



SUBMISSION

Increasing Choice in Workplace Accident Compensation

Department of Labour Discussion Document

15 July 2011

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1. About New Zealand Retailers Association:

The New Zealand Retailers Association (NZRA) is the most significant body in the country representing the interests of retailers. We represent an industry that has annual sales of \$66 billion and which employs 325,000 people (approx 20% of the New Zealand workforce) in more than 49,000 outlets throughout New Zealand.

Across all store types and areas we have some 6,000 members and they in turn operate some 14,000 shop fronts. These stores range from the majority of large national retailers to thousands of owner operators.

Our membership accounts for 65% – 70% of total retail expenditure (excluding the motor vehicle sector).

Within the New Zealand Retailers Association structure we also have a number of specialty groups and in the main these include retailers, importers, and suppliers of a specific product type. The specialty groups we operate are:

- Bicycle Industry
- Sporting Goods
- Jewellery
- Plumbing Distributors
- Pets/Pet Products/Equestrian Suppliers

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3. Introduction:

The New Zealand Retailers Association (“The Association”) welcomes the opportunity to submit a response to the Department of Labour on their discussion document “Increasing choice in workplace accident compensation”.

4. Summary of Submission:

The Association are supportive of greater competition in the in workplace accident insurance and are of the view that contestability will provide both funders and claimants with an improved service. The Association is also supportive of the extension of the Accredited Employer Programme (AEP) to a wider range of businesses.

As an affiliated industry group of Business NZ, we have reviewed their submissions and are essentially in agreement with their views concerning the role of competition in workplace accident insurance. We have noted our specific responses to the questionnaire as provided below.

5. Specific Submissions:

Questions relating to extending the Accredited Employers Programme

1. Do you agree that there should be a greater range of claims management periods?

Yes. We are supportive as this flexibility allows businesses to choose claims management periods that meet their needs.

2. Do you agree that the claims management period should be measured from the date of injury, rather than from the end of the current levy year?

No. The AEP members that we have spoken to prefer the status quo, for ease of administration and financial reporting.

3. Do you agree that there should be more flexibility in the purchase of high cost claims cover and stop loss cover?

Yes.

4. Do you agree that employers should be able to purchase high cost claims cover and stop loss cover from an approved third party?

Yes.

5. Do you agree that an employer’s claims history should be taken into account when setting PDP levies?

Yes. We are supportive of more accurate assessment of each individual employers risk experience.

6. Do you agree that ACC should be required to take over management of any claim at the employer’s request and cost?

No. We believe that this needs to be a matter for negotiation between employers and ACC, and should not be mandatory.

7. Do you agree that in the Full Self Cover option there should be a choice of a full and final settlement?

Yes. We agree that giving businesses greater choice in managing the risk of claims is sensible and an option of full and final settlement at an agreed price adds flexibility to arrangements in a wider AEP.

8. Do you think that co-operatives, franchises or other groups should be able to enter the AEP?

Yes. The Association are fully supportive of the concept of industry groups participating in the AEP and taking advantage of the benefits of improved employee safety and injury management processes provided financial and rehabilitation obligations can be met and risk appropriately managed.

9. Do you agree with the proposal to allow employers to use financial instruments or other forms of security as a means of meeting the AEP financial requirements?

Yes. We support the proposal to increase transparency surrounding the financial requirements of participating in the AEP. This would provide for greater flexibility and offer more options for meeting liabilities as/when they arise.

10. Do you agree with the proposals to streamline injury management practice audits?

We are supportive of the streamlining of injury management practice audits which will allow employers to respond to workplace accidents in the way most appropriate to their circumstances. We are also supportive of in-depth auditing of third party administrators who act for accredited employers once per annum .

11. Should health and safety audits be voluntary?

We are supportive of an initial audit of health and safety systems in order to gain entry to the Accredited Employer Programme. However, once admitted to the programme, an employer's ongoing health and safety performance should not be subject to compulsory ACC audit as there are strong financial incentives to have rigorous safety management systems in place.

12. Do you agree with offering a range of claims excess options outside the AEP?

Yes. Choice in a competitive environment is important and may support smaller employers wishing to assume greater risk/reward and control their work injury liabilities.

13. Do you agree that self-employed people should be able to choose to purchase cover for both work-related and for non-work injuries from a private insurer?

Yes.

14. Do you agree that transparency and flexibility are necessary to facilitate a competitive environment? Are these proposals adequate?

We are strongly supportive of transparency and flexibility to encourage and ensure fair competition. However, we note the concerns raised by Business NZ on the adequacy of the proposals in the discussion document, including concerns of ACC remaining a Crown Entity in a competitive market, and to that end ACC should only be able to enter this new market as a State Owned Enterprise.

15. For what purposes would you require claims data? What type of and level of data access would be necessary and why?

Yes. We are supportive of the concept of a central pool of claims data managed by the regulator for the purposes of supplying information to support the NZ Injury Prevention Strategy, and for the purpose of industry benchmarking has value.

16. Do you see any other issues with the proposals to collect and share data? If so, how might they be addressed?

No, as long as considerations around privacy and security of data collected are robust.

17. Is continuous cover assured by the proposals to have ACC cover all workers unless private insurance is in place, and a register of private insurance cover?

We are not supportive of continuous cover by ACC as the default position.

18. Do you agree that the risks and consequences of insurer insolvency are adequately managed by the proposed approach?

Yes. The proposal for a levy on all insurers is reasonable, based on market share.

19. Do you agree that the establishment of a market regulator would adequately protect workers' rights and entitlements? If not, what additional practical steps could be taken?

Yes. We are supportive of an independent market Regulator being established, and the merits of an independent party or regulator managing the disputes, gradual processes apportionment process, claims management auditing process and assessing claims handback costs.

20. Do you agree with the proposal to provide for independent dispute resolution in alignment with existing frameworks?

Yes. The proposed dispute resolution regime appears to provide a robust process for the quick and consistent settlement of disputes and is best operated by an independent regulator.

21. Do you agree that a single, central claims lodgement process would be effective?

A centralized claims lodgement unit or process to receive and allocate claims has merits and those of our members who are AEP members are supportive.

22. What else might be done to streamline claims administration processes and reduce the risk of increased transaction costs for providers?

No further comment.

23. Do you have any comment on how the cost of public health acute services could be fairly allocated?

We note that some of our members are supportive of the proposal suggesting that insurers contribute to the provision of acute services provided by the public health services however there must be transparency in such a regime.

24. Do you agree that private insurers should be able to contract with treatment providers for alternatives to the minimum prices and conditions?

We are supportive of choice and competition being extended to medical treatment providers. Presumably private insurers would enter into contracts with providers only if there were benefits to be had and it is probable that for a premium better information and faster treatment will be available.

25. Do you agree with the proposed approach to managing gradual process claims?

Yes.

26. Do you have any comment on the impacts of the proposed changes?

No further comment.

27. Do you think the proposed risk mitigation and management measures would adequately address the risks? If not, do you have any suggestions for alternative ways to manage these risks?

No further comment.