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Submission by

**The Employers and Manufacturers
Association (EMA)**

to the

Accident Compensation Corporation

on the

**2024 ACC Levy consultation
Proposed Levy Rates 2025-28**

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About the EMA

The EMA has a membership of more than 7,500 businesses, from Taupo north to Kaitaia, employing around 350,000 New Zealanders.

The EMA provides its members with employment relations advice and legal services from industry specialists, consulting services in HR, ER and Health and Safety, Collective Bargaining negotiation, a People Experience Practice, and Advocacy at both Central and Local Government levels to help their businesses and people grow.

The EMA advocates on behalf of its members to bring changes in areas that can make a real difference to the day-to-day operations of our members including RMA reform, infrastructure development, employment law, skills and education, health and safety and export growth.

The EMA is part of the BusinessNZ network.

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1. **Introduction.**

- 1.1. EMA welcomes the opportunity to comment on the Proposed Levies for 2024-2028.
- 1.2. ACC levies are a significant cost to business however being a compulsory insurance scheme they have little ability to influence the levy rate applicable to them.
- 1.3. The levy consultation document highlights the following points
 - 1.3.1. Claim volumes are increasing faster than population growth.
 - 1.3.2. Rehabilitation outcomes "have not been as good as they could have be "
 - 1.3.3. Health sector costs are continuing to increase.
 - 1.3.4. Falling interest rates will result in higher levies to offset the reduction of investment earnings but should reduce the rate of scheme cost growth.
 - 1.3.5. Funding positions in the levied accounts are falling primarily due to significant increases in claim liability (costs).
- 1.4. The ACC Levy consultation supporting documents relating to the Work account suggest the work claims requiring time off have increased by 7% from 2021 – 2024. It also noted pressure causing increased costs
 - 1.4.1. numbers of injuries requiring time off work
 - 1.4.2. costs for funding of ambulance and public health acute services (PHAS)
 - 1.4.3. recovery time required before the worker can return to work
 - 1.4.4. number and cost of sensitive claims in the Earners' Account (mental injury caused by sexual violence)
 - 1.4.5. inflationary pressures in the past three years.
- 1.5. We note 1.4.1 above is a medical /GP issue potentially outside business control
- 1.6 We note 1.4.3 is totally outside a business control given the points made above.

2. **Recovery at Work**

- 2.1. We understand from our members that the medical profession (GP's) is also contributing to excessive time off. We constantly hear stories where doctors are so busy and time poor that they put people off for a month as opposed to what they may have traditionally done say 2 weeks. They simply do not have the capacity to undertake repeat visits for monitoring nor up grading return to work plans. This situation is problematic with no clear solution on the horizon.
- 2.2. Employers have told us that trying to contact doctor to get a "sore finger" back to work is impossible. It would seem the whole injury -recovery system needs a complete rethink.
- 2.3. We note with some concern the position ACC finds itself in with regard to the poor performing Recovery at Work programme that is causing extended periods of time off. Historically time off (weekly compensation) is one of the largest cost contributors to the scheme. It would appear that the Work account is now paying

for problems it (employers) did not cause or in most cases were unable to control or influence.

- 2.4. We are encouraged to learn that ACC is going back to the principles of case management by engaging more Case Managers to offer more face to face and dedicated case management.

3. Experience rating

- 3.1. We note the discussion around discontinuing and or other changes to the Experience Rating systems. We have long advocated that employers need to understand these products and have access to easy-to-use tools to utilise the benefits of the systems. To date this has not occurred.
- 3.2. Given the current state of the Recovery at Work programme surely it would be ACC's interest to embrace and promulgate experience rating to incentivise employers open the door for employees wanting/needing to return to work. It would appear we see different parts of ACC at odds with each other.
- 3.3. Reading the Accident Compensation (Experience Rating) Regulations 2022 one would need to be highly skilled in mathematics as it's so complicated and difficult to understand. Having a simple tool that employers could use and see the real time benefits and savings would, I suggest, make this system very viable.
- 3.4. At the present time Experience Rating is system that ACC does (behind the scene) to employers and often only communicated to their accountants. It has no relevance as its deeply imbedded within the entire ACC machine.
- 3.5 Currently GP's are the gate keepers to the Work Account. They initiate the opening and closing of a claim with potentially no input from the business.
- 3.6 For a small employers (Less than \$10,000in levy) one claim lodgement automatically increases their "experience rating profile" to a point where they lose their 10% discount. The business has absolutely no input into this decision. For further comments see 2.8. Having a third party as an independent and unchallengeable gate keeper in unacceptable.

4. Injury prevention

- 4.1. The discussion documents suggest there are more injury claims (no data given) and that these claims cost more.
- 4.2. "The recommended Work Account levies are 27% (\$397 million) lower than the full cost of supporting the new injuries we expect in 2025/26". Given the Work account is underfunded there is more need to prevent injuries from occurring to lessen the pressure on the account into the future. Having a real time and understandable Experience Rating scheme as discussed would incentivise employers spend more on prevention and recovery at work. We would be happy to discuss further.

5. Claims lodgement and management.

- 5.1. One of the biggest and most complained about issues attached to the ACC scheme is the injury claim lodgement process. We have long advocated for employers being part of the claims acceptance process. The current system accepts the claim and only after that decision is an employer invited to accept, contest or reject the claim as being work related, legitimate or under suspicion. To refute the claim is a long and arduous process that was meant to be easy and non-formal however has turned into a quasi-court room. Employers often just give up and accept the claim as a fait accompli which is bad law and can push up claim numbers and costs.
- 5.2. EMA views the employer as the customer of ACC and staff (workers) receive the benefit of that relationship. Given that position ACC should have more of a customer focus (employers funding the work account) and introduce more customer friendly products and services to enhance their interactions with ACC.
- 5.3 Workplaces under the current economic conditions are lean and having staff away from a "work injury" places undue stress on the workplace and other workers. Having staff away "not fit to work" for a month or more has profound effects on the business.
- 5.4 The Medical systems (funded by ACC) is under severe stress. There are less doctors for more patients. There will be even less doctors as more are due to retire or downsize their practice. I understand it takes 11 years train a doctor to be able to practice as a GP. Given more doctors are leaving and the training time is long there is going to be further short falls of service, thus posing more problems on ACC and employers. This situation warrants a rethink as to how these services are to be maintained and or delivered.

6 Recommendations

- 6.3 EMA **recommends** the introduction of other Recovery at Work providers along the lines of the current Third Party Administrators (TPA's) used by businesses within the AEP scheme. The recovery of claimants is their sole focus along with working with businesses to open doors and embrace a full recovery at work programme. This could be extended to all other non-work injuries.
- 6.4 EMA **recommends** further work be programmed to produce a real time smart Experience Rating calculator. This tool could show the benefits of injury prevention initiatives plus the benefits of leading a recovery at work programme in conjunction with medical providers and ACC staff.
- 6.5 EMA **recommends** that ACC in conjunction with learning providers co authors a seminar/courses to reinvigorate businesses to better understand the recovery at work system. EMA would be happy to discuss this further.
- 6.6 EMA **recommends** that ACC reconsiders its proposed decision to remove the No Claims bonus scheme from small employers (those paying less than \$10,000 in levies)

6.7 EMA **recommends** that the medical providers are experienced rated in terms of incentivising GP's and others on sound durable return to work outcomes. Its is not just employers who enable sound and durable return to work outcomes, but rather the entire echo system supporting the patient.