



Coversheet

Minister	Hon Scott Simpson	Portfolio	Accident Compensation Policy
Cabinet paper	Accident Compensation Motor Vehicle, Work Account, and Interest Rate levies Amendment Regulations 2026	Date to be published	8 April 2026

List of documents that have been proactively released

Date	Title	Author
March 2026	Accident Compensation Motor Vehicle, Work Account, and Interest Rate levies Amendment Regulations 2026	Office of the Minister for Accident Compensation Policy
16 March 2026	Accident Compensation Motor Vehicle, Work Account, and Interest Rate levies Amendment Regulations 2026 LEG-26-MIN-0024 Minute	Cabinet Office

Information redacted

YES / NO [select one]

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Some information has been redacted for the reasons of confidential advice to government and legal professional privilege.

In Confidence

Office of the Minister for ACC
Chair, Cabinet Legislation Committee

Accident Compensation Motor Vehicle, Work Account, and Interest Rate levies Amendment Regulations 2026

Proposal

- 1 I propose that the Cabinet Legislation Committee authorise the submission of the following regulations to the Executive Council:
 - 1.1 Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026
 - 1.2 Accident Compensation (Work Account Levies) Amendment Regulations 2026
 - 1.3 Accident Compensation (Interest Rates for Payment of Levies) Amendment Regulations 2026

Executive Summary

- 2 This paper seeks the Cabinet Legislation Committee's agreement to submit three sets of regulations to the Executive Council: Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026, Accident Compensation (Work Account Levies) Amendment Regulations 2026, and Accident Compensation (Interest Rates for Payment of Levies) Amendment Regulations 2026.
- 3 These regulations give effect to decisions made by Cabinet in November 2024 [CBC-24-MIN-0118 refers] following public consultation on levy settings and related policy changes. The amendments will:
 - 3.1 introduce formula-based interest rates for instalment plans, penalty interest and credit interest from 1 April 2026, ensuring rates reflect economic conditions and incentivise timely payment; and
 - 3.2 introduce a 25% discount on motorcycle levies for riders who complete a 'Ride Forever Gold' motorcycle safety course from 1 July 2026, promoting safer riding and reducing Accident Compensation Corporation (ACC) claims costs.
- 4 Cabinet agreed to implementing a levy discount for motorcyclists who have completed an 'advanced rider training course' as approved by ACC. Using the Cabinet authorisation for me to make minor and technical decisions, I have decided to simply name 'Ride Forever Gold' as the only motorcycle safety course which makes riders eligible for a discount.

- 5 Currently, most motorcycle trainers offer the Ride Forever Gold course. If, in the future, other courses can prove the same outcomes as Ride Forever, naming them in the regulations can be explored via future levy rounds.
- 6 Cabinet also agreed to 'introduce new regulations to clarify the circumstances under which ACC may waive or cancel interest on instalment plans' (the Waive/Remit regulations). Confidential advice to Government

Policy

- 7 Every three years, ACC consults on the levy rates for the Work Account, Earners' Account and Motor Vehicle Account. Setting levy rates involves trading off a range of competing factors, including fully funding the Accounts, levy stability, intergenerational equity, collecting the minimum amount necessary, and the public interest. The Funding Policy Statement, which outlines expectations for the funding of ACC's Levied Accounts sets out principles of financial responsibility and includes a cap on levy increases.
- 8 Following consultation undertaken by ACC on new levy rates and levy-related policy and technical proposals to improve fairness, Cabinet approved the levy rates for 2024/25 to 2027/28 [CBC-24-MIN-0118 refers].
- 9 Three of these agreed policy and technical changes are now ready for implementation, namely interest rates for levy payment plans and late payments, credit interest rates, and motor vehicle levy discounts for motorcycle riders with recognised advanced rider training.

Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026

- 10 In 2024, Cabinet approved changes to the levies motorcyclists pay to reduce the level of cross-subsidisation by other vehicles. These increases will be staged over three years (2025/26-2027/28) until motorcyclists are paying for 37% of the levy contribution towards the cost of motorcycle crash claims, which aligns with the proportion of motorcycle accidents involving a single vehicle.
- 11 Cabinet also agreed to implementing a levy discount for motorcyclists who have completed an 'advanced rider training course' as approved by ACC [CBC-24-MIN-0118 refers].
- 12 The discount replaces the prior 'cashback' scheme, where riders were given a partial refund on their motor vehicle levy after completing the course. This process was cumbersome, as riders had to manually apply for the cashback and not all eligible riders claimed it.
- 13 Legal professional privilege

Legal professional privilege

- 14 Cabinet authorised me to make decisions on minor or technical matters that are consistent with the policy intent of their decisions. I have therefore decided to include only the 'Ride Forever Gold' motorcycle training course in the regulations.
- 15 Most motorcycle trainers offer Ride Forever Gold, so I do not anticipate that trainers will be disadvantaged by this change. In future, if other motorcycle safety courses can demonstrate similar outcomes to Ride Forever Gold, naming them in the regulations can be explored in future levy rounds.
- 16 To receive the 25% discount, motorcycle owners must complete a Ride Forever Gold course before they apply for the vehicle licence. The discount is then automatically applied for two years.
- 17 The discount is available for motorcycles only (not mopeds). It is also not available for drivers on an international licence as these are valid for one year, while the discount applies for two years.

Accident Compensation (Work Account) Amendment Regulations 2026

- 18 The Accident Compensation (Work Account Levies) Amendment Regulations 2026 updates the interest rate payable on overpaid levies refunded to employers, known as 'credit interest'.
- 19 This replaces clause 23 of the Accident Compensation (Work Account Levies) Regulations 2025 with an interest rate formula using the NZ 90 Day Bank Bill Yield. This is a variable interest rate that is responsive to economic conditions and simple for businesses to understand.
- 20 The new credit interest rate will be calculated using the NZ 90 Day Bank Bill Yield rate (e.g. 2.49% as at 9 December 2025) minus 1.

Accident Compensation (Interest Rates for Payment of Levies) Amendment Regulations 2026

- 21 These regulations change the rates that ACC charges customers for paying their levies on an instalment plan, or the penalty interest they charge when someone cannot (or will not) pay their levies.
- 22 ACC currently offers instalment plans of 3 or 6 months at 0% interest, or for 10 months at 2.73%. Overdue levies that aren't on a payment plan instead attract 'penalty interest', charged at 1% of the outstanding balance, compounding monthly.
- 23 In 2024, Cabinet approved a new interest rate to apply to all instalment plans, regardless of plan length. The new interest rate calculations are designed to incentivise those who cannot pay their invoice in full, to proactively arrange an

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instalment plan, rather than simply paying late. The formulas use economic indicators so the interest rates will follow the wider economy and will not become out of date.

- 24 The regulations establish the following interest rate calculation for payment plans:

$$A \times (((\text{Instalment base rate} + 2.5) \div 12) \div 2) \times B = C$$

- 25 Where:

25.1 *A* is the total amount of levy to be collected as specified on the levy invoice issued to the levy payer

25.2 *B* is the number of months in the instalment period

25.3 *C* is the amount of interest payable rounded to two decimal places.

- 26 The regulations also establish the following interest rate for unarranged late payment:

26.1 monthly rate of interest = $[(\text{Late payment base rate} + 2.5) \div 12] + 1$

- 27 The regulations set out a definition for instalment and late payment base rates based on the monthly floating first mortgage new customer housing rate reported by the Reserve Bank of New Zealand.

- 28 The new interest rates apply from 1 April 2026 to any outstanding amounts not already on an instalment plan.

Regulations relating to waiving or cancelling interest on instalment plans

- 29 In November 2024, Cabinet also agreed to 'introduce new regulations to clarify the circumstances under which ACC may waive or cancel interest on instalment plans'.

- 30 These regulations require more policy work before they are complete. In order to meet ACC's and New Zealand Transport Agency's implementation deadlines, I will progress these separately, as soon as they are ready.

Timing and 28-day rule

- 31 The Work Account Amendment regulations and Interest Rates Amendment regulations need to be force by 1 April 2026 for the new financial year. The Motor Vehicle Amendment regulations need to be in force by 1 July 2026 to meet the implementation requirements of ACC and the New Zealand Transport Agency.

Compliance

- 32 Section 166A(2) of the Accident Compensation Act 2001 sets out the principles of financial responsibility in relation to Accounts. I am confident that these requirements have been complied with.

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- 33 Section 234(1B) sets out that ACC must consult levy payers on the proposed rate of interest payable on a levy collected by instalments or the proposed method by which the rate is to be calculated before recommending to the Minister that regulations be made prescribing the rate of interest or method by which the rate is to be calculated. I am satisfied this requirement was complied with.
- 34 Section 330 sets out the requirements for consulting with persons I consider appropriate before recommending any changes relating to classifications, risk rating or treatment injury. I am satisfied these requirements were complied with.
- 35 Section 331 of the Accident Compensation Act 2001 sets out the requirements for making regulations relating to levy setting that include receiving a recommendation from ACC after it has consulted levy payers and considered the Funding Policy Statement. I am satisfied these requirements were complied with.
- 36 I consider that the proposed Levy Regulations comply with each of the following:
- 36.1 the principles of the Treaty of Waitangi;
 - 36.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993;
 - 36.3 the principles and guidelines set out in the Privacy Act 2020;
 - 36.4 relevant international standards and obligations;
 - 36.5 the Legislation Design and Advisory Committee's Legislation Guidelines (2021 edition).

Regulations Review Committee

- 37 There are no grounds for the Regulations Review Committee to draw the Regulations to the attention of the House of Representatives under Standing Order 327.

Certification by Parliamentary Counsel

- 38 The three sets of levy regulations; namely the Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026, Accident Compensation (Work Account Levies) Amendment Regulations 2026, and the Accident Compensation (Interest Rates for Payment of Levies) Amendment Regulations 2026 have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact Analysis

- 39 Regulatory Impact Assessments were prepared in accordance with the necessary requirements and submitted at the time. Cabinet Business

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Committee approval for the recommended changes was sought on 25 November 2024 [CBC-24-MIN-0118 refers].

Publicity

- 40 ACC, as the operational agency, will communicate with impacted levy payers to inform them of how the changes will affect them.

Proactive release

- 41 MBIE will proactively release this Cabinet paper and accompanying Cabinet minute.

Consultation

- 42 The following Government agencies were provided an opportunity to comment on the leg paper: Accident Compensation Corporation, the Treasury, Inland Revenue, NZ Transport Agency, Ministry of Transport.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 43 **note** that on 25 November 2024 Cabinet Business Committee agreed to policy decisions [CBC-24-MIN-0118 refers] that:
- 1.1 introduce interest rates, calculated via formula, for levies paid through the following circumstances, from 1 April 2026:
 - 1.1.1 Debit interest charged on instalment plans;
 - 1.1.2 Penalty interest; and
 - 1.1.3 Credit interest
 - 1.2 introduce a 25% discounted levy for motorcycle owners from 1 July 2026 who have completed an advanced rider training course;
- 2 **note** that the Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026, Accident Compensation (Work Account Levies) Amendment Regulations 2026, and the Accident Compensation (Interest Rates for Payment of Levies) Amendment Regulations 2026 will give effect to the decisions referred to in recommendation 1;
- 3 **authorise** the submission to the Executive Council of the Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026, Accident Compensation (Work Account Levies) Amendment Regulations 2026, and Accident Compensation (Interest Rates for Payment of Levies) Amendment Regulations 2026;
- 4 **note** that the Accident Compensation (Work Account Levies) Amendment Regulations 2026, and Accident Compensation (Interest Rates for Payment of

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Levies) Amendment Regulations 2026 come into force on 1 April 2026, and Accident Compensation (Motor Vehicle Account Levies) Amendment Regulations 2026 come into force on 1 July 2026;

- 5 **note** that section 331 requires that the Minister may not recommend the making of regulations prescribing the rates of levies unless the Minister has first received and considered a recommendation from ACC, and ACC has followed the provisions of section 331 including consulting levy payers and considering the FPS;
- 6 **note** the advice of the Minister for ACC is that this requirement has been met;
- 7 **note** that Cabinet authorised me (as the Minister for ACC) to make decisions on minor or technical matters that are consistent with the policy intent of their decisions.
- 8 **note** that I have used this authorisation to make a minor change, namely:
 - 8.1 naming 'Ride Forever Gold' as the only rider training course that means someone is eligible for a motor vehicle levy discount, instead of letting ACC approve courses which qualify as an 'advanced rider training course'.

9 **Confidential advice to Government**
[Redacted]

Authorised for lodgement

Hon Scott Simpson
Minister for ACC