tempt the government to expand the scheme, hiding the costs of expansion for the first few years. This contravenes the principle of a fully funded model where policy changes impacting premiums are immediately felt by premium-payers.

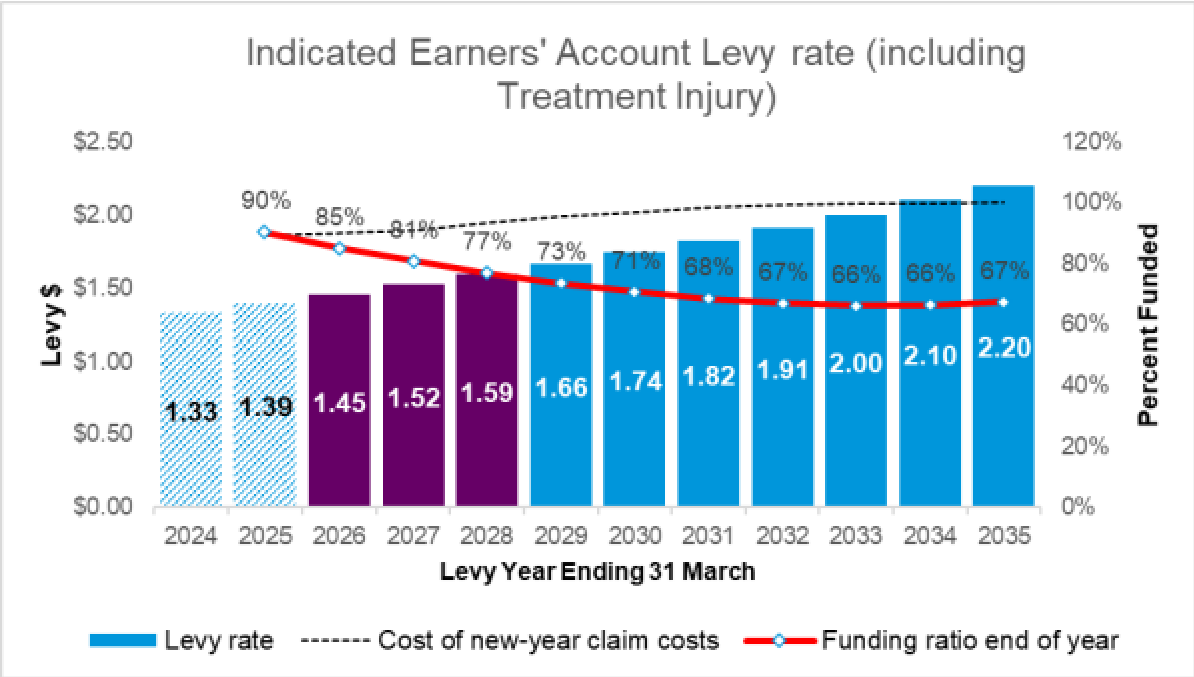
- **Economic Impact**: Tying up unnecessary funds from employers and earners deprives the economy of money, potentially reducing employer investment in plant and equipment, thereby limiting economic and employment growth.

- **Misleading Future Costs**: Significant funding reserves beyond 100% full-funding make future premium-payer cost calculations misleading. Future premium payers benefit from the build-up in reserves due to earlier decisions not to lower premiums.

- **Distorted Pricing Signals**: Retained funds distort the true costs of accident claims for premium payers, effectively transferring wealth from current to future employers and reducing pricing signals for future employers.

3.3 The proposed premium setting track for the Earners' Account is concerning, as it is only 90% funded (with a funding shortfall of $1.6 billion) and is projected to decline further to 77% by 2027/28, despite proposed premium increases as can be seen clearly from the table below.

3.4 Perhaps even worse, despite significant increases in levies down the track, the Earners account will deteriorate further and is projected to be only 67% funded in 10 years' time. If ACC were a private insurer, the Earners Account would be considered insolvent. The only reason it is not is that ACC is a state monopoly provider of insurance services with Government mandated powers to tax future levy payers.



Source: ACC Earners' Account 2025/28 Pricing Report for Consultation – Actuarial Services, ACC p.28 (September 2024)

3.5 BusinessNZ categorically supports a fully funded model but finds it unacceptable for ACC to allow significant deterioration in the Earners' Account to the extent proposed. It is simply reckless.

3.6 Overfunding results in previous levy payers subsidising current levy payers, while underfunding means current levy payers are subsidised by future earners. It is unacceptable for future levy payers to be paying for the ongoing costs associated with current users of the system. It is simply intergenerational theft and breaches the requirements of the Act for the ACC Accounts (Work, Earners and Motor Vehicle) to be fully funded.

3.7 Given the size of the ACC fund (around $50 billion across accounts), it irresponsible for ACC not to arrest the decline in the Earners' Account by proposing significantly increased levies for that account, alongside taking tangible moves to improve management of claims.

3.8 It is accepted to some extent that ACC is hamstrung by the current funding policy, which caps aggregate levy rate increases at 5%. This threshold should ideally be removed or significantly increased.

3.9 At the same time, ACC should improve systems for accepting and monitoring claims and ensuring rapid and effective rehabilitation processes to minimise costs and constrain levy increases.

3.10 The inconsistency in funding the various accounts is alarming and suggests that ACC proposals and ministerial decisions should be subject to rigorous independent actuarial analysis to meet the requirements of Sections 166A and 166B of the Accident Compensation Act 2001 (which require the Work, Earners and Motor Vehicle Accounts to be fully funded).

4.0 <u>10-Year Smoothing Policy on Changes to Levies</u>

4.1 BusinessNZ does not support the current policy of smoothing levy rate changes to achieve 100% funding over a 10-year period.

4.2 The use of excessive premium-smoothing over a 10-year period, particularly given that the Work Account is well in excess of being fully funded, raises the risk that premiums may be perceived as being set based on political considerations rather than sound commercial practice.

4.3 While levy stability is desirable, it should not take precedence over the important signals levy payers ought to receive about the true costs associated with accidents, whether this results in a reduction or an increase in premiums over time.

4.4 It is appropriate to discount (or smooth) one-off events (such as extraordinarily high or low investment returns) for perhaps 2 to 5 years. However, smoothing over 10 years could result in unnecessary distortion of premium rates faced by premium-payers, masking the real costs of the ACC scheme. This is also likely to be the case if the scheme is expanded, as premiums might not quickly reflect the added costs facing premium-payers.

5.0 Capping Aggregate Levy Rate Increases to 5%

5.1 ACC Funding Policy requires aggregate levy rates across accounts to be capped at a maximum increase of 5% on average per annum, in addition to an allowance for expected inflation for the Motor Vehicle Account.

5.2 While BusinessNZ acknowledges there might be occasional justification for imposing a cap (e.g., due to a one-off event like a major catastrophic earthquake or a massive reduction in investment returns), as a general rule, caps perpetuate the problems associated with cross-subsidisation between current and future levy-payers.

5.3 Given that levies are smoothed over a 10-year timeframe to achieve 100% full-funding across accounts, there is a potential risk that if the scheme is significantly expanded or if costs blow out for various reasons and/or investment returns are substantially lower than expected, the accounts could quickly become less than fully funded. This has unfortunately already occurred with the Earners' Account.

5.4 Given the scheme's overall size, with around $50 billion in assets and a similar amount in liabilities, even subtle changes in costs and investment returns can put it under financial pressure. The significant decline in interest (discount) rates pre-COVID-19 (2020) and since then into 2021 showed that the ACC Accounts can easily shift from positive to negative when different discount rates are used. For these reasons, while BusinessNZ believes ACC must rigorously analyse and control all costs (and returns where feasible), there are potential risks in being constrained by unnecessary caps on aggregate levy changes.

6.0 Removal of the No Claims Discount for businesses levied less than $10,000 a year

6.1 As the ACC Consultation Document indicates, ACC wants to make further changes to experience-rating which currently rewards businesses that reduce injuries, and remove the No Claims Discount for small business completely.

6.2 BusinessNZ is strongly opposed to this move. Removing the No Claims Discount for small businesses given that in the absence of contestability on ACC insurance, businesses have little ability to lower their levies paid to ACC despite their exemplary accident records.

6.3 BusinessNZ has for a long time advocated the benefits of experience-rating and its general use within the Work Account.

6.4 An accident insurance scheme should focus primarily on the provision of an appropriate framework so that accident numbers and their severity are reduced.

6.5 Reducing the overall costs associated with an accident insurance scheme requires that all stakeholders (funders, claimants, health professionals and insurers) face strong incentives to minimise the occurrence of accidents. For employers, employees, health professionals and insurers, the right incentives matter.

6.6 BusinessNZ considers experience-rating is essential to ensure strong incentives for employers to improve their accident rates by providing them with clear financial incentives.

6.7 Often within the same industry, similar businesses will have significant ongoing differences in accident claims and associated claims' costs, demonstrating the need to focus on individual enterprise risk. Experience-rating is, therefore, crucial if employers are to benefit from better than average outcomes within their risk categories.

6.8 Further, experience-rating, which makes appropriate use of statistical credibility, offers substantial fairness and economic resource allocation efficiencies. Properly regulated, these can outweigh any perceived weaknesses associated with experience-rating.

6.9 BusinessNZ requests that ACC reconsider their proposal to remove the No Claims Discount for businesses levied less than $10,000 over a year.

7.0 <u>Cross-Subsidisation (in Respect to the Motor Vehicle Account)</u>

7.1 BusinessNZ has long been concerned about the significant degree of cross-subsidisation in the Motor Vehicle Account, particularly regarding motorcyclists who, as a group, continue to be heavily subsidised by motor vehicle owners. Other modes of transport, such as cycling, are not included within the ACC levy framework and are effectively subsidised by other road users.

7.2 It is pleasing that the latest Motor Vehicle Account consultation has partially addressed the issue of cross-subsidisation between motorcyclists and other motor vehicle owners, but only marginally. Other transport modes will increasingly come within the ambit of the Motor Vehicle Account, and ensuring they pay their associated costs on the ACC scheme is supported by BusinessNZ.

7.3 There is no continuing justification for treating different modes of transport differently; all should be levied based on actuarial risk to send clear signals to all road users as to the costs associated with differing modes of travel.

7.4 Given the above, it is important that ACC premiums reflect the risks associated with different modes of transport, particularly those that do not require registration or use petrol/diesel.

7.5 BusinessNZ is not aware of any research indicating that motorcyclists, on average, have any more or less ability to pay than other road users, or indeed professional rugby players, in respect to risk-based work levies.

7.6 ACC, correctly in BusinessNZ's opinion, risk-rates activities in the Work Account based on actual risk (not fault, as ACC is a no-fault scheme). This means a professional rugby player will pay significant ACC levies for ACC-related claims, given the relatively higher risk of injury compared with individuals working in less risky environments, such as office workers.

7.7 It has sometimes been argued that cross-subsidisation is justified because the motorcyclist is often not "at fault" in an accident involving a motorcycle.

7.8 In response, the following should be noted:

- The "no fault" aspect of the scheme is simply government policy, providing cover for all accidents regardless of fault, with injured persons entitled to compensation without legal recourse.
- ACC is attempting to recoup the costs of the scheme from those whose costs are greatest (have the highest accident costs), irrespective of fault.
- Motorcycle riders (no external protection, no seatbelt, higher risk of not being seen by motor vehicles when overtaking, etc.) are more prone to serious bodily injury than people in cars. Injuries sustained by motorcyclists are likely to be more extensive whether the collision involves a motorcycle alone or another vehicle. Thus, regardless of who is at fault, riding a motorcycle, on average, results in higher accident costs.

7.9 While the levy applying to actual claims' costs would be relatively high (relative to current subsidised rates), BusinessNZ considers rates should be more progressively based on risk. However, it is acknowledged that it might take several years to achieve true risk-based levies for motorcycle owners.

7.10 Individuals considered in need of taxpayer assistance (generally income-related) receive support via various tax measures, including income support to enable them to purchase essential goods and services.

7.11 If the government decides, for some rigorously determined public policy reason (although BusinessNZ cannot think of one), that motorcyclists or any other road users (e.g., cyclists) should be subsidised by other motor vehicle owners, the subsidy should be transparent, funded out of general taxation, and explicitly recognised in the government accounts. This would allow the quality of the expenditure to be judged alongside all other areas of government expenditure.

8.0 Contestability in ACC Service Provision

8.1 BusinessNZ considers that ACC should be much more proactive in improving systems for accepting and monitoring claims, and ensuring injured people receive rapid and effective rehabilitation treatment to minimize costs and constrain levy increases over the forecast period. Given their current monopoly status, ACC must be receptive to the needs of both levy payers and ensure that people covered by the scheme receive appropriate treatment and rehabilitation in a timely manner to minimize overall costs on levy payers.

8.2 Central government does not have to be a monopoly service provider of accident insurance to meet its social and economic objectives. Contestability would allow for improved service to both funders and claimants, as providers would need to focus much more closely on efficiency and cost-effectiveness than is currently the case with ACC.

8.3 Contestability in the provision of ACC services and delivery would provide several benefits while posing little downside risk. A competitive model would not mean the end of the no-fault nature of the ACC scheme but would more likely provide the following positive outcomes:

- **Enhanced Monitoring and Risk Management**: Employers', Earners', and Motorists' premiums would more accurately reflect actual risk and claims history. Employers would be rewarded for providing safer workplaces.

- **Market Discipline**: Under a competitive model, any attempt to pass on an insurer's inefficiencies would result in levy payers shifting their business to another insurer. Insurers who tried to increase premiums beyond the market-justified level would be penalized through reduced market share. Allowing new insurers to enter the market at any time would keep premiums at actuarially fair levels. Employers experiencing a significant and unwarranted increase in premiums would have the right to switch insurers.

- **Tailored Premium Options**: Premium options would more likely meet the unique needs of enterprises rather than the one-size-fits-all approach. Greater use of risk-sharing arrangements would likely be common under a competitive regime. Currently, large employers have some ability to partially self-insure under the Accredited Employer Programme, but this is not a realistic option for most small and medium-sized enterprises.

- **Improved Claims Monitoring**: Private insurers would likely invest significant resources in monitoring claims. Better claims monitoring would ensure claims were dealt with quickly, appropriate treatment given, and claimants encouraged back into work as promptly as possible. Early medical treatment and procedures coupled with timely and effective rehabilitation would help ensure this happened, likely reducing costs over time.

- **Innovation**: Private insurers would encourage greater innovation. Competing insurers would constantly introduce more effective approaches to administration, injury prevention, case management, and rehabilitation to achieve better outcomes. Insurers would likely provide add-on benefits to meet their customers' particular needs.

- **Reduced Risk to the Crown**: Under a competitive model, much of the risk associated with underwriting accident insurance claims would be transferred from the Crown's balance sheet to the private sector.

9.0 Impacts of external pay equity settlements

9.1 In addition to the various points made above, consideration needs to be given to the impact of cost pressures arising from industry pay practices on the capacity of ACC to deliver its services. Of note is the impact of the Health New Zealand pay equity settlement for allied scientific and technical staff. While ACC is not a party to this agreement, it has committed to matching it for comparable staff, in order to retain them. Funding however has not matched this commitment, and ACC is losing capacity through staff and contractors moving away.

9.2 We encourage ACC to revisit contract pricing adjustments to allied health sector contracts such as vocational rehabilitation services in relation to pay equity and annual inflation applied within the multi-employer collective agreement (MECA). Returning employees to work as quickly as possible is the requirement for our members, who rely on ACC to facilitate a return to work with urgency and intensity.

9.3 The speed with which ACC manage these claims has deteriorated since 2019, and we are concerned that on top of this the community rehabilitation providers have not had the necessary adjustment to their contract rates in relation to the MECA increases.

9.4 Regardless of levy increase outcomes we believe that it is necessary to address this short fall to ensure providers can attract and retain the necessary workforce to provide this service to employers. This is currently at risk.

Appendix One - Background information on BusinessNZ

The BusinessNZ Network is New Zealand's largest business organisation, representing:

Business groups EMA, Business Central, Business Canterbury, and Business South

BusinessNZ policy and advocacy services

Major Companies Group of New Zealand's largest businesses

Gold Group of medium-sized businesses

Affiliated Industries Group of national industry associations

ExportNZ representing New Zealand exporting enterprises

ManufacturingNZ representing New Zealand manufacturing enterprises

Sustainable Business Council of enterprises leading sustainable business practice

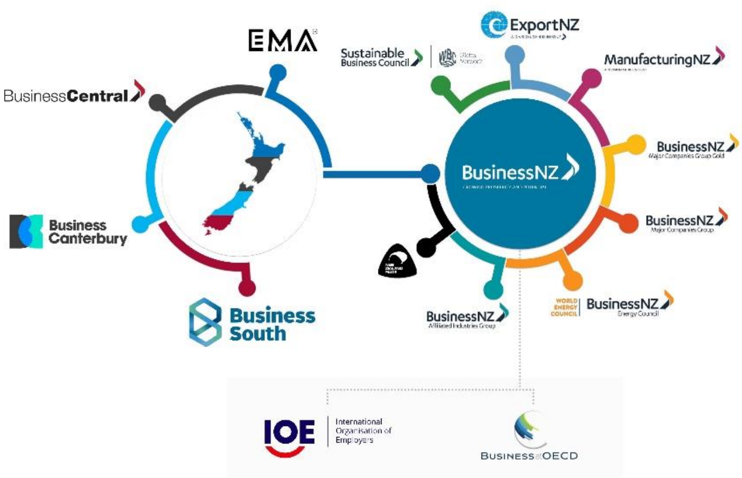
BusinessNZ Energy Council of enterprises leading sustainable energy production and use

Buy NZ Made - country of origin licensing organisation for NZ-made products, NZ-grown ingredients, and NZ-coded software services

The BusinessNZ Network is able to tap into the views of over 76,000 employers and businesses, ranging from the smallest to the largest and reflecting the make-up of the New Zealand economy.

The BusinessNZ Network contributes to Government, tripartite working parties and international bodies including the International Labour Organisation (ILO), the International Organisation of Employers (IOE) and Business at OECD (BIAC).

BusinessNZ Network



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