



COVERSHEET

Minister	Hon Scott Simpson	Portfolio	ACC
Title of Cabinet paper	Updates to Accident Compensation Regulatory Settings	Date to be published	3 July 2025

List of documents that have been proactively released

Date	Title	Author
June 2025	<i>Updates to Accident Compensation Regulatory Settings</i>	<i>Office of the Minister for ACC</i>
4 June 2025	<i>SOU-25-MIN-0065 Minute</i>	<i>Cabinet Office</i>
28 May 2025	<i>Regulatory Impact Statement: Updates to Hearing Assessment Regulations</i>	<i>MBIE</i>

Information redacted

YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Regulatory Impact Statement: Updates to Hearing Assessment Regulations

Decision sought	<i>Analysis produced for the purpose of informing final Cabinet decisions</i>
Agency responsible	<i>Ministry of Business, Innovation and Employment (MBIE), with input from the Accident Compensation Corporation (ACC) as the operational agency</i>
Proposing Ministers	<i>Minister for ACC</i>
Date finalised	<i>28 May 2025</i>

The Minister for ACC is proposing to update the age scale used in hearing assessments to align with current international standards for hearing loss profiles against given age brackets.

This can be implemented by updating the *Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999* from using the data in ISO 7029:1984 to ISO 7029:2017.

Summary: Problem definition and options

What is the policy problem?

When individuals suffer from hearing loss, they may be eligible to receive ACC cover if they can prove there is a link between the hearing loss and their work. However, it is common for other factors, including ageing, to contribute to the hearing loss which are not covered by ACC.

To determine the rate of hearing loss which can be attributed to work-related factors, ACC relies on an age scale which measures the percentage of hearing loss assumed to be caused by age, based on the claimants' age and gender. The relevant amount is then deducted from the claimants' total hearing loss where the remainder can be assumed to have been caused by factors other than ageing.

This age scale is supposed to provide ACC with a workable tool for assessing hearing loss claims. However, the age scale currently used in the *Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999* (the Hearing Assessment Regulations) is based on out-of-date evidence, meaning that this tool is not currently fit for purpose.

The age scale currently uses the international hearing threshold standard from 1984 (ISO 7029:1984). A new standard was introduced in 2017 (ISO 7029:2017), which amended the amount of hearing loss expected across different age and gender categories.

Regulatory change is now required to update this age scale to provide ACC with a fit for purpose tool which ensures the right claimants are eligible for this type of cover.

What is the policy objective?

- **Entitlements are targeted at work-related hearing loss:** employers should not be responsible for contributing towards the cost of treatment for hearing loss caused by non-work related factors.
- **The Hearing Assessment Regulations are based on up to date evidence:** as an evidence-based element of the AC Scheme, the Hearing Assessment Regulations should reflect current research and align with modern international standards.
- **There are consistent outcomes for claimants:** the Hearing Assessment Regulations should provide a fit for purpose tool to consistently assess claims against, and ensure that each claimant would receive the same outcome regardless of the audiologist they were assessed by.
- **Ease of implementation:** the Hearing Assessment Regulations are understandable and simple to operationalise for ACC and health providers.

What policy options have been considered, including any alternatives to regulation?

The status quo sees the hearing loss standard used in the Hearing Assessment Regulations not updated, meaning hearing loss assessments continue to be based on ISO 7029:1984.

The other option considered would see the new hearing loss standard used in the Hearing Assessment Regulations, reflecting up to date epidemiological evidence (this is MBIE and the Minister's preferred option).

As this standard is contained in Accident Compensation Regulations, non-regulatory options were not considered. Additionally, introducing a 'best of test' using a mix of the old and current standard was not considered as it would be operationally inefficient for ACC, treatment providers, and would create undue burden on those paying the ACC Work Levy.

What consultation has been undertaken?

MBIE undertook full public consultation on the proposed updates between 17 August to 14 September 2022. This consultation received four submissions with mixed feedback on updating the age scale.

New Zealand Audiological Society and Audio Access supported the proposal; the New Zealand Law Society proposed that the hearing loss standard be updated for men, but not for women; and Hearing New Zealand opposed the proposal.

The key concern arising from this consultation was the potential for the updated age scale to not address, or worsen, equity issues around access to the AC Scheme, particularly for women. This concern was likely because women aged over 65 may become less eligible for cover using the updates age scale than are under the status quo. The potential for this update effecting women's access to the AC Scheme is considered a low risk as over 80% of work-related hearing loss claims (both accepted and declined) are made by men.

Is the preferred option in the Cabinet paper the same as preferred option in the RIS?

Yes, the preferred option in the Cabinet paper is the same as the preferred option in this RIS.

Summary: Minister's preferred option in the Cabinet paper

Costs (Core information)

Outline the key monetised and non-monetised costs, where those costs fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

ACC's actuarial team have estimated a \$13m increase to the 'incurred but not yet reported' funding provision in the next financial year. This will have a negligible impact on the ACC Work Levy (<\$0.01 per every \$100 of liable earnings).

As the preferred option will direct some people away from the AC Scheme and towards the welfare system, there will be a minor cost impact on Disability Support Services funding. Based on analysis that the Ministry of Social Development has undertaken, using ACC data, it is estimated that the overall financial impact on Disability Support Services will be minor, and will be below \$100,000 annually. There may be a related minimal increase in recoverable assistance payments made by the Ministry of Social Development to those who are not already covered by other assistance.

Benefits (Core information)

Outline the key monetised and non-monetised benefits, where those benefits fall (e.g. what people or organisations, or environments), and the nature of those impacts (e.g. direct or indirect)

AC Scheme entitlements will be better targeted to those suffering from work-related hearing loss. This is because the age scale used in the Hearing Assessment Regulations will more accurately reflect the hearing loss profiles of the population, allowing treatment providers to better determine what portion of the claimants' hearing loss is from work-related factors (opposed to other factors such as ageing).

Additionally, claims decisions will be fairer and using the updated age scale will increase certainty that ACC is not under-compensating those who are entitled to higher contribution rates, or over-compensating those less eligible for ACC support.

There are minor, but ongoing benefits to levy payers, specifically employers or the self-employed who pay ACC's Work Levy as the amount they pay in levies will contribute towards the cost of treatment for claimants who are eligible for AC Scheme support.

Balance of benefits and costs (Core information)

Does the RIS indicate that the benefits of the Minister's preferred option are likely to outweigh the costs?

The cost benefit analysis provided in this RIS indicates that the benefits can outweigh the costs of this change. This is due to the updates providing an ongoing benefit to levy payers (specifically employers or the self-employed who pay the Work Levy), and majority of ACC claimants suffering with work-related hearing loss.

Implementation

How will the proposal be implemented, who will implement it, and what are the risks?

ACC will be responsible for the ongoing operationalisation of the new arrangements and has already started planning for this implementation. ACC will be responsible for notifying providers of the updates age scale to be applied in hearing loss assessments. As this is a

small operational change, it will be simple to implement effectively and efficiently and we do not anticipate any implementation risks.

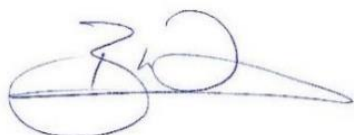
The updates are planned to come into effect as soon as practicable following the publication of the new regulations via notice in the New Zealand Gazette. This is anticipated to be published in September 2025 (depending on both final Cabinet approval and the availability of the Parliamentary Counsel Office to draft the updated Regulations).

Limitations and Constraints on Analysis

There are minimal limitations on the analysis provided in this RIS. We do note that the consultation undertaken on the proposed changes occurred in 2022 (almost three years ago) and ran for one month (a shorter period than is now recommended by the Ministry for Regulation). There is a risk that, in this time, new points may have arisen on the proposed changes. However, we have inferred that this is unlikely due to the lack of stakeholder concerns being raised with MBIE and ACC, and that there has been minimal ministerial correspondence on these Regulations since this consultation was completed.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.

Responsible Manager(s) signature:



Bridget Duley
Manager, Accident Compensation Policy
28/05/2025

Quality Assurance Statement

Reviewing Agency: MBIE

QA rating: Meets

Panel Comment:

A quality assurance panel from MBIE has reviewed the Regulatory Impact Statement (RIS) on updates to the Hearing Assessment Procedures Regulations.

The panel consider that the information and impact analysis summarised in the RIS meets the Quality Assurance criteria and should provide Ministers and the public with the information they need to scrutinise this decision.

Section 1: Diagnosing the policy problem

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

Accident Compensation Scheme cover for occupational hearing loss

1. The Accident Compensation Scheme (the AC Scheme) provides cover for personal injury caused by a work-related gradual process, disease, or infection (collectively known as occupational diseases). This is provided for under section 30 of the *Accident Compensation Act 2001* (the AC Act). Such cover includes occupational hearing loss where the claimant is determined to have five percent¹ (or more) of their hearing loss attributed to work-related factors.
2. AC Scheme cover is not available for hearing loss from other causes, such as ageing. This reflects the AC Scheme's mandate to cover and provide entitlements for injury rather than illness. The principle behind occupational disease cover is to acknowledge that not all injuries take immediate effect, some worker activities have a higher risk than others, and that workers may have little control over their work tasks or environments.
3. Cover for occupational hearing loss is regulated by the *Accident Insurance (Occupational Hearing Assessment Procedures) Regulations 1999* (the Hearing Assessment Regulations), which are specific to noise-induced hearing loss caused by work-related factors.

Funding arrangements (and funding) for occupational hearing loss claims

4. ACC support for occupational hearing loss is paid for out of ACC's Work Account. This Account is funded by the Work Levy which is paid for by businesses or self-employed people. Claims are paid out of the Work Account to reflect that employers are not responsible for covering the costs of non-work related injuries.
5. AC Scheme cover for each ear begins at \$480.40 (for the 0.1 to 29.9% band) and is capped at \$1,601.67 (for the 60 to 100% band). ACC will also contribute to the costs of the actual hearing assessment, fitting, device consultations, and repairs.
6. For those not eligible for ACC cover, the non-departmental appropriation for Disability Support Services (DSS) funding is available to support those who require hearing aids. The DSS Hearing Aid Subsidy Scheme provides \$511.11 (GST incl.) per hearing aid to support adults with permanent hearing loss. This scheme, however, does not cover any additional costs such as hearing assessments or hearing aid fitting services (which ACC does contribute to).

Purpose of the Hearing Assessment Regulations

7. The Hearing Assessment Regulations are intended to ensure that hearing loss assessments for claimants are consistent across providers. This has the benefit of ensuring that the right claimants are receiving the right cover and entitlements, and that those paying ACC's Work Levy are only contributing to the costs of illness incurred by work-related factors.

¹ This is set at five percent as epidemiological evidence shows that hearing aids do not have any benefit until a person has five-to-six percent hearing loss. Those with lower than five percent hearing loss, even if from eligible causes, are not eligible for AC Scheme support.

8. When an individual with hearing loss makes a claim to ACC, it is likely that the cause of their hearing loss will be a mix of age-related and work-related factors.² As such, ACC must determine what amount of hearing loss is attributable to that persons work.

The age scale

9. To assist with this determination, ACC utilises an age scale.³ This is meant to provide ACC with a workable tool for assessing hearing loss claims. The age scale contains the percentage of hearing loss assumed to be caused by age as determined by the International Organisation for Standardisation (ISO). The age scale is currently based on the 1984 standard '*Threshold of hearing by air conduction as a function of age and sex for otologically normal persons*' (ISO 7029:1984).

Hearing assessment and cover eligibility procedures

10. When determining eligibility for cover and entitlements, ACC will receive the claimant's audiometric test results,⁴ this provides the total percentage of the claimants hearing loss. ACC then compares the total amount of hearing loss against the age scale to determine how much of the hearing loss is attributable age-related factors, after considering the claimant's family history, health history, and recreational noise history,⁵ the remaining hearing loss can be attributed to work-related factors.

What is the policy problem or opportunity?

The age scale is based on an outdated international standard

11. The current age scale used in the Hearing Assessment Regulations is now out of date and no longer aligns with the international standard for hearing loss across different age brackets for men and women.
12. Recent studies have been critical on the validity of the hearing loss thresholds provided in ISO 7029:1984 as the data is mainly based on studies from the 1950s, 60s, and 70s. This means there is a possibility that the data may be inaccurate due to outdated selection criteria and calibration procedures. A study from Monash University⁶ also suggested that ISO 7029:1984 may include an underestimation of hearing thresholds for otologically normal women.⁷
13. The current standard, ISO 7029:2017, uses more recent research and data with more robust selection criteria. ISO 7029:2017 also better reflects the hearing profiles of the general population, including the amount of hearing loss which is attributable to ageing. Table One below provides an example of the difference in hearing profiles related to age between the two standards:

² This is because gradual process hearing loss injuries tend to manifest in those who are already retired or are in their later years of employment; therefore, the normal ageing process must be taken into account.

³ Contained in Schedule 2 of the Hearing Assessment Regulations.

⁴ ACC requires this to be conducted by an audiologist.

⁵ More information can be found in ACC's *Hearing Loss Questionnaire*:
<https://www.acc.co.nz/assets/provider/acc724-hearing-loss-questionnaire.pdf>

⁶ Noise induced hearing loss (NIHL) assessment for workers' compensation, Monash University Centre for Occupational and Environmental Health, 2010, Research Brief No. 0810-004-R6B.

⁷ Otologically normal refers to people who are free from all signs and symptoms of ear disease and from obstructing wax in the ear canals, and who has no history of undue noise exposure.

Table One: example of hearing profile differences between the two standards

Age	Male % (1984 standard)	Male % (2017 standard)	Female % (1984 standard)	Female % (2017 standard)
65	2.4	1.2	-	0.0
66	2.9	1.5	-	0.1
67	3.3	1.8	-	0.7
68	3.8	2.6	0.0	0.9
69	4.4	3.1	0.2	1.1
70	4.9	3.6	0.4	1.7

The current regulations are leading to unfair claims decisions

14. The difference between ISO 7029:1984 and ISO 7029:2017 means that decisions for hearing loss claims are likely currently unfair. By using the 1984 standard, ACC will be providing cover and entitlements to claimants who are not technically eligible to receive it. Alternatively, some claimants may be missing out on cover when modern evidence would suggest that they are entitled to it.
15. This is not only unfair to claimants who may be missing out on cover, but also to businesses and self-employed people paying ACC's Work Levy as they may be funding entitlements for claimants who do not have the correct eligibility for cover.
16. Some claimants may also be receiving the incorrect contribution from ACC towards treatment for their hearing loss. Table Two below shows the three bands which set the maximum reimbursable rates ACC is liable to pay to a claimant suffering hearing loss:

Table Two: maximum reimbursable rates for hearing loss treatments

Covered hearing loss as % of total hearing loss	Cost ACC is liable to pay
0.1 – 29.9%	\$480.40
30.0 – 59.9%	\$960.79
60.0 – 100%	\$1,601.67

17. By using the outdated age scale, ACC may be assigning the wrong proportion of covered hearing loss to claimants and paying them less than what they are really eligible for. This may affect the type of hearing aid they can receive under the AC Scheme.

What objectives are sought in relation to the policy problem?

18. **Entitlements are targeted at work-related hearing loss:** employers should not be responsible for contributing towards the cost of treatment for hearing loss caused by non-work related factors.
19. **The Hearing Assessment Regulations are based on up to date evidence:** as an evidence-based element of the AC Scheme, the Hearing Assessment Regulations should reflect current research and align with modern international standards.
20. **There are consistent outcomes for claimants:** the Hearing Assessment Regulations should provide a fit for purpose tool to consistently assess claims against, and ensure that each claimant would receive the same outcome regardless of the audiologist they were assessed by.
21. **Ease of implementation:** the Hearing Assessment Regulations are understandable and simple to operationalise for ACC and health providers.

What consultation has been undertaken?

22. MBIE undertook a public consultation on the proposed change between 17 August to 14 September 2022. This consultation received four submissions with mixed feedback on updating the age scale.
23. The four submitters included a business (Audio Access), two hearing loss advocate groups (Hearing New Zealand and the New Zealand Audiological Society), and the New Zealand Law Society (NZLS).
24. Two submitters supported the proposal (the New Zealand Audiological Society and Audio Access), one said that the age scale should be updated for men but not for women (NZLS) and one submitter simply opposed the proposals (Hearing New Zealand).
25. The submissions showed concern that the update would not address, or would worsen, equity issues around access to the AC Scheme, particularly for women and Māori. This concern was likely because women over 65 and men aged 78 and over may be less eligible for cover under the AC Scheme than they would if the age scale were not updated.
26. As a result of this, the NZLS suggested that the updated age scale be adopted for male claimants while the current age scale continued to be used for female claimants. This suggestion has not been considered as part of the options in this paper, as introducing a 'best-of test' would incur undue administrative burden on ACC while resulting in unequal outcomes for different claimants.
27. Based on this feedback, there may be some dissatisfaction from the public in relation to the potential loss of eligibility for women. However, this impact is likely to be limited as over 80% of work-related hearing loss claims (both accepted and declined) are made by men.

Section 2: Assessing options to address the policy problem

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

28. **Fairness for claimants:** ensuring that entitlements being paid out under the AC Scheme are in line with the AC Scheme's purpose of providing fair compensation to eligible claimants. In this case, fairness is where outcomes are based on up to date scientific evidence regarding what amount of hearing loss is attributable to personal injury and, therefore, eligible for cover.
29. **Fairness for levy payers:** ensuring that ACC is covering hearing loss claims based on work-related factors, not just from the ageing process means that employers and employees will only be contributing to the costs of injuries incurred by work, not other factors.
30. **Consistent claims outcomes:** minimising discretion in the AC Scheme meaning decisions are based on objective evidence enabling consistent outcomes between claimants and practitioners.
31. **Ease of implementation:** how easy is each proposals for ACC and health practitioners to implement?

What scope will options be considered within?

32. These policy proposals focus on updating the Hearing Assessment Regulations to ensure they reflect the latest evidence for work-related hearing loss claims. These proposals are not intended to substantially change the scope of practice for treatment providers outside of ensuring that the standards they base outcomes on are up to date.
33. Wider questions around which types of hearing loss should be covered under the AC Scheme, the threshold for cover,⁸ or any other aspects of hearing loss cover are not considered as part of this proposal.
34. The introduction of a best-of test for applying the age scale⁹ has not been included in the scope of options development. This would be inconsistent with other elements of the AC Scheme and would incur undue administrative burden on ACC and treatment providers. A best-of test would require treatment providers to utilise two different age scales (where one would be using out-of-date science) and would also require the treatment providers to know which age scale to apply to each claimant. This would introduce non-essential discretion into the claims decision process which could result in unfair claims decisions and risk of increased claims decisions being taken to review.
35. More extensive changes would require more substantial policy analysis and further costings. Such changes could have significant impacts on ACC's levied and government appropriated accounts, as well as on the Outstanding Claims Liability.

⁸ The threshold for cover was most recently updated in October 2022 as part of *the Accident Compensation (Maternal Birth Injury and Other Matters) Amendment Act 2022*.

⁹ Whereby the current age scale would be used for women and the new age scale used for men to provide the most favourable claims outcome.

What options are being considered?

Option One – Status Quo

- 36. The age scale will not be updated and will continue to be based on ISO 7029:1984. This would see the outcomes for claimants with hearing loss being assessed against a standard that no longer aligns with modern epidemiological evidence.
- 37. Cover decisions will continue to be based on out of date evidence. This means that entitlements granted under the AC Scheme will not be fair as the evidence used in hearing loss claim decisions is not representative of the hearing profile of the populations it is being used to decide outcomes for.
- 38. Some women, and men aged 78 and over, are potentially receiving cover and entitlements that they are not eligible for; while men aged under 78 may be missing out on cover that they should be entitled to (when considering the modern epidemiological evidence).
- 39. Levy payers, particularly businesses, will continue to fund the cost of treatment for hearing loss which may not be related to work-related factors. This is not a fair allocation of the Work Levy.

Option Two – Update the age scale to align with current international standards

- 40. The age scale is updated and will be based on ISO 7029:2017. This will allow claimants with hearing loss to be assessed against modern epidemiological evidence.

Impact on claimants

- 41. As the 2017 standard uses more recent research, the values would more precisely reflect the expected ageing profile of the general population. For men this will be lower before the age of 78 and for women this would mean the expected impacts of ageing are greater for all ages accounted for in the scale (65 and above). Consequently, male claimants under 78 will find it easier to receive cover, while female claimants and male claimants aged 78 and over may find it more difficult to receive cover. The change in cover eligibility will likely only affect a small number of claimants.
- 42. ACC's actuarial team assessed claims made from 2010-onwards to determine whether they would have been accepted or declined using the new age scale. From this, they found that ACC would have only accepted 1.6% less claims than under the current age scale. Therefore, we consider the impact on women and seniors to be minimal.
- 43. This option will increase fairness for levy payers, particularly businesses, as it will better enable claims for hearing loss caused by work-related factors to be covered, which is a better reflection of the purpose of the Work Levy.

Impact on treatment providers

- 44. The age scale used by specialists conducting hearing tests for work-related hearing loss would change under this proposal. Ensuring that specialists use this new scale will involve communication from ACC to those specialists to advise them of the new numbers. This is expected to be straightforward to implement.

45. For specialists conducting the hearing tests, the updated table will be the same tool that they are currently using, only with different values applied. It is therefore expected to be a very minor change to the practice of those specialists.

Impact on ACC

46. As the maximum amount payable for hearing aids increases with the severity of the claimants hearing loss, implementing the new age scale will mean that the overall average severity of accepted claims will increase. This will result in an increase in the estimated cost per claim for ACC.
47. ACC's actuarial team have projected that this change would raise the amount set aside for the claims *incurred but not yet reported* (IBNR)¹⁰ provision by approximately \$13m in the next financial year.

Impact on the welfare system

48. This option would redirect some ACC claimants towards the welfare system to receive hearing loss support through DSS.
49. We have consulted with MSD¹¹ and they anticipate that allocations of Hearing Aid Subsidies under DSS funding will increase if this change is implemented. Using ACC data, DSS estimates that the overall financial impact on Hearing Aid Subsidies will be minor, and will be below \$100,000 annually. There may be a related minimal increase in recoverable assistance payments made by MSD to those who are not already covered by other assistance.

¹⁰ The IBNR is a liability held by ACC to highlight the potential payments related to persons who may have suffered exposure to conditions of harm but have not yet made a claim to ACC.

¹¹ As they are the Ministry which houses DSS.

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

	Option One – Status Quo	Option Two – Update the age scale to align with current international standards
Fairness for claimants	<p>0</p> <p>The age scale in the Hearing Assessment Regulations would continue to be based on out of date evidence with the standard in use becoming even more outdated over time.</p> <p>Some claimants will continue to miss out on cover and entitlements that they are eligible for. Alternatively, some claimants will be receiving cover and entitlements that they are not eligible for, according to evidence on hearing loss thresholds.</p>	<p>+</p> <p>The age scale would be updated to reflect the most up to date scientific evidence. Claimants will receive access to the cover and entitlements they are eligible for, according to evidence on hearing loss thresholds.</p> <p>Some claimants who would receive cover under the status quo may no longer be eligible for entitlements using the up to date evidence. Alternatively, some claimants will receive entitlements that they are eligible for and are currently not receiving.</p>
Fairness for levy payers	<p>0</p> <p>As the scientific data being relied on is increasingly outdated, it is increasingly likely that employers and businesses will be contributing to the costs of non-work-related hearing loss.</p>	<p>+</p> <p>The latest scientific evidence would be used to assess the amount of hearing loss attributed to ageing for a given claimant. This increases certainty that employers and businesses will only be contributing to the costs of work-related hearing loss.</p>
Consistent entitlement claim outcomes	<p>0</p> <p>The use of an age scale means claimants of a given age and gender will always have the same amount of hearing loss attributed to ageing.</p>	<p>0</p> <p>The use of an age scale means claimants of a given age and gender will always have the same amount of hearing loss attributed to ageing.</p>
Ease of implementation	<p>0</p> <p>No operational changes required.</p>	<p>0</p> <p>Guidance will need to be rewritten, and communications made to providers. There will be a small administrative burden placed on ACC and providers to implement this.</p>
Overall assessment	<p>0</p>	<p>++</p>

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

- 50. MBIE considers that Option Two will best address the policy problem and meet the policy objectives.
- 51. Option Two ensures that cover decisions will be made based on up to date scientific evidence, ensuring the purpose of this being an evidence-based element of the AC Scheme is met. This also increases certainty that entitlements paid under the AC Scheme are targeted at work-related hearing loss and that businesses and self-employed people are not contributing to the cost of treatment for injuries which are unrelated to work.
- 52. Implementing Option Two will also ensure there are consistent claims outcomes for claimants and that claimants suffering from work-related hearing loss are receiving the correct amount of compensation from ACC.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

- 53. Yes, the Minister's proposed changes in the Cabinet paper align with MBIE's preferred option.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups	Comment	Impact	Evidence Certainty
Additional costs of the preferred option compared to taking no action			
ACC	Likely to change the amount of compensation provided by ACC for work-related hearing loss claims with the average cost of an accepted claim expected to rise.	ACC's actuarial team have estimated a \$13m increase to the 'incurred but not yet reported' funding provision in the next financial year.	High. This impact has been assessed against existing ACC claims data with the expectation that claim volume will remain similar with steady claim growth.
Levy payers	This will have a negligible impact on levy payers' contribution to the ACC Work Account.	Negligible impact on the ACC Work Levy. <\$0.01 per every \$100 of liable earnings.	High. Determined by ACC's actuarial team.
Claimants	Some claimants will no longer be eligible to receive treatment for hearing loss under the AC Scheme.	Low impact on claimants as a whole. Claimants who will no longer receive AC Scheme cover under the update age scale will be redirected to the health and welfare system.	Medium.
Wider health and welfare system	Some claimants who will no longer be eligible for AC Scheme cover will be redirected to the health and welfare system to receive appliances and/or treatment for their hearing loss.	The overall financial impact on Hearing Aid Subsidies will be minor. Estimated to be below \$100,000 annually.	Medium.
Total monetised costs		\$13m increase to the IBNR funding provision. Negligible increase to the Work Account.	

		<\$0.01 per every \$100 in liable earnings. <\$100,000 increase to DSS funding.	
Non-monetised costs		<i>Low – medium.</i>	<i>Medium – high.</i>
Additional benefits of the preferred option compared to taking no action			
ACC	Entitlements to be better targeted to those suffering from work-related hearing loss.	Low – medium. The Hearing Assessment Regulations will reflect up-to-date evidence and align with the current international standard. This reaffirms their purpose as an evidence-based element of the AC Scheme.	Medium.
Levy payers	Minor, but ongoing benefit for levy payers.	Increase in fairness as levy payers will be contributing towards the cost of treatment for eligible claimants.	Medium.
Claimants	Some claimants will now be eligible to receive treatment for hearing loss under the AC Scheme.	Low impact on claimants as a whole. Claimants who will now be eligible for cover under the AC Scheme will redirected away from the health and welfare system.	Medium.
Wider health and welfare system	Some claimants who will now be eligible for AC Scheme cover will be redirected away from the health and welfare system.	Low. Unlikely to be a significant amount of movement between systems.	Medium.
Total monetised benefits		Low – medium.	Medium.
Non-monetised benefits		<i>Low.</i>	

54. The expected overall financial impact of the change is the \$13m increase to ACC's incurred but not yet reported funding provision.

55. One of the key assumptions of this data is that claims made in future will be similar to those in previous years. It is possible that claims behaviour and/or subsequent entitlements paid out will change significantly if people who previously would not have been eligible test in

large numbers. This may happen due to normal variation in claims between years. Therefore, the data is to be used as a guide rather than a certain prediction.

Section 3: Delivering an option

How will the proposal be implemented?

- 56. Implementation of the preferred option will require amendments to the Hearing Assessment Regulations through an Order in Council process. MBIE, as the agency responsible for administering the AC Act, will manage this process.
- 57. ACC will carry out the operational implementation and have already started planning for this. The main change for the Hearing Assessment Regulations is to the calculators which use the age scale. These are used by internal cover assessors, audiology providers, and audiologists.
- 58. These calculators are updated by the New Zealand Audiological Society, and ACC are comfortable that this work can be done for a September implementation date.
- 59. Alongside this, ACC have appointed a communications lead who will support all necessary internal and external communications needed for these updates.
- 60. Once treatment providers have been advised of the change in assessment criteria, they will use the updated age scale going forward. MBIE does not consider that there are significant risks for the implementation of the proposal.

How will the proposal be monitored, evaluated, and reviewed?

- 61. ACC will perform an internal check to ensure that the audiometric report is completed correctly. ACC will also check the National Acoustics Laboratories calculation against the ACC Audiometric Report for Hearing Loss to confirm correct total loss and that all frequencies are provided.
- 62. As the intent of this proposal is to update the Hearing Assessment Regulations to reflect current evidence, the outcomes are predictable and will not requiring extensive monitoring or review.
- 63. Both ACC and MBIE will consider any future changes to international hearing loss standards, or other developments in age-related hearing loss evidence, as they arise to ensure the Hearing Assessment Regulations remain up to date.