COVERSHEET

Minister	Hon Matt Doocey	**Portfolio**	ACC
Title of Cabinet paper	ACC Financial Sustainability – levies and performance improvement	**Date to be published**	13 December 2024

List of documents that have been proactively released		
Date	**Title**	**Author**
28 August 2024	*Consultation on 2025/26 – 2027/28 ACC levies*	*Office of the Minister for ACC*
28 August 2024	*ECO-24-MIN-0174 - 2025/26 – 2027/28 ACC Levies: Approval to Consult*	*Cabinet Office*
25 November 2024	*ACC Financial Sustainability – levies and performance improvement*	*Office of the Minister for ACC*
25 November 2024	*CBC-24-MIN-0118 – Cabinet Business Committee Minute of Decision*	*Cabinet Office*
25 November 2024	Appendix 5 – Cost Recovery Impact Statement 2025/26, 2026/27, 2027/28 ACC Levies	*MBIE*
25 November 2024	Appendix 6 – RIS New classification unit for home improvement stores and sports and physical recreation	*MBIE*
25 November 2024	Appendix 7– RIS Removing ACC's No Claims Discount	*MBIE*
25 November 2024	Appendix 8 – RIS Reviewing motorcycle groupings to enable levy rates to better reflect crash and claim data	*MBIE*
25 November 2024	Appendix 9 – RIS ACC's Ride Forever programme	*MBIE*
25 November 2024	Appendix 10 – RIS Levy portion for plug-in hybrids and battery electric vehicles	*MBIE*
25 November 2024	Appendix 11 – RIS ACC's Fleet Saver	*MBIE*
25 November 2024	Appendix 12 – RIS ACC interest rates and bad debt	*MBIE*

Information redacted **YES** / **NO** *(please select)*

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Regulatory Impact Statement: ACC's debit, credit and penalty interest rates, and debt waiver policy

Coversheet

Purpose of Document	
Decision sought:	*Cabinet decisions on a proposal to set debit interest rates for Work levy payers who opt to use a payment plan, and to amend the interest on late levy payments to ensure compatibility between the two rates.*
Advising agencies:	*Ministry of Business, Innovation and Employment*
Proposing Ministers:	*ACC*
Date finalised:	*20 November 2024*

Problem Definition

This Regulatory Impact Statement (RIS) considers four related problems:

Rate of debit interest

When Work Account levy payers (businesses and self-employed people) are invoiced for their levies at the end of each tax year, they can opt to pay their levies in full, or over a 3-, 6- or 10-month instalment plan, by arrangement with ACC.

The Accident Compensation (Interest on Instalment Plans) Amendment Act 2024 (the Amendment Act) came into force in June 2024. That Act made the charging of interest on instalment plans legal and put the current rates into legislation as an interim measure, but it left the ongoing rates up to future regulations. This work is taking the first opportunity, in the levy round immediately following the passing of the Amendment Act, to set those ongoing rates as intended.

Currently, 3-, and 6-month plans do not attract debit interest, while interest is charged on the 10-month plan at a rate of 2.73 per cent. The rates are unevenly applied to different lengths of instalment plans, with no strong rationale for doing so. The rate for the 10-month plan was reduced in 2020 to reflect the economic environment at the time and does not provide sufficient incentive for levy payers to pay their levies on time.

Waiving and remitting bad debt:

The circumstances in which bad debt from instalment plans interest can be waived or remitted are not currently defined. While these circumstances remain undefined, ACC's ability to waive or remit debt would be very limited.

The Amendment Act also made waiver and remittance of instalment interest debt legal, but left the circumstances to be set in regulation. These proposals would also tie up that work in the same levy round as the related debit interest rates.

Penalty interest rate:

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The penalty interest rate needs to be aligned with the debit interest rate set for instalment plans and made more flexible to adjust to changing market conditions. At the proposed rate of debit interest, work levy payers would be financially better off being late in paying their levies than entering into a payment plan with ACC.

Penalty interest must remain higher than debit interest on instalment plans to avoid incentivising people to not pay their levies instead of entering a plan. The proposals in this RIS would raise debit interest rates above the penalty interest rate. Therefore, we are also proposing a concurrent update to penalty interest to ensure that the rates remain aligned.

Credit interest rate:

As debit and penalty interest rates are proposed to be updated, the credit interest rate must also be to ensure fairness for levy payers. If the credit interest rate were not updated, it would be out of step with the rates that levy payers must pay to ACC when they owe ACC money.

Debit and penalty interest are being updated for the reasons above, but as we propose to update the rates that levy payers must pay when they owe ACC money, it is fair to also review the rate ACC pays when it owes levy payers money, and to do so at the same time. Therefore, proposals to update the rate of credit interest are also included in this RIS.

Executive Summary

It is proposed to replace the current flat rates for debit, penalty and credit interest with formulas linked to market indicators. These would all be updated on 1 April of each year according to the relevant market indicator.

The proposed rate of debit interest on instalment plans is to be set using the below formula:

$$(levy\ invoice\ amount)\left[\frac{\left(\frac{(Base\ rate\ +\ 2.5\%)}{12}\right)}{2}\right](months\ in\ length\ of\ plan)$$

The main part of the formula is the base rate,[1] plus a 2.5 per cent use of money adjustment to represent ACC's lost investment income it would otherwise have earnt from the money owed. Using the Reserve Bank of New Zealand's floating first mortgage new customer housing rate makes the formula consistent with Inland Revenue (IR)'s analogous use of money interest rate. The recommended approach for debit interest will apply the same interest rate to all lengths of instalment plans.

The formula represents a fairer interest rate for instalment plans users and ACC than currently, and is more reflective of their benefits and costs, respectively. This also means that those who pay their levies on time would no longer cross-subsidise their peers who use payment plans.

Using a formula to calculate the interest rate, rather than a fixed rate specified in regulations, means that the rate can respond to changes in the wider economy without the need to update legislation.

It is also proposed that a list of circumstances in which ACC can waive or remit instalment plan interest debt in regulations. This will make it clear, for both levy payers and for ACC, when it is open for ACC to do so. Although the circumstances in which bad debt arises can

[1] Based on the Reserve Bank of New Zealand's floating first mortgage new customer housing rate as at 1 April each year, being 8.63 per cent at time of writing, for illustration.

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vary, the basis for waiving or remitting debt is limited to a few key categories. So, MBIE considers that the list captures nearly all the reasons ACC would waive a debt.

This work follows the Amendment Bill making the charging of debit interest on instalment plans clearly legal, and leaving the future settings for the rate of that interest to be set in regulations. The Amendment Bill also allowed for regulations to be made setting out the circumstances for waiving or remitting instalment plan debt. This levy round is the first opportunity to set the debit interest rate, and is aligns with the Minister for ACC's statement during the committee of the whole House stage of the Amendment Bill that the rate could be set during the then-upcoming 2025-2028 levy round.

The rate for penalty interest is proposed to be updated and set by the below formula:

$$\left[\frac{(Base\ rate\ +\ 2.5\%)}{12}\right] + 1\%$$

This option would use the base rate and use of money adjustment used in the formula in the recommended approach for debit interest on instalment plans. One per cent would be added on to ensure it is always more than the debit interest rate.

This rate better reflects the current market than the fixed one per cent rate currently used. This means that there is a stronger, more effective disincentive for failing to pay levies. It would also ensure that the rate stays up to date with fluctuations in the general market, and that the penalty interest rate always stays above the debit interest rate used for instalment plans (if the recommended approach for that rate is taken up), avoiding the potential perverse incentive to not pay levies rather than entering into an instalment plan.

It is also proposed to update the rate of credit interest alongside the updates to debit and penalty interest, according to the following formula:

$$NZ\ 90\ Day\ Bank\ Bill\ Yield\ - 1\%$$

The formula would link the credit interest rate to the Reserve Bank of New Zealand's 90-day bank bill yield rate (5.05 per cent, at time of writing). It would be reviewed each year on 1 April to ensure that the rate used by ACC continues to align to that rate. The proposed formula aligns with IR's practices of setting credit interest.

This is proposed as an equivalent to the recommendation for debit and penalty interest, which would align the interest ACC pays to levy payers with the interest the levy payers pay to ACC.

The credit interest rate needs to fairly reflect the interest on the money the levy payer would have earned had they not overpaid their levies. If the rate is too low, as it currently is, it does not fairly reflect the loss to levy payers, but if it is too high, levy payers are incentivised to overpay their levies and accrue interest. The formula represents a fair reflection of the levy payers' losses from not having access to their money between payment of the provisional levies and the final invoice.

This is coherent and fair for levy payers, who can expect to be paid fair interest rates if they are expected to pay fair debit and penalty interest rates in return. If the other rates are not updated, then the status quo would be the recommended option for credit interest to keep it aligned with debit and penalty interest.

Limitations and Constraints on Analysis

Data on the percentage of levy payers who use payment plans, are charged penalty interest or have their debt waived or remitted is not available. However, data on the number of instalment plans, and on amount of debit interest charged versus collected is available and has been provided in this Regulatory Impact Statement.

Some of the expected cost impacts of the proposal anticipate future changes in behaviour from levy payers, and are therefore not certain.

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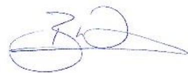
Though public consultation received a high number of responses (8748 in total), most were in the form of clicking the ‘thumbs up’ or ‘thumbs down’ button on ACC’s ‘Shape Your ACC’ website. Forty-one detailed responses were received from submitters (13 of which mentioned at least one of the interest rate proposals). Additionally, the consultation was undertaken on all ACC levy proposals, but feedback was not received evenly across the proposals. For example, of the total, 6039 related to the proposals affecting motorcycles. As a result, the reasoning behind much of the opposition or support for the proposals is unknown, and the amount of feedback on the interest rate proposals specifically is limited. The proposal on credit interest has been updated since public consultation, so no feedback has been received on the recommended proposal.

Responsible Manager(s) (completed by relevant manager)



Bridget Duley

Manager

Accident Compensation Policy

Ministry of Business, Innovation and Employment

Quality Assurance (completed by QA panel)

Reviewing Agency:	Ministry of Business, Innovation and Employment
Panel Assessment & Comment:	MBIE’s Regulatory Impact Analysis Review Panel has reviewed the Regulatory Impact Statement (the Statement) prepared by MBIE. The panel considers that the information and analysis summarised in the Statement meets the Quality Assurance criteria.

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Section 1: Diagnosing the policy problem

What is the context behind the policy problem and how is the status quo expected to develop?

This Regulatory Impact Statement (RIS) considers four related problems as part of the wider 2025-2028 ACC levy round:

Issue	Description	Problem
Rate of debit interest	When Work Account levy payers, typically businesses and self-employed people, are invoiced for their levies at the end of each tax year, they can opt to pay their levies in full, or over a 3-, 6- or 10-month instalment plan, by arrangement with ACC. Currently, 3-, and 6-month plans do not attract debit interest, while interest is charged on the 10-month plan at a rate of 2.73 per cent.	The rates are unevenly applied to different lengths of instalment plans, with no strong rationale for doing so. The rate for the 10-month plan was reduced in 2020 to reflect the economic environment at the time and to support businesses affected by the COVID-19 pandemic, and does not provide sufficient incentive for levy payers to pay their levies on time.
Waiving and remitting bad debt	The circumstances in which bad debt from instalment plans interest can be waived or remitted are not currently defined.	While these circumstances remain undefined, ACC's ability to waive or remit debt would be very limited.
Penalty interest rates	The penalty interest rate needs to be aligned with the debit interest rate set for instalment plans and made more flexible to adjust to changing market conditions.	At the proposed rate of debit interest, work levy payers would be financially better off being late in paying their levies than entering into a payment plan with ACC.
Credit interest rate	As debit and penalty interest rates are proposed to be updated, the credit interest rate must also be to ensure fairness for levy payers.	If the credit interest rate were not updated, it would be out of step with the rates that levy payers must pay to ACC when they owe ACC money.

How ACC is funded

1. The Accident Compensation Corporation (ACC) is funded through a mixture of levies and government appropriations, and the Accident Compensation Act 2001 (the AC Act)

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sets out that the Minister for ACC is responsible for setting the appropriate levy to maintain the Accounts in a fully funded state.

2. ACC operates five accounts: Work, Earners', Motor Vehicle, Non-Earners' and Treatment Injury. The Non-Earners' Account (NEA) and a portion of the Treatment Injury Account are funded through appropriation. The Work, Earners', Motor Vehicle, and a portion of the Treatment Injury Account (collectively the levied Accounts) are funded through levies.

3. The Motor Vehicle Account is funded through levies received through annual vehicle licensing and levy on petrol that are charged at the pump. The Account covers injuries that involve motor vehicles on public roads.

4. The levied Accounts and the NEA operate on a fully funded principle. Full funding ensures that the Accident Compensation Scheme (the Scheme) is sufficiently funded for the lifetime (100-year) cost of claims arising from that funding period. This ensures intergenerational equity, so that costs of injuries are not transferred to future generations.

Instalment plans are used by some Work Account levy payers

5. When businesses and self-employed people are invoiced for their Work Account levies by ACC at the end of each tax year, they can choose to pay their levies in full, or opt to pay over a 3-, 6- or 10-month instalment plan by arrangement with ACC. The majority of businesses pay their ACC levy invoice on time and in full. However, some businesses and self-employed people, who are unable to pay on time, choose to pay their work or earners' levy in instalments.

6. Instalment plans are common in other contexts. For example, taxes can be paid by instalments, subject to an interest charge from Inland Revenue.

7. On 30 June 2024, the Accident Compensation (Interest on Instalment Plans) Amendment Act 2024 (the Amendment Act) came into force. It set the current debit interest rates as an interim measure, but provided for regulations to be made setting the rate of debit interest on instalment plans going forward. This rate has not yet been set in regulations.

8. The interim rates are 0 per cent interest on 3-, and 6-month plans and 2.73 per cent on 10-month plans. These are the same rates that ACC was using immediately before the Amendment Act came into force. The rate for the 10-month plan was reduced in 2020 to reflect the economic environment at the time and to support businesses affected by the COVID-19 pandemic

9. The number of invoices subject to instalment plans, and the amount ACC has charged in interest, for the last five years (as of June 2024) is represented in the table below.[2]

Paid year	Number of invoices	Value of invoices	Interest fee value
2020	55,336	$151,892,245.37	$7,527,611.45
2021	48,166	$106,083,469.04	$3,558,932.72
2022	59,581	$178,901,117.65	$4,598,425.46
2023	55,664	$155,586,389.04	$4,026,220.88
2024	51,514	$150,794,670.71	$3,862,190.69

[2] Note that the totals represent fees paid in the given financial year and not the year they were always applied in. The list includes partially paid fees, but it excludes any that have not been paid at all. There is likely a small number of files that have been recorded as paid fees where a credit has been applied or transferred to the claimant's invoice. The total number of those is likely to be negligible.

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10. The total debit interest owed and paid to ACC for the last three years (as of November 2024) is shown in the table below:

Invoiced year	Debit interest total	Debit interest paid	Uncollected rate
2024	$3,972,604.16	$3,908,304.49	1.6%
2023	$3,970,099.79	$3,923,014.10	1.2%
2022	$4,361,511.29	$4,320,945.65	0.9%

Penalty interest is also used for late payments

11. A small number of levy payers do not (or will not) pay their levy invoices. It is not fair to those who pay their levies in full and on time if others do not pay their levies and receive no effective penalty.
12. ACC currently charges a penalty interest of one per cent on outstanding invoices, compounding monthly.
13. This rate applies until the levy is 210 days late, when a 10 per cent interest rate is imposed on the unpaid amount, and a further 10 per cent rate is applied to the unpaid amount every 180 days after that.

Sometimes, ACC needs to cancel or waive debt on instalment plan interest

14. Sometimes, debt on interest charged to those on an instalment plan needs to be remitted or waived because ACC is unable to collect it for a range of reasons (such as where debt is time barred by statute, or that falls under legal insolvency).
15. The Amendment Act provided for regulations to be made setting the circumstances that ACC may waive or remit debt on instalment plan interest. These circumstances have not yet been set out in regulations.

Credit interest is applied if levy payers pay more for their provisional levies than the final due amount

16. Credit interest is a rate applied to money levy payers have overpaid to ACC, to recognise their loss of the use of that money for the time ACC holds it.
17. ACC applies credit interest if the amount collected from levy payers through provisional levies (invoices based on an estimate of the levies payable) is $1,000 or more than the final levy assessment. ACC does not charge employers interest if provisional levies are less than the final levy assessment.
18. Self-employed and private domestic workers are not charged provisional levies, so are not eligible for credit interest.

What is the policy problem or opportunity?

Debit interest rate on instalment plans is artificially low and not evenly applied

19. The debit interest rate on instalment plans is currently only applied to the 10-month plan. It was set in 2020 to reflect the economic environment at the time and to support businesses affected by the COVID-19 pandemic
20. Because the rate only applies to the 10-month plan, there is not a consistent approach to charging debit interest. Those on the 3- and 6-month plans are at an advantage compared to users of the 10-month plan.
21. These provisions mean there is no fairness between users of instalment plans, and those who pay their levies on time and in full. It is currently more advantageous to use an instalment plan than it is to pay on time (even with the interest rate on the 10-month plan). This is because businesses are able to retain the use of the money with no, or little, interest charge to offset that advantage.

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22. ACC is also financially worse off when levy payers use instalment plans because it loses the use of the money for the duration that it waits for the balance to be paid, and subsequently loses the financial benefit of the use of that money e.g. loss of investment income. That means that other Work levy payers are cross subsidising the instalment plan users.

23. This work is taking the first opportunity, in the levy round immediately following the passing of the Amendment Act, to set those ongoing rates as intended. This was noted as the intent by the Minister for ACC during the Committee of the whole House stage of the Amendment Act.

The penalty interest rate needs to be aligned with market and debit rate

24. The penalty interest rate needs to be aligned with current market conditions and the debit interest rate used for instalments.

25. Firstly, to provide a disincentive for defaulting on levy payments, the penalty interest rate needs to be sufficiently high compared to market rates.

26. Secondly, the penalty interest rate needs to be set higher than the debit interest rate. Otherwise, it would be more advantageous to be late on levy payments than enter into an instalment plan. More businesses may choose to default on their payments rather than proactively seek to pay their levies as part of an instalment plan. Therefore, we are also proposing a concurrent update to penalty interest to ensure that the rates remain aligned.

Occasions where ACC can waive or remove debt are not yet clearly defined

27. The Amendment Act came into force in June 2024, which enables regulations to be made describing the circumstances where ACC may waive or remit bad debt on instalment plan interest.

28. While these circumstances remain undefined, ACC's ability to waive or remit debt would be very limited. These proposals would also tie up the intended impact of the Amendment Act in the same levy round as the related debit interest rates, as the Minister for ACC stated was his intention to do during the committee of the whole House stage of the Amendment Act.

The credit interest rate needs to be aligned with the market

29. Debit and penalty interest are being updated for the reasons above, but as we propose to update the rates that levy payers must pay when they owe ACC money, it is fair to also review the rate ACC pays when it owes levy payers money, and to do so at the same time. Therefore, proposals to update the rate of credit interest are also included in this RIS.

30. The credit interest rate needs to stay aligned with market conditions. It has not been updated since 2021 when interest rates were at historic lows, and does not reflect current market conditions.

31. If the credit interest rate is too low compared to the market, ACC is not fairly reimbursing levy payers who overpay their levy. If it is too high compared to the market, ACC will be over-compensating levy payers and potentially losing money compared to the interest it would earn from having extra funds on deposit.

Public consultation has been undertaken on the proposals

32. After initial proposals for the 2025-2028 ACC levy round were drafted, public consultation was undertaken by ACC and on behalf of the Minister for ACC from 11 September to 9 October 2024. Consultation on the initial versions of the interest rate

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proposals was included in this group. The proposals were available via a discussion document and corresponding webpages on ACC's 'Shape Your ACC' website.

33. During consultation, 8,748 submissions were received from a range of levy payers. However, most of these were in the form of clicking the 'thumbs up' or 'thumbs down' button on ACC's 'Shape Your ACC' website. Forty-one detailed responses were received from submitters, which were the only submissions to provide written reasoning for their feedback. As a result, the reasoning behind much of the opposition or support for the proposals is unknown.

34. Additionally, the consultation was undertaken on all ACC levy proposals at the same time, but feedback was not received evenly across them. For example, 6,039 of the total responses related to the proposals affecting motorcycles. Of the substantive submissions, 13 mention at least one of the interest rate proposals. The amount of feedback on the interest rate proposals specifically is therefore limited.

35. Both of these factors mean that public consultation, while it has produced useful feedback, is somewhat limited in its scope when using it to inform final proposals.

36. Post consultation, the submissions have been reviewed and taken into account when recommending the final proposals contained in this RIS. Any changes recommended by MBIE or ACC resulting from feedback are noted under the description of the final recommended proposals.

37. The proposal on credit interest has been updated since public consultation somewhat independently of the feedback, so no feedback has been received on the final recommended proposal.

What objectives are sought in relation to the policy problem?

38. The objectives of this policy work are to ensure that interest rates:

- are fair for levy payers,
- encourage timely payment of levies, and
- encourage full payment of levies.

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the status quo?

39. We have considered options for legislative settings in relation to:

- **Fairness** for all types of levy payers and ACC.
- **Coherence** between interest rates across the Accident Compensation Act 2001 (the AC Act), including no disadvantages for paying levies on time, incentives for using instalment plans rather than paying late, and penalties for paying late.
- **Workability and clarity** for ACC and levy payers.

What scope will options be considered within?

40. The scope of options has been largely constrained by what were workable proposals to implement the regulations allowed for in the Amendment Act., and containing any

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knock-on effects of the proposed changes (i.e. from making the instalment plan interest rate higher than the penalty interest rate).

41. We considered pinning the instalment plans interest rate to the Inland Revenue's (IR's) taxpayer's paying rate, which is currently set at 10.91 per cent (per Regulation 2 of the Taxation (Use of Money Interest Rates) Regulations 1998). However, ACC is required to consult on changes to its regulations, while IR is not. This approach could mean ACC has no ability or foresight over any changes to the rate.

What options are being considered?

Debit interest on instalment plans

Option One – *Status quo*

42. This option would preserve the current debit interest rates for instalment plans, including the 0 per cent rate applicable to the 3- and 6-month plans. This would maintain unfairness between the users of the longer and shorter plans, and between levy payers who do and do not use instalment plans.

43. The fiscal impact on ACC, including the subsequent cross-subsidisation of instalment plan users by those who pay in full on time, would also remain.

Option Two – *Use a formula to set instalment plans debit interest (preferred):*

$$(levy\ invoice\ amount)\left[\frac{\left(\frac{(Base\ rate\ +\ 2.5\%)}{12}\right)}{2}\right](months\ in\ length\ of\ plan)$$

44. This option would see the above formula used to calculate the debit interest rate applied to instalment plans.

45. The main part of this formula would be a base rate,[3] plus a 2.5 per cent use of money adjustment,[4] divided by 12 to spread the interest rate over 12 months. The use of money adjustment it to reflect that ACC expects to make 5 to 6 per cent return on investment for short term cash investments. It is further divided by two to simulate a declining balance and align with ACC's system capabilities. This result would be multiplied by the amount owed and also multiplied by the number of months in the selected instalment plan (3-, 6-, or 10-) to apply the appropriate amount to the levy payer's invoice.

46. This formula using the Reserve Bank of New Zealand's floating first mortgage new customer housing rate has been chosen because it is consistent with IR's analogous use of money interest rate. Other formulae with other base rates would put the debit interest rate out of step with this similar rate, so they have not been considered.

47. The use of money addition is to make the rate represent ACC's lost investment income it would otherwise have earnt from the money owed, and MBIE would support this addition regardless of the base rate. The other additions to the formula are only to adjust it for a falling balance over the length of the instalment plan.

48. The formula represents a fairer interest rate for instalment plans users and ACC, that is more reflective of their benefits and costs, respectively. This also means that those

[3] Based on the Reserve Bank of New Zealand's floating first mortgage new customer housing rate as at 1 April each year, being 8.63 per cent at time of writing, for illustration.

[4] Based on the expected investment return ACC would have made if the levy payer had paid their levy invoice in full and on time, taking into account the base rate.

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who pay their levies on time would not cross-subsidise their peers who use payment plans.

49. Using a formula to calculate the interest rate, rather than a fixed rate specified in regulations, means that the rate can respond to changes in the wider economy without the need to update legislation. The rates would be adjusted on 1 April each year (via the base rate).

50. The use of a formula may obscure the interest rate. However, it ensures that there remains an incentive to pay levies on time and in full, even if the base rate becomes very low. That prevents a situation where levy payers are incentivised to enter into an unneeded instalment plan because the money can be used to earn more interest than is paid to ACC.

51. This formula would apply to all instalment plans, meaning that interest would be fairly applied to all instalment plans.

Option Three – *Flat rate for debit interest*

52. This option would see a flat rate for debit interest be put into regulations, as is the case for other interest rates (e.g. penalty interest).

53. The rate would need to be continually updated or it could quickly become out of step with market conditions. It is unlikely that a review and change of regulations updating the interest rate would be able to be done consistently or efficiently enough for the rate to stay up to date over time. This would be the case even if the rate were reviewed at every three-yearly levy round, as it is likely that interest rates will swing substantially between rounds. Therefore, it is likely that the issue of an unreasonably low (or high) rate would eventuate with the regulated rate because market conditions have moved substantially since it was set.

Penalty interest

Option One – *Status quo*

54. This option would mean keeping the current one per cent rate for penalty interest.

55. This would preserve the issue with the rate being static and unable to move with market conditions. It would also mean that, if Option Two of the debit interest proposals were implemented, it would be better to make ad-hoc levy payments rather than entering an instalment plan.

Option Two – *Use a formula to set penalty interest (preferred):*

$$\left[\frac{(Base\ rate\ +\ 2.5\%)}{12}\right] + 1\%$$

56. This option would use the base rate and use of money adjustment used in the formula in Option Two of the debit interest on instalment plans options. It would be divided by 12 to reflect its monthly application. One per cent would then be added on to ensure it is always more than the debit interest rate.

57. This rate better reflects the current market than the fixed one per cent rate currently used. This means that there is a stronger, more effective disincentive for failing to pay levies.

58. This would also ensure that the rate stays up to date with fluctuations in the general market, and that the penalty interest rate always stays above the debit interest rate

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used for instalment plans (if Option Two of that work is taken up), avoiding the potential perverse incentive to not pay levies rather than entering into an instalment plan.

59. If Option Two in the debit interest proposals were not taken up, there would be less of a need to update the penalty interest. However, it would still be preferable to update and future proof the penalty rate.

Option Three – *Flat rate for penalty interest*

60. This option would preserve the use of a flat rate, but update it for current market conditions.

61. This would preserve the issue where the rate can get out of date if regulations are not reviewed and updated frequently enough, which is likely to be the case. The rate will likely eventually be too low or too high again.

62. If Option Two of the debit interest on instalment plans proposals was implemented, then that rate would be flexible and the penalty interest rate would be static. This would mean it would be possible for the debit interest rate to fluctuate so high that it is better financially to default on levy payments rather than use a payment plan.

Waiver and remittance of debt on instalment plan interest

Option One – *Status quo*

63. This option would leave the circumstances where ACC can waive or remit debt on instalment plan interest undefined. This would mean that ACC can effectively never legally waive or remit debt on instalment plan interest, as no circumstances are given where this would be allowed.

64. This would be a problem as the bad debt would be unable to be written off, leaving it on ACC's books with no recourse.

Option Two – *Specified list of appropriate scenarios (preferred)*

65. This would involve using a clear and exhaustive list of circumstances in which ACC is able to waive or remit debt on instalment plan interest. The proposed list is attached as **Appendix One**.

66. This option would allow ACC to waive or cancel bad debt, and provide a clear and consistent set of circumstances where it is appropriate to do so. The circumstances will also be clear for levy payers wishing to check whether their debt could be waived (for example, if they are in financial hardship).

67. While using a list means that unusual or edge cases may not be caught by the list, this circumstance is unlikely. If such cases do begin to consistently arise, the list could be updated via a review of the regulations. A review is not expected to be necessary with the same frequency that interest rates change, which is why the solution of amending regulations is appropriate for adding debt waiver scenarios but not for updating specified interest rates.

68. Although the circumstances in which bad debt arises can vary, the basis for waiving or remitting debt is limited to a few key categories. So, we consider that the list captures nearly all the reasons ACC would waive a debt.

Option Three – *General guidelines*

69. This option would give general guidelines in regulations for when ACC may waive or remit debt on instalment plan interest.

70. This would be more flexible than an exhaustive list, meaning that if edge cases arise they can be addressed more easily. However, it would also introduce a high degree of discretion into the system, which must be balanced against the need for fairness and consistency between cases of debt.

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71. Having that discretion could also open ACC to legal challenge, should a levy payer's debt not be waived or remitted when the levy payer considers it should have been.

72. Therefore, it is preferable to have an exhaustive list of circumstances that provides clarity and fairness, even at the cost of a small number of edge cases that may not fit the specifications.

Credit interest

Option One – *Status quo*

73. This option would mean leaving the credit interest rate at its current rate of 2.2 per cent. As noted, this is well below current market rates, and does not fairly reflect the cost to levy payers from overpaying their levies.

Option Two – *Use a formula to set credit interest (preferred)*

$$NZ\ 90\ Day\ Bank\ Bill\ Yield\ -1\%$$

74. This option would link the credit interest rate to the Reserve Bank of New Zealand (RBNZ) 90-day bank bill yield rate.[5] This would be reviewed each year on 1 April to ensure that the rate used by ACC continues to align to that rate.

75. This rate is a market indicator that is a fair reflection of the levy payers' losses from not having access to their money between payment of the provisional levies and the final invoice.

76. This option would use a formula to set credit interest. This option is proposed as an equivalent to the recommendation for debit and penalty interest, which would align the interest ACC pays to levy payers with the interest the levy payers pay to ACC.

77. The credit interest rate needs to fairly reflect the interest on the money the levy payer would have earned had they not overpaid their levies. If the rate is too low, as it currently is, it does not fairly reflect the loss to levy payers, but if it is too high, levy payers are incentivised to overpay their levies and accrue interest.

78. It is therefore fairer for the credit interest rate to be set via a formula tied to a market indicator like the Government Bond Rate. This will be a fairer reflection of the cost to levy payers of overpaying levies.

79. The proposed formula aligns with IR's practices of setting the credit interest.

80. If the second options of both the debit and penalty interest proposals were not taken up, then then Option Two of the credit interest proposal would not be recommended, as it would push this rate out of step with the other ACC interest rates.

Option Three – *Use a set rate*

81. This option would use a set rate of credit interest as it is currently (at 2.2 per cent). This rate would be updated based on current market rates.

82. This option would use a market indicator to set credit interest as a rate in regulations. This rate would be updated based on current market rates. This would be the three year Government Bond Rate.[6]

83. This rate is a market indicator that is a fair reflection of the levy payers' losses from not having access to their money between payment of the provisional levies and the final invoice.

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[5] 5.05 per cent, at time of writing

[6] 4.05 per cent, at time of writing.

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84. This option retains the issue that the rate will eventually become out of date again and require a review of the regulation to implement updates.

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How do the options compare to the status quo/counterfactual?

Debit interest on instalment plans

	Option One – Status quo	**Option Two –** Formula	**Option Three –** Flat rate for debit interest
Fairness	0 10-month instalment plan users pay interest, but 3- and 6-month plan users do not. The rate is out of date and artificially low (or nothing) so those using an instalment plan are better off than those paying in full on time. Levy payers paying in full cross-subsidise those using instalment plans.	++ Reflective of market rates (i.e. use of money adjustment), including if they fluctuate. Parts of the formula will not reflect market rates, but ensure there is always fairness to Work levy payers who pay on time in full and who may otherwise be cross-subsidising instalment plan users. Both 10-month and 3- and 6-month instalment plans will pay the same interest rates. Those using instalment plans and those paying in full on time will be on a level playing field.	+ Initially a fair market rate, but may quickly move. Both 10-month and 3- and 6-month instalment plans will pay the same interest rates. Levy payers paying in full will eventually cross-subsidise those using instalment plans when the interest rate moves up, or vice versa. Instalment plan users using an instalment plan will eventually be better off than those paying in full on time, or vice versa.
Coherence	0 Inconsistent between different plan lengths. Lower than the penalty interest rate.	+ Consistent between plan lengths. The formula ensures there is always fairness for levy payers who pay on time in full, and that there is a coherent incentive to do so rather than enter into an instalment plan, on balance. Tied to the penalty interest rate (if the recommended penalty interest option is used) to ensure it is always lower.	+ Consistent between plan lengths. If the penalty interest rate is set to a formula, that could fluctuate below this set rate. This could act as an incentive for customers to not enter into an agreed instalment plan.
Workability and clarity	0 Requires review and update of regulations to change.	+ Can be updated based on the base rate each year. While base rate could be changed based on factors not applicable to ACC (because it is pinned to a separate rate), the 2.5% for use of money interest ensures there is some adjustment for ACC's purposes.	0 Would require review and update of regulations to change.
Overall assessment	0	+++	++

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Penalty interest

	Option One – Status quo	**Option Two –** Formula	**Option Three –** Flat rate
Fairness	0 If the formula is used for debit interest, those using instalment plans could end up paying higher interest than those who make ad hoc payments.	++ If the formula is used for debit interest, would ensure those using instalment plans would always be paying lower interest than those not paying their levies.	+ Initially will be a fair rate that is higher than debit interest on instalment plans. If the formula is used for debit interest, those using instalment plans may eventually be paying higher interest than those not paying levies again.
Coherence	0 If the formula is used for debit interest, debit interest could end up higher than penalty interest. Incentive then to not pay enter into an instalment plan.	++ If the formula is used for debit interest, penalty interest would be tied to debit interest, ensuring a coherent incentive to pay levies.	+ If the formula is used for debit interest, debit interest may eventually be higher than penalty interest. Incentive then to not pay levies.
Workability and clarity	0 Requires review and update of regulations to change.	+ Can be updated based on the base rate each year.	0 Requires review and update of regulations to change.
Overall assessment	0	+++++	++

Waiver and remittance of debt on instalment plan interest

	Option One – Status quo	**Option Two –** List of circumstances	**Option Three –** General guidelines
Fairness	0 ACC may not waive or remit debt in any circumstances, including where it is reasonable to or if the debt cannot be collected.	++ ACC would be able to waive or remit debt in a specific set of circumstances. All levy payers would be subject to the same rules.	+ ACC would be able to waive or remit debt in some circumstances. Debt waiver and remittance may be applied differently to different levy payers because of high levels of discretion by ACC.
Coherence	0 Approach would apply to all cases.	0 Approach would apply to all cases.	- Approach may differ between cases.
Workability and clarity	0 ACC will be unable to get rid of bad debt, leaving it to remain on its books with no recourse.	++ There will be a clear and exhaustive list of circumstances where ACC can get rid of bad debt. Edge cases may be missed because they fall outside the list.	+ ACC will be able to clear bad debt from its books in some circumstances. The circumstances where ACC can get rid of bad debt may be unclear at times. Edge cases would be easier to catch because of the room for discretion, but that may be unevenly applied.
Overall assessment	0	++++	+

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Credit interest

	Option One – Status quo	**Option Two –** Formula	**Option Three –** Flat rate
Fairness	0 The rate is currently out of date and based on rates that were much lower than they are today. Therefore, levy payers are not seeing the cost of not having access to their money reflected.	++ Reflective of market rates, including their fluctuations. As this is intended to be an interest rate only, parts of the formula may not fully align with the true market rate.	+ The rate would initially be up to date and fairly reflect the cost to levy payers of not having access to their money. Over time, the rate will be out of date, and it will either be too low or too high, making it less fair again.
Coherence	0 The rate is currently out of date, and is out of step with the debit and penalty interest rates if they are updated.	++ The rate would mostly fairly reflect market rates, in line with the proposed updates to the debit and penalty interest rates.	+ The rate would initially fairly reflect market rates, in line with the proposed updates to the debit and penalty interest rates. However, it would become out of date over time.
Workability and clarity	0 Requires review and update of regulations to change.	++ Easily updated each year according to a base rate. Adjustments in the formula to tailor for ACC may not fully align to the market rate, making it more complex.	0 Requires review and update of regulations to change.
Overall assessment	0	++++++	++

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What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

85. The recommended options are intended to work towards the Minister for ACC's objective to ensure that ACC's regulations are fit for purpose. Overall, they would move towards a more up-to-date, future proofed, and coherent system for ACC's interest rates and debt policy.

Debit interest

86. Option Two is the recommended option for setting a debit interest rate for instalment plans. It balances the needs to fairly reflect the costs for ACC, benefits to users of instalment plans, and incentives to pay on time including avoiding instalment plan users having advantages compared to those who pay on time in full.

87. This option also keeps the incentive to pay on time and in full coherent by amending current settings which put those who use an instalment plan at a financial advantage over those who pay in full.

88. This method future-proofs the rate as it allows for efficient updates each year according to the changing base rate without requiring the slower and more intensive process of reviewing and updating regulations. This is preferred as reviewing and updating regulations is unlikely to happen consistently at the needed pace.

Consultation feedback

89. During public consultation, 70 per cent of submitters opposed this proposal. Feedback included that businesses should not be penalised for using an instalment plan, and that interest on payment plans should remain only applicable to instalment plans over six-months long. Some submissions suggested that ACC allow levies to be paid over different periods (e.g. monthly) in line with insurance companies.

90. In one example, LeaderBrand noted that it currently pays its levy invoice in instalments over six months, and that under the proposed rate it would be charged an additional $15,000 per annum. The increased costs were seen as out of touch with businesses who are facing cost pressures.

91. As described above, applying debit interest to all instalment plans, regardless of length, is fairer for all levy payers, and avoids the need for cross-subsidisation by those who pay on time in full. Payment plans support levy payers to pay their levies over time if, for example, they are experiencing cashflow issues. However, they need to be priced to reflect the use of month interest cost to ACC and not unfairly disadvantage the majority who pay their levies in full on time.

92. Some disagreed with the proposed formula and preferred a fixed use of money charge, and considered the base rate based on the Reserve Bank of New Zealand's floating first mortgage new customer housing rate too high.

93. The Recruitment, Consulting & Staffing Association (RCSA) in its submission stated that the Official Cash Rate (OCR) should be used as the base rate of the formula, as it would provide a more stable, transparent and widely accepted benchmark for interest rate calculations.

94. After this feedback, ACC recommended using the OCR as the base rate in the formula, as it is easily understood by businesses. MBIE continues to recommend the floating first mortgage rate as it is less volatile that the Official Cash Rate, and is more

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representative of the real cost of borrowing money. It also, as noted above, aligns with IR's analogous use of money interest rate.

Penalty interest

95. Option Two is the recommended option to set penalty interest for instalment plans.
96. Using a formula linked to the recommended debit interest rate to set penalty interest would ensure that penalty interest remains a strong disincentive to paying levies late. This is fairer for levy payers who pay on time who may otherwise need to cross subsidise the losses.
97. It also ensures that penalty interest is always more than the debit interest on instalment plans, making the incentive to pay on time (in full or with a payment plan) coherent. The updates to both debit and penalty interest are proposed as a package for this reason.
98. This method future-proofs the penalty interest rate as it allows for efficient updates each year according to the changing base rate without requiring the slower and more intensive process of reviewing and updating regulations.

Consultation feedback

99. Submitters supported this proposal during public consultation.
100. The proposal to use the OCR as the base rate of the formula would have applied to this proposal as well (as the base rates are the same in both formulas). However, as noted, MBIE continues to recommend the use of the floating first mortgage rate.

Waiver and remittance of debt

101. The recommended option is Option Two, as introducing a list of circumstances where ACC may waive or remit debt into regulations is the clearest and most workable option because of its prescriptive nature. The flexibility lost in being prescriptive is made up for by the greater fairness in having a consistent approach between cases.
102. The list would require regulatory change to update, but is not expected to need regular updates.

Consultation feedback

103. During public consultation, 63 per cent of submitters agreed with this proposal. Submitters noted that clearly setting out circumstances under which ACC would waive or cancel interest on levies paid in instalments would be beneficial for levy payers.
104. Some submitters were concerned that the categories were too broad or were unsure it would always be appropriate to waiver or remit debt in the given circumstances. MBIE considers that these concerns will be able to be managed with ACC's discretion in implementing the categories.
105. Some also noted concern that there would be more administrative burden for levy payers. This is outweighed by the benefits of providing clarity for ACC and levy payers with debt.

Credit interest

106. Option Two is the recommended option. This would set credit interest in a formula linked to the RBNZ 90-day bank bill yield rate, and the rate would be updated on 1 April each year according to that rate.
107. This is a fair approach based on a market indicator. Setting it via a formula means that the rate would change from year to year, without having to consult with the public and engage in the regulatory process.

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108. Updating credit interest alongside updates to debit and penalty interest is coherent and fair for levy payers, who can expect to be paid fair interest rates if they are expected to pay fair debit and penalty interest rates in return. If the other rates are not updated, then the status quo would be the recommended option for credit interest to keep it aligned with debit and penalty interest.

Consultation feedback

1. The proposal originally consulted on was to link the credit interest rate to the three year government bond rate without further adjustments though a formula. Submitters supported this proposal during public consultation, but noted that the basis was complicated and not something with which public or businesses would be readily familiar.
2. MBIE now recommends the use of a formula linked to the 90 day bank bill yield rate. This is because the bank bill yield rate is a better market indicator of the losses levy payers suffer when they lose the use of their money, and also to bring the proposal into line with those on debit and credit interest by using a formula to adjust the interest rate. The formula, like the other proposals, allows the regulations to ensure the rate has the intended effects instead of being directly pinned to an external rate which may change because of circumstances irrelevant to ACC and its levy payers.
3. ACC recommended the interest rate used as the basis of the formula is updated to the OCR, for the same reasoning as for the debit and penalty interest proposals.
4. The final recommended proposal, because it was developed after consultation, has not been publicly consulted on.

Financial impact

Revenue

5. We have modelled the annual benefit of this change using Financial Year 23/24 invoice and instalment data and the base rate as at August 2024. The benefit has been expressed as a range $3.6 million to $12.9 million annually to acknowledge that some businesses may change their payment behaviour. The lower end of the range is the short-term interest returns if everyone transitions to paying on time and the upper end is the additional instalment interest if every customer currently on a plan remains on one. We expect the result to be somewhere in between. There is also a potential increase in revenue from penalty interest of up to $1.7m annually.

Cost

6. Development costs need to be refined following final policy decisions, but we currently expect the development costs to be between $0.6 to $1M. We aren't anticipating an increase in ongoing costs as a result of the change.

Risks/uncertainty/impacts

7. MBIE does not consider there are significant risks from these proposals.
8. Some of the expected cost impacts anticipate future changes in behaviour from levy payers, and are therefore not certain.

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What are the marginal costs and benefits of the option?

Debit interest on instalment plans

Affected groups	Comment.	Impact	Evidence Certainty.
Additional costs of the preferred option compared to taking no action			
ACC	Initial development costs in setting up new process. Updating the base rate each year.	Low.	Medium.
Levy payers (using payment plans)	Paying more interest, or paying interest for the first time. On a level playing field with those using payment plans.	Medium.	Low.
Levy payers (paying on time and in full)	No extra costs.	None.	Medium.
Total monetised costs	*Costs of paying interest will vary between levy payers.*	*Low (total cost to levy payers equal to total benefit on ACC, but each levy payer affected differently).*	*Medium*
Non-monetised costs	*Being on a level playing field with those paying levies in full will affect different levy payers differently.*	*Low*	*Low*
Additional benefits of the preferred option compared to taking no action			
ACC	Receiving use of money interest for money received later due to instalment plans.	Up to $12.9m annually based on the parameters of the initial modelling and expressed as up to because we expect some behaviour change.	Medium.
Levy payers (using payment plans)	None.	None.	Medium.
Levy payers (paying on time and in full)	No longer cross-subsidising payment plans. On a level playing field with those using payment plans.	Low.	Low.
Total monetised benefits		*$7.2m to $25.8m across two years until*	*Low*

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Affected groups	Comment.	Impact	Evidence Certainty.
		we reach the next consultation when we expect levy rates to offset this increase.	
Non-monetised benefits	*Being on a level playing field with those using instalment plans will affect different levy payers differently.*	*Low*	*Low*

Penalty interest

Affected groups	Comment.	Impact	Evidence Certainty.
Additional costs of the preferred option compared to taking no action			
ACC	Updating the base rate each year.	Low.	Medium.
Levy payers (paying late)	Paying more interest on late levies. More disincentive to pay late or not pay.	High.	Low.
Levy payers (paying on time)	No extra costs.	None.	Medium.
Total monetised costs	*Costs of paying interest will vary between levy payers.*	*Medium.*	*Low*
Non-monetised costs	*Being on a level playing field with those paying on time will affect different levy payers differently.*	*Medium.*	*Low*
Additional benefits of the preferred option compared to taking no action			
ACC	Receiving more interest for late levies.	Up to $1.7m modelled on 22/23 data at proposed rate as per parameters above.	Medium.
Levy payers (paying late)	None.	None.	Medium.
Levy payers (paying on time)	Less cross-subsidisation of late and non-payers. Fairer playing field with those not paying levies, or who would not have if the penalty was lower.	Low.	Medium.

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Affected groups	**Comment**.	**Impact**	**Evidence Certainty**.
Total monetised benefits		*Up to $1.7m annually*	*Low.*
Non-monetised benefits	*Being on a level playing field with those not paying levies will affect different levy payers differently.*	*Low.*	*Low.*

Waiver and remittance of debt

Affected groups	**Comment**.	**Impact**	**Evidence Certainty**.
Additional costs of the preferred option compared to taking no action			
ACC	Bad debt is unable to be collected regardless of whether it is waived, remitted or not. Some operational cost in processing and removing bad debt.	Low.	Medium.
Levy payers (with bad debt)	Engagement with ACC to remove bad debt may be required.	Low.	Low.
Total monetised costs	*Bad debt unable to be collected regardless of proposal.* *Operational and engagement costs are likely to vary between cases.*	*Low.*	*Low.*
Non-monetised costs	*Operational and engagement costs are likely to vary between cases.*	*Low.*	*Low.*
Additional benefits of the preferred option compared to taking no action			
ACC	Able to remove bad debt from its books.	Low.	Medium.
Levy payers (with bad debt)	Able to have their debt waived or remitted.	High.	Low.
Total monetised benefits	*Bad debt unable to be collected regardless of proposal.*	*None.*	*Medium.*

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Affected groups	Comment.	Impact	Evidence Certainty.
Non-monetised benefits	*Bad debt will affect different levy payers differently.*	*Medium.*	*Low.*

Credit interest

Affected groups	Comment.	Impact	Evidence Certainty.
Additional costs of the preferred option compared to taking no action			
ACC	Paying an increased credit interest rate.	Estimated up to $93,000 annually.	Medium.
Levy payers (with overpaid levies)	None.	None.	Low.
Levy payers (no overpaid levies)	Fairer for those who have overpaid levies, reducing advantage for not doing so.	Low.	
Total monetised costs	*Low.*	*Estimated up to $93,000 annually*	*Medium.*
Non-monetised costs	*The change is unlikely to affect ACC's operational practice.* *Being on a level playing field will affect different levy payers differently.*	*Low.*	*Low.*
Additional benefits of the preferred option compared to taking no action			
ACC	None.	None.	
Levy payers (with overpaid levies)	Receiving a fairer credit interest rate for overpaid levies. Fairer for those who have overpaid levies, reducing disadvantage.	Medium.	Low.
Levy payers (no overpaid levies)	None.	None.	Medium.
Total monetised benefits	*Increased credit interest will affect different levy payers differently.*	*Medium.*	*Low.*
Non-monetised benefits	*Being on a level playing field will affect different levy payers differently.*	*Unknown, likely medium.*	*Low.*

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Section 3: Delivering an option

How will the new arrangements be implemented?

9. ACC would be the agency responsible for operationalising the proposal. It would be able to inform businesses entering into new instalment plan arrangements, or who become subject to penalty or credit interest or are party to bad debt, of the terms that apply to those levy payers.
10. The proposals are intended to come into force on 1 April 2026. This is to allow ACC time to make necessary system changes.
11. The proposals would not apply retrospectively. Levy payers who are already paying their levies through an instalment plan that began before the regulations come into force would pay the current rates until the end of the plan. As instalment plans are a maximum of 10-months long beginning after the invoice is received in April, this is not expected to affect any levy payers. The next time the business enters an instalment plan, they would use the new rates.
12. Penalty and credit interest rates would begin to be applied to outstanding balances from the date the proposals are in force.

How will the new arrangements be monitored, evaluated, and reviewed?

13. All of the proposed changes except the circumstances for waiving or remitting debt are proposed to be updated every year on 1 April. This will allow the rates to stay up to date and not fall as out of alignment with market conditions as they currently do.
14. This review process will also provide opportunity to review whether the rates are performing as expected or need further updates to the underlying formulas.
15. The existing monitoring of ACC's performance by the Treasury, and stewardship of the legislation and regulatory scheme by MBIE, will also ensure the proposals' implementations are monitored and reviewed further if required.
16. If the interest rates stay coherent and reasonably representative of market values, and if the circumstances allowing for waiver or remittance of debt are able to be applied to circumstances where it is reasonable (and not stretched to circumstances where it is not strictly required), then the regulations would remain fit for purpose.

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Appendix one: Proposed table of circumstances where ACC can waive or remit debt

Category	Description
Aged debt	All debts that are time-barred by statute.
Insolvent debt	All debts that fall under legal insolvency.
Ceased trading debt	All debts with entities that are no longer trading and have no funds or assets.
Deceased debt	All debts issued to deceased estates.
GNA (Gone No Address) debt	All debts that have not had an address or means of contact for four years or more.
Hardship debt	All debts unpaid due to financial or medical hardship.
Unreleased Invoices	All debts with invoices that have been withheld or not sent out for more than four years.
Administrative error	All debt created due to administrative error.
Review decision	All debt where ACC's review process has changed a previous decision that ACC has made.

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