

ACC – 2010/11 Recommended Levy Rates

1. Introduction

Following the consultation period, ACC has made its recommendations on the 2010/11 levy rates to the Minister for ACC. In spite of a record number of public submissions on the proposed rates, ACC has recommended what was initially proposed with the exception of the motor levy, which has been slightly lowered.

The recommended rates do not take account of any impact from the introduction of the Injury Prevention, Rehabilitation and Compensation (IPRC) Amendment Bill 2009 which would extend the full funding deadline for pre 1999 claims from 2014 to 2019.

We expect there to be an announcement from the Minister on the final rates sometime before Christmas. All the rates except the current Work Account rate will be changed if the Amendment Bill is passed in March.

2. Recommended rates

While ACC advise that some progress has been made in achieving cost savings and recent claim numbers and rehabilitation trends are also improving, ACC has not factored these improvements into the recommended rates as it would not be "financially prudent".

The table below shows the recommended levy rates for the Combined Work, Earners' and Motor Vehicle Accounts. The consultation rates and the recommended rates based on the IPRC Amendment Bill are shown for comparison.

Work Account levy rates (\$ per \$100 liable earnings)			
	Current	Residual	Combined
2009/10 Actual	0.75	0.56	1.31
2010/11 Consultation¹	1.18	0.71	1.89
Increase	57%	27%	44%
2010/11 Recommended¹	1.18	0.71	1.89
Increase	57%	27%	44%
2010/11 Recommended²	1.17	0.40	1.57
Increase	56%	-29%	20%

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Earners' Account levy rates (\$ per \$100 liable earnings)

	Current	Residual	Combined
2009/10 Actual	1.61	0.09	1.70
2010/11 Consultation¹	2.60	0.20	2.80
Increase	62%	120%	65%
2010/11 Recommended¹	2.66	0.14	2.80
Increase	65%	62%	65%
2010/11 Recommended²	2.64	0.06	2.70
Increase	64%	-33%	59%

Motor Account levy rates (\$ per vehicle)

	Current	Residual	Combined
2009/10 Actual	\$119	\$168	\$287
2010/11 Consultation¹	\$205	\$213	\$417
Increase	72%	27%	45%
2010/11 Recommended¹	\$182	\$213	\$395
Increase	53%	27%	38%
2010/11 Recommended²	\$252	\$100	\$352
Increase	112%	-40%	23%

1 Based on current legislation.

2 Based on IPRC Amendment Bill.

3. Motor Account

The recommended average current motor vehicle levy of \$182.27 has reduced from \$204.60 at consultation. This is due to ACC adopting a "flat rate" profile to the levy projections for the next 10 years, compared with the "decreasing rate" profile used for the consultation rates. Previously there was a "hump" in the rates. We presume that, as a consequence, the projected fully funded rate for 2020/21 will drop to \$301 as per the Motor Account Consultation Document. The current motor vehicle levy is paid for at the time via the annual car registration fee. The residual levy is paid for out of the petrol levy which is being set at 11.40 cents per litre.

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