

# **Accident Compensation (Interest on Instalment Plans) Amendment Bill**

Government Bill

## **Explanatory note**

### **General policy statement**

The broad purpose of this Bill is to—

- introduce a regulation-making power that clearly allows the Accident Compensation Corporation (the ACC) to charge debit interest on levies that are paid under instalment plans, and provide that in future the rate of interest payable will be set by regulations; and
- introduce a regulation-making power that sets out the circumstances under which the ACC can waive all, or part of, debit interest charges due on instalment plans; and
- provide that, until regulations as described above are made, the interest rates will be the rates that the ACC is currently charging those employers who are on instalment plans; and
- validate the ACC's past and current practice of charging interest in cases where levies are paid by instalment.

This Bill retrospectively validates the ACC's past practice of charging debit interest and provides an explicit legal authority for the ACC to continue to charge debit interest.

### **Departmental disclosure statement**

The Ministry of Business, Innovation, and Employment is required to prepare a disclosure statement to assist with the scrutiny of this Bill. The disclosure statement provides access to information about the policy development of the Bill and identifies any significant or unusual legislative features of the Bill.

A copy of the statement can be found at <http://legislation.govt.nz/disclosure.aspx?type=bill&subtype=government&year=2024&no=60>

### Regulatory impact statement

The Ministry of Business, Innovation, and Employment produced a regulatory impact statement on 12 April 2023 to help inform the main policy decisions taken by the Government relating to the contents of this Bill.

A copy of this regulatory impact statement can be found at—

- <https://www.mbie.govt.nz/business-and-employment/employment-and-skills/employment-legislation-reviews/accident-compensation-interest-on-instalments-amendment-act>
- <https://treasury.govt.nz/publications/informationreleases/ris>

### Clause by clause analysis

This Bill amends the Accident Compensation Act 2001 (the **principal Act**). It comes into force on the day after Royal assent.

The principal Act is amended primarily to—

- enable the ACC to charge interest on levies that are collected by instalments (*see clause 4*); and
- validate interest that has been charged by the ACC in the past on levies collected by instalments (*see the Schedule*).

#### *Power to charge interest on levies collected by instalments*

Section 234 is amended to enable the ACC to charge interest as specified by regulations on levies that are collected by instalments (*see clause 4*).

Regulations may specify the rate of interest payable on a levy collected by instalments or the method by which to calculate the rate (*see new section 329(1)(hb)(i)*). Different rates of interest or methods of calculating the rate may be set for different instalment periods (*see new section 329(2B)*).

Regulations specifying the rate of interest or method of calculating the rate (or rates of interest, or methods of calculating the interest, as the case may be) may not be made unless—

- the ACC has consulted levy payers on the proposed rate (or rates) or method of calculating the rate (or methods of calculating the rate); and
- the ACC has recommended to the Minister that regulations specifying the rate (or rates) or method of calculating the rate (or methods of calculating the rate) be made; and
- the Minister has received and considered the ACC's recommendation before recommending that the regulations be made (*see new section 329(2A)*).

Regulations may also specify the circumstances in which payment of the interest, or part of the interest, may be remitted or waived (*see new section 329(1)(hb)(ii)*).

Regulations specifying the rate of interest payable on a levy collected by instalments or the method by which to calculate the rate have not been made. Until such regulations are made, the rate of interest payable on a levy collected over a 10-month instalment period is 2.73% of the total amount of the levy (*see new clause 17 of Schedule 1AA*). No interest is payable on a levy collected over a 3-month or 6-month instalment period.

#### *Validation of interest charged in past*

Schedule 1AA is amended to retrospectively validate interest that was charged or purportedly charged by the ACC on levies collected by instalments before the commencement of this Bill (*see the Schedule*).

Interest that was charged or purportedly charged, along with the actions of the ACC in setting the rate of interest and charging the interest, is deemed valid and declared to be and to have always been lawful (*see new clause 18(2) of Schedule 1AA*).

Money received by the ACC for the interest (whether received before or after this Bill comes into force) is treated as having been lawfully paid to, received by, and applied by the ACC as if it were part of the levy on which the interest was charged (*see new clause 18(3) of Schedule 1AA*).



*Hon Matt Doocey*

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### **New Part 5 inserted into Schedule 1AA**

**The Parliament of New Zealand enacts as follows:**

- 1 Title**  
This Act is the Accident Compensation (Interest on Instalment Plans) Amendment Act **2024**.
- 2 Commencement** 5  
This Act comes into force on the day after Royal assent.
- 3 Principal Act**  
This Act amends the Accident Compensation Act 2001.
- 4 Section 234 amended (Levies may be collected by instalments)** 10  
After section 234(1), insert:

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- (1A) The Corporation may charge interest as prescribed by regulations on any levy collected by instalments.
- (1B) The Corporation must consult levy payers on the proposed rate of interest payable on a levy collected by instalments or the proposed method by which the rate is to be calculated before recommending to the Minister that regulations be made prescribing the rate of interest or method by which the rate is to be calculated. 5

**5 Section 329 amended (Regulations relating to levies)**

- (1) After section 329(1)(ha), insert:
- (hb) prescribing— 10
- (i) the rate of interest payable on any levy collected by instalments under section 234 or the method by which the rate is to be calculated;
- (ii) the circumstances in which the payment of the whole or any part of the interest may be remitted or waived: 15
- (2) After section 329(2), insert:
- (2A) The Minister may not recommend the making of regulations under **subsection (1)(hb)(i)** unless the Minister has first received and considered a recommendation from the Corporation made in accordance with **section 234(1B)**.
- (2B) Regulations made under **subsection (1)(hb)(i)** may prescribe different rates of interest, or different methods by which rates are to be calculated, for different periods over which the Corporation collects instalments of a levy. 20

**6 Schedule 1AA amended**

In Schedule 1AA,—

- (a) insert the Part set out in the **Schedule** of this Act as the last Part; and 25
- (b) make all necessary consequential amendments.

**Schedule**  
**New Part 5 inserted into Schedule 1AA**

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<b>Part 5</b>	
<b>Accident Compensation (Interest on Instalment Plans) Amendment Act 2024</b>	5
<b>16 Interpretation</b>	
In this Part,—	
<b>2024 Act</b> means the Accident Compensation (Interest on Instalment Plans) Amendment Act <b>2024</b>	10
<b>instalment interest</b> has the meaning set out in <b>clause 18(1)</b> .	
<b>17 Rates of interest payable on levies collected by instalments</b>	
Until regulations made under <b>section 329(1)(hb)</b> come into force, the following interest rates apply for the purposes of <b>section 234(1A)</b> (as inserted by the <b>2024 Act</b> ):	15
(a) 0% on the total amount of levy collected over a 3-month instalment period:	
(b) 0% on the total amount of levy collected over a 6-month instalment period:	
(c) 2.73% on the total amount of levy collected over a 10-month instalment period.	20
<b>18 Validation of interest charged on levies collected by instalments</b>	
(1) This clause applies to interest that was charged or purportedly charged by the Corporation on any levy collected by instalments (whether as a fee or as part of a fee under section 234 or otherwise) before the commencement of the <b>2024 Act (instalment interest)</b> .	25
(2) The instalment interest, and all actions of the Corporation in fixing the rate of instalment interest and charging the instalment interest, are valid and declared to be and to have always been lawful.	
(3) Money received by the Corporation in payment of instalment interest, whether received before or after the commencement of the <b>2024 Act</b> , is to be treated as having been lawfully paid to, received by, and applied by the Corporation as if it were part of the levy.	30