

Legislative statement: Accident Compensation (Access Reporting and Other Matters) Amendment Bill First Reading

23 November 2022

This legislative statement supports the First Reading of the *Accident Compensation (Access Reporting and Other Matters) Amendment Bill*.

Overview

The purpose of the *Accident Compensation (Access Reporting and Other Matters) Amendment Bill* (the Bill) is to improve focus on, and understanding of, how people with personal injuries are accessing the Accident Compensation Scheme (AC Scheme). It also increases the transparency of those levels of access, including any disparities in access to the AC Scheme by different population groups.

The Bill also gives better effect to the purpose of weekly compensation, which is intended to enable claimants to meet their everyday expenses and focus on recovery.

The Bill introduces a new reporting requirement about access to the AC Scheme

The Bill introduces a requirement for the Accident Compensation Corporation (ACC) to report annually on how Māori and other population groups are accessing the AC Scheme. This includes identifying any disparities and barriers to access, and causes or drivers of those disparities and barriers. The intention of this reporting requirement is primarily to improve transparency and government accountability for access to the AC Scheme, as the change will help to inform the government about disparities, and their causes, in accessing the AC Scheme.

The information in the reports will increase awareness about where disparities exist and how they might be mitigated. It will also increase transparency for the public about access to the AC Scheme, as the reports will be publicly available. The data could be used to inform any future changes in ACC's operations where its practices or processes are identified as contributing to barriers to access.

The proposed commencement date for this new reporting requirement is the day after the Bill receives Royal assent, with the first report due as soon as practicable after 30 June 2024. The requirements for the reports will be phased in over three years.

The first report will cover the levels of access, and any disparities in access, to the AC Scheme for Māori and other identified population groups. The second report will cover that information, as well as analysing any barriers to accessing the AC Scheme by the groups being reported on. The third annual report, and every subsequent report, will cover levels of access, disparities in access, and barriers, as well as discussing any causes or factors contributing to any disparities and barriers that have been identified by ACC. This phasing in will give ACC sufficient time to prepare for full discussion of access levels, barriers to access, and causes of any disparities and barriers in the third annual report and onwards.

The Bill amends the purpose of the Act and inserts a corresponding function

The Bill amends the purpose of the Accident Compensation Act 2001 (the Act) and inserts a corresponding function to ensure that ACC focuses on monitoring access to the AC Scheme by Māori and other population groups, in order to deliver services in a way that supports access to the AC Scheme by injured persons in those groups.

This change expands the mechanisms for achieving the purpose of the Act, which currently refers to ACC's obligations in relation to claimants receiving what they are entitled to under the AC Scheme. There is currently no reference in the purpose that expressly deals with understanding how people with personal injuries, including those who have not yet made a claim, access and benefit from the AC Scheme. The amendments to the purpose of the Act and the functions of ACC reflect the new reporting requirement.

The changes are not intended to expand the cover or entitlements available under the AC Scheme.

The Bill makes a change to eligibility for the minimum rate of weekly compensation

The Bill also brings forward eligibility for the minimum rate of weekly compensation from the sixth to the second week of incapacity. Weekly compensation is intended to enable claimants to meet their everyday expenses and focus on recovery.

For people on very low incomes, the amount of weekly compensation based on 80 percent of their actual income at the time of injury would be less than the amount of weekly compensation based on 80 percent of the minimum wage for adults working full time (that is, the current minimum rate of weekly compensation).

This amendment will mean that claimants on very low incomes will only need to wait one week, rather than five weeks, for their weekly compensation to be topped up to the minimum rate. This will remove a financial hardship earlier in the recovery process, and so will allow these claimants to better focus on recovery.

This change will impact levy payers only, as earnings-based weekly compensation is not available to those whose claims are funded from the Non-Earners' Account. This means that no Budget funding is required, but there will be impacts on ACC's levied accounts. The estimated annual cost increase of this change is \$4 million per year across all of ACC's levied accounts. The impact on the Outstanding Claims Liability and levied accounts is negligible.¹

The proposed commencement date for this change is three months after the date on which the Bill receives Royal assent. This allows ACC sufficient time to prepare for its implementation.

¹ The Outstanding Claims Liability is the actuarially-estimated lifetime cost (up to 80 years) of all claims incurred at a given point in time.