

ACC levy rates for 2009/10

Work Account, Residual Claims Account and Earners Account

The new levy rates for the year commencing April 2009 are shown in the table below.

Account	Levy rate (\$) per \$100 liable earnings	
	2008/09	2009/10
Work	0.72	0.75
Residual claims	0.54	0.56
Earners (inc GST)	1.40	1.70

The rate for the Residual Claims Account is the same as ACC consulted on, while the Work Account rate increased by 5 cents from 70 cents to 75 cents per \$100 liable earnings.

We presume the revision is due to the deterioration in investment markets and the impact this has had on the investment values and funding levels.

The rates for the Motor Vehicle Account will be announced in the New Year. The rates ACC consulted on were an increase in the combined average motor vehicle levy from \$254.63 to \$287.00 excluding GST.

Concerns with ACC performance

The new Government has expressed concerns with ACC and we list below some of the recent comments made by the Minister. These comments inevitably lead to the conclusion that major changes can be expected, commencing next year.

"These are unacceptable to the new Government and we will need to work hard to restrain costs."

"These costs have continued to increase and are expected to grow even more rapidly in the future."

"I certainly do not wish to impose these sorts of increased costs on households, but also must take a prudent approach to ensuring ACC's ongoing viability."

"A change in culture is required at ACC so it is better placed to appreciate the impacts of cost shocks on families and businesses."

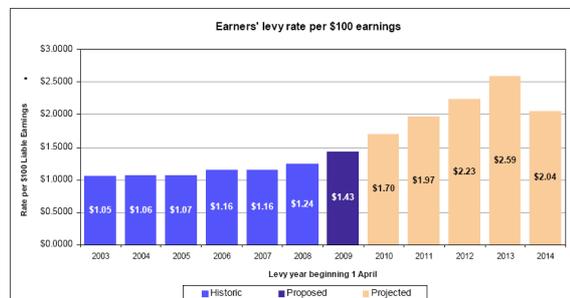
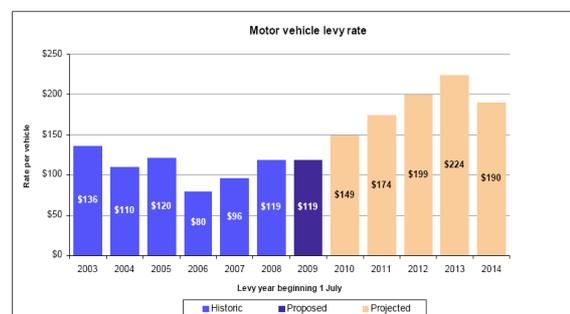
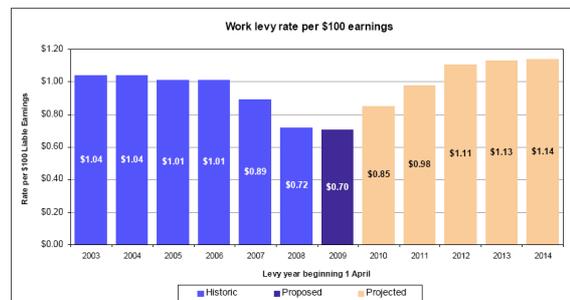
Options before Government

The options could include:

- Major effort to improve the performance of the Corporation while leaving the current structure in place.
- Privatisation of the Work Account in a similar fashion to that in 1999/2000.
- Leaving the current structure in place but outsourcing the claims management.

Possible future rate increases

The charts, below, taken from our newsletter in September, illustrate the cost pressures facing ACC and the possible future levy increases.



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