



Injury Prevention, Rehabilitation, and Compensation (Indexation) Regulations 2002

Silvia Cartwright, Governor-General

Order in Council

At Wellington this 20th day of May 2002

Present:

Her Excellency the Governor-General in Council

Pursuant to section 327 of the Injury Prevention, Rehabilitation, and Compensation Act 2001, Her Excellency the Governor-General, acting on the advice and with the consent of the Executive Council, makes the following regulations.

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Regulations

1 Title

These regulations are the Injury Prevention, Rehabilitation, and Compensation (Indexation) Regulations 2002.

2 Commencement

- (1) Regulations 11 and 12(1)(a) come into force on 1 July 2003.
- (2) The rest of these regulations come into force on 1 July 2002.

3 Interpretation

- (1) In these regulations, unless the context otherwise requires,—
Act means the Injury Prevention, Rehabilitation, and Compensation Act 2001

CPI means the *Consumers Price Index—All Groups* published by Statistics New Zealand

date of indexation means 1 July in a year

former Act has the same meaning as in section 6 of the Act

Labour Cost Index means the *Labour Cost Index (Salary and Wage Rates) All Industries/Occupations Combined, All Sectors Combined* published by Statistics New Zealand

weekly abatement amounts means the weekly amounts specified in clause 51(1) of Schedule 1 of the Act

weekly compensation has the same meaning as in section 6 of the Act, but does not include weekly compensation based on minimum weekly earnings determined under clause 42(3) of Schedule 1 of the Act.

- (2) References to amounts provided for under the Act, or equivalent amounts under the former Act, are references to those amounts as adjusted by—
 - (a) regulations made under the former Act;
 - (b) the Injury Prevention, Rehabilitation, and Compensation (Interim Indexation of Weekly Abatement Amounts) Regulations 2002.

Indexation of weekly compensation

4 Indexation of weekly compensation

- (1) Weekly compensation for a personal injury must be adjusted in accordance with the formula set out in regulation 6(1).
- (2) Adjustments made under this regulation apply only to weekly compensation—
 - (a) paid or payable on or after the date of indexation; and
 - (b) that relates to a period of incapacity, or a period during which a person is entitled to compensation under Part 10 or section 383 or section 384 or section 385 of the Act or clause 66 or clause 70 or clause 71 of Schedule 1 of the Act, that occurs on or after the date of indexation.
- (3) Despite subclause (2), adjustments made under this regulation may be made to weekly compensation that relates to a period that occurs on or after the date that is 6 days earlier than the date of indexation.
- (4) Additionally, an adjustment made under this regulation may be made only if the weekly compensation for that personal injury has been paid or is payable—
 - (a) for the 26-week period before the date of indexation; or
 - (b) for no fewer than 26 weeks or part weeks of the 52-week period before the date of indexation.

5 Indexation of weekly abatement amounts

- (1) The weekly abatement amounts must be adjusted on the date of indexation in accordance with the formula set out in regulation 6(1).
- (2) An adjustment made under this regulation applies only in respect of a period of incapacity that occurs on or after the date of indexation.

6 Calculation of indexation adjustment for weekly compensation and related amounts

- (1) The formula for calculation of an adjustment under regulations 4 and 5 is—

$$a \times \frac{b}{c}$$

where—

- a is the amount of weekly compensation that is paid or payable in respect of a person or weekly abatement amount (as the case may be) at the date of indexation, before the amount is adjusted
 - b is the Labour Cost Index for the March quarter immediately prior to the date of indexation
 - c is the Labour Cost Index for the March quarter prior to the quarter referred to in item b.
- (2) The number resulting from dividing item b by item c must be rounded up or down to 4 decimal places (with 0.00005 or greater being rounded up).

Abatement

7 Procedure for adjustments where weekly compensation subject to abatement

The adjustment under regulation 4 of weekly compensation that must be abated under clause 51 of Schedule 1 of the Act is determined by—

- (a) adjusting the appropriate unabated amount of weekly compensation in accordance with regulation 8; and
- (b) adjusting the amount of a person's weekly earnings, as referred to in clause 51(2) of Schedule 1 of the Act, in accordance with regulation 9; and
- (c) applying clause 51 of Schedule 1 of the Act in accordance with regulation 10.

8 First adjustment

The amount of weekly compensation to which a person would be entitled but for an abatement under clause 51 of Schedule 1 of the Act (or the equivalent abatement under the former Act) must be adjusted first according to the formula in regulation 6.

9 Second adjustment in certain cases

The amount referred to in regulation 7(b) must be adjusted at the date of indexation in accordance with the formula set out in regulation 6(1) (subject to regulation 4(3), if appropriate), as if item a of the formula referred to those weekly earnings

rather than to weekly compensation or to weekly abatement amounts.

10 Application of clause 51 of Schedule 1 of Act

Clause 51 of Schedule 1 of the Act then applies—

- (a) after the adjustments under regulations 8 and 9 are made; and
- (b) after the weekly abatement amounts are adjusted in accordance with regulation 6.

*Indexation of lump sums, funeral grant, survivor's grant,
child care payments for children of deceased claimant, and
independence allowance*

11 Indexation of lump sum compensation for permanent impairment

- (1) The amount of lump sum compensation for permanent impairment provided for under clause 56 of Schedule 1 of the Act must be adjusted in accordance with the formula set out in regulation 15(1).
- (2) An adjustment under this regulation must be made only to lump sum compensation that is paid or payable on or after the date of indexation.

12 Indexation of funeral grant and survivor's grant

- (1) The following amounts must be adjusted in accordance with the formula set out in regulation 15(1):
 - (a) the amount of the funeral grant provided for under clause 64(1)(b) of Schedule 1 of the Act;
 - (b) the amounts of the survivor's grant provided for under clause 65(1) of that schedule.
- (2) An adjustment under this regulation must be made only to amounts that are—
 - (a) paid or payable on or after the date of indexation; and
 - (b) in respect of a person whose death occurs on or after the date of indexation.

13 Indexation of child care payments for children of deceased claimant

- (1) The amounts of weekly payment for child care for children of a deceased claimant that are made under clause 76(2) of Schedule 1 of the Act must be adjusted in accordance with the formula set out in regulation 15(1).
- (2) An adjustment under this regulation must be made only to amounts that—
 - (a) relate to a period of child care that occurs on or after the date of indexation; and
 - (b) are paid or payable on or after the date of indexation.

14 Indexation of independence allowance

- (1) The amount of the independence allowance provided for under sections 377 and 378 of the Act must be adjusted in accordance with the formula set out in regulation 15(1).
- (2) An adjustment under this regulation must be made only to amounts that are—
 - (a) paid or payable on or after the date of indexation; and
 - (b) that relate to a period of impairment that occurs on or after the date of indexation.

15 Calculation of adjustment

- (1) The formula for calculating an adjustment under regulations 11 to 14 is—

$$a \times \frac{b}{c}$$

where—

- a is the amount of the lump sum compensation, funeral grant, survivor's grant, child care payment, or independence allowance (as the case may be) at the date of indexation, before the amount is adjusted
 - b is the CPI figure for the March quarter immediately prior to the date of indexation
 - c is the CPI figure for the March quarter prior to the quarter referred to in item b.
- (2) The number resulting from dividing item b by item c must be rounded up or down to 4 decimal places (with 0.00005 or greater being rounded up).

Miscellaneous

16 No adjustment for small variations

Despite anything in these regulations, if the movement in the Labour Cost Index or CPI figures used in regulations 6 and 15, expressed as a percentage, results in a figure between minus 0.5 and plus 0.5, then no indexation adjustment is to be made under the relevant regulation.

17 Rounding of amounts

The result of any adjustment that arises from a calculation made under these regulations must be rounded to the nearest cent as follows:

- (a) an amount of less than 0.5 cents must be rounded down;
- (b) an amount of 0.5 cents or more than 0.5 cents must be rounded up.

Diane Wilderspin,
Acting for Clerk of the Executive Council.

Explanatory note

This note is not part of the regulations, but is intended to indicate their general effect.

These regulations provide for the indexation, as at 1 July in each year, of weekly compensation and various other amounts under the Injury Prevention, Rehabilitation, and Compensation Act 2001.

The amounts are indexed based on movement in one or either of the Labour Cost Index or the Consumer Price Index for the 4 quarters from March in the preceding calendar year to the March that immediately preceded the date of indexation (1 July) in each year.

Issued under the authority of the Acts and Regulations Publication Act 1989.

Date of notification in *Gazette*: 23 May 2002.

These regulations are administered in the Department of Labour.
