

In early August the government announced the final levy rates for 2015/16. These are:

#### Work Account (\$ per \$100 liable earnings)

	Current	Residual	Combined
2014/15 actual	\$0.64	\$0.31	\$0.95
2015/16 actual	\$0.59	\$0.31	\$0.90
Change	-8%	0%	-5%

#### Earners' Account (\$ per \$100 LE excl GST)

	Current	Residual	Combined
2014/15 actual	\$1.22	\$0.04	\$1.26
2015/16 actual	\$1.22	\$0.04	\$1.26
Change	0%	0%	0%

#### Motor Account (\$ per vehicle excl GST)

	Current	Residual	Combined
2014/15 actual	\$254	\$77	\$331
2015/16 actual	\$137	\$58	\$195
Change	-46%	-24%	-41%

These rates are different from those ACC consulted on which were in turn amended by ACC in the light of feedback from the consultation process. To illustrate, for the Work Account and Earners Account, ACC had initially proposed that the combined levy be lowered to \$0.75 and \$1.20 respectively; however the government's reductions did not go as far as this. On the other hand, the final rate for the Motor Account was actually lower than the \$200 recommended by ACC.

#### Partnership Programme

There have been no changes to the structure of the ACCPP. There will be small percentage increases in the administration fee and bulk funded health costs, however the reduction in the standard levy rate will reduce these increases.

There have been no changes to levels of stop loss and High Cost Claims Cover available. The reduction in the rates means that the minimum and maximum levels of cover which are expressed as a percentage of the expected claim costs have

increased slightly. The minimum of 160% of expected claims is now 123.2% of the standard levy and the maximum of 250% of expected claims costs is 192.5% of the standard levy.

The following table summarises the changes to the estimated rates and discounts for the ACCPP.

ACCPP fees & discounts as % of standard levy	Current 2014/15	Estimated 2015/16
Admin fee	3.8%	5.2%
Primary health costs	1.2%	1.0%
Bulk funded health costs	4.0%	4.8%
PDP discounts 1 year	54.8%	53.5%
2 year	61.3%	60.5%

#### Further information on the rates

Our May 2014 newsletter includes further information on:

- a breakdown of the cost components of the levy rates
- the change in costs over the last year and
- the funding position of the different accounts.

This newsletter is available [here](#).

#### Residual levy – to be reviewed

The Minister has advised that, in respect of the three main Accounts:

*“The Residual Amount was estimated in 2009. Since then rehabilitation performance has improved, along with ACC’s strong financial performance. A review of the residual levy, in light of its role being effectively completed, is expected.”*

This indicates that a sufficient amount of residual levy has now been collected to cover the lifetime costs of pre-1999 injuries. The upcoming review is good news to Accredited Employers as without this change they would end up subsidising the standard employers. Also it will ensure that for standard employers they will receive the full value of their workplace safety management discounts.

#### ABOUT MELVILLE JESSUP WEAVER

Melville Jessup Weaver is a New Zealand firm of consulting actuaries. The firm was established in 1992 and has offices in Auckland and Wellington. The firm is affiliated with Towers Watson, a leading global professional services company that helps organisations improve performance through effective people, risk and financial management. Towers Watson has more than 14,000 associates in 114 markets around the world.

#### For further information please contact:

Jeremy Holmes 09 300 7318  
[jeremy.holmes@mjlw.co.nz](mailto:jeremy.holmes@mjlw.co.nz)

Mark Weaver 09 300 7156  
[mark.weaver@mjlw.co.nz](mailto:mark.weaver@mjlw.co.nz)

*Although every care has been taken in the preparation of this newsletter, the information should not be used or relied upon as a basis for formulating business decisions or as a substitute for specific professional advice. The contents of this newsletter may be reproduced, provided Melville Jessup Weaver is acknowledged as the source.*