



**Accident Compensation Corporation 2007/2008 Levy Rates and  
Strategic Direction -Submission**

**11 October 2006**

## **Introduction**

1. This submission is from the Tourism Industry Association of New Zealand (TIA), located at level 4, Travel and Tourism House, 79 Boulcott Street, Wellington.
2. Attached as Appendix 1 are details about our organisation and who we represent.
3. If you wish to contact us regarding this submission, in the first instance, please telephone Simon Wallace, Policy Manager on 04 494 1842 or e-mail him at [simon.wallace@tianza.org.nz](mailto:simon.wallace@tianza.org.nz)
4. The TIA submission comments on the Accident Compensation Corporation (ACC or the Corporation) 2007/08 Levy Rates and should be read alongside the submission you will have received from Business New Zealand.

## **Comment**

5. As in previous years, our association again welcomes the invitation to comment on the ACC Levy Rates Consultation Documents as well as the Corporation's strategic intent. We have limited our comments to those of a more general nature and ask that you note TIA's endorsement of the detailed submission provided by Business New Zealand (BNZ). TIA is a member of BNZ's affiliated industry group and for the most part, we support the analysis and recommendations outlined in its report.
6. The tourism industry in New Zealand is comprised mainly of small to medium sized enterprises (SMEs) – in fact, more than 8000 tourism businesses employ less than five people. The administrative burden created by ACC compliance requirements is contentious for many of these businesses. The time required to complete ACC returns often has a detrimental affect on productivity, so while TIA upholds ACC's operating policies, we encourage a management regime that minimises the compliance costs faced by business.

### **Levy Setting**

7. Our association's main concern with the levy setting process is that improved consultation is needed with groups significantly affected by annual levy changes. In the tourism industry, there have been a number of historical issues with operators being shifted category and incurring considerably higher levy charges with little or no advice or explanation from the Corporation. An example is horse trekking operators who were re-classified and nearly put out of business by an inequitable levy setting mechanism.
8. When setting levies, we urge and encourage the ACC to explain changes to businesses well in advance of changes taking effect. Some changes can have significant impacts on the budget and planning for small businesses and providing opportunities for SMEs to comment and have input into changes at an early stage will enhance confidence in the corporation and the scheme it

operates on behalf of New Zealanders. We also endorse BNZ's recommendation for ACC's proposed premiums to be audited by independent third party actuaries.

### **Proposal to Merge the ACC Self-Employed Work Account and the ACC Employers' Account**

9. TIA notes the government's intention to merge these two accounts acknowledging the cost reductions it will have for the self-employed. We are, concerned, however, that the proposed merger may result in levy increases for small businesses and until we have further clarification as to the impacts on the tourism industry, we oppose the merger proposal.
10. We endorse the position taken by BNZ that if the two accounts are merged, then employers should be entitled to receive a one-off rebate to take account of the respective financial positions of the employers' and self-employed accounts. In addition, the proposed rebate to employers should be treated separately from payments employers are expected to make in 2007/2008 and 2008/2009.

### **Occupational Illnesses**

11. TIA is concerned with a proposal by ACC to increase the number of occupational illnesses. While all tourism businesses recognise the importance of health and safety in the workplace and take all available measures to protect employees' health and minimise accidents, our association does not support claims for illnesses caused by factors outside the workplace. Some examples include, hearing loss, sore backs, asthma and dermatitis, common medical conditions that cannot always be linked to work environments. It has been recognised, that in some instances, general practitioners have used the workplace as a cause for illness in the absence of a clear diagnosis. To avoid this situation increasing, our association would prefer to see the list of occupational illnesses remain as it is.

### **Review of Regulatory Frameworks**

12. In the past few months, a number of TIA Members have participated in the government led Review of Regulatory Frameworks. Initiated by the Minister of Commerce and Small Business, Lianne Dalziel, the Review has focused on the implementation and ongoing operation of regulatory requirements to reduce the compliance burden on business, improve regulatory outcomes and address issues that arise from duplication and excessive paper-work requirements. TIA asks ACC to consider the findings from this review when considering its future operational policies and procedures

### **Strategic Priorities**

13. The tourism industry's primary concerns relating to the Corporation's strategic priorities concern the classification and setting of levies, engagement with industry and compliance costs.

14. With regard to the classification and setting of levies, we encourage ACC to embark on a path of meaningful engagement. We would even go far as to suggest that ACC consider face-to-face meetings with businesses at the coalface in much the same way that the Review of Regulatory Frameworks has done in visiting businesses all around the country. We would also welcome ACC's efforts to work more closely with business advisers to help them inform their clients about its value, products and service.
15. In terms of compliance issues, to achieve the government's desire for economic transformation, we urge the Corporation to test management approaches to reduce compliance costs and free up tourism operators to grow their business. At the same time, we welcome any review that will allow more flexible arrangements for making payments, provided such arrangements are fair and equitable with comparable businesses.

## **Conclusion**

16. In sum, TIA looks forward to the ACC's improved engagement with tourism businesses at an earlier stage when setting levies. We re-iterate our previous points in advocating for management approaches that reduce compliance costs and levies faced by the many small businesses participating in the ACC scheme and suggest the Corporation familiarise itself with the results from the government's Review of Regulatory Frameworks. We oppose the merger of the self-employed work account and the employer's account if it is to result in levy increases for small businesses. Finally, our association asks the Corporation to carefully consider the further recommendations made by BNZ in its submission.

## Appendix 1

### Background Information on the Tourism Industry Association New Zealand (TIA)

1. The Tourism Industry Association New Zealand (TIA) advocates for the interests of the tourism industry in New Zealand. The businesses we represent generate more than 85% of New Zealand's tourism-related revenue.
2. Tourism is a \$17.5 billion industry (\$8.4b from international and \$9.1 from domestic tourism) with international tourist expenditure accounting for 18.7% of New Zealand's total export earnings.<sup>1</sup> The industry, directly and indirectly, employs 1 in 10 New Zealanders in a diverse range of businesses – the majority of which are small and medium sized enterprises. Not only is tourism important because of its size, representing 9.4% of New Zealand's GDP, it is:
  - Highly employment intensive;
  - Regionally disparate; and
  - Very diverse - ranging from large stock exchange listed companies to small cottage industries.
3. These businesses cover a range of tourism-related activities – hospitality, transport, adventure and activities, attractions and retail and related tourism services. In many cases, regional tourism businesses have developed around regional assets divested by other industries and have revitalised those assets and the communities that depend on them.
4. The tourism industry in New Zealand consists of more than 8,000 small and medium sized businesses. Of these businesses, most employ less than five people.
5. New Zealand welcomes more than two million overseas visitors to its shores every year. The domestic tourism industry is also important in helping to sustain a vibrant tourism industry. TIA estimates that over 75 million visitor nights are spent by New Zealanders every year.

*Tourism Industry Association New Zealand (TIA)  
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<sup>1</sup> "Key Tourism Statistics – September 2006", Ministry of Tourism website