

ACC Workplace Safety Incentives – Phase 3

I [previously posted](#) about "Product A" and "Product B", which are planned by ACC as new workplace safety incentives. With more thinking to do, ACC is now considering submissions and nutting out more detail. "Product A" will be the default for all employers not in "Product B". Yes, that's right, it's the future ACC mainstream service and it's a mix of simplified levy pricing, better experience rating and rewards for optional H&S initiatives.

Summary of "Product A" to date

Most employers will be finding themselves in "Product A" (predicted for April 2020), so I will first cover that default option of the two workplace safety incentives. "Product B" replaces the Accredited Employer Programme and will be the subject of my next post.

Performance Rating Framework

That's the "working title" ACC are using to describe a workplace safety incentives product that is intended to more strongly link the levy you pay with your actual OHS performance. They are proposing 3 key components:

1. Simplified base levy pricing.
2. Enhanced experience rating.
3. (Optional). Recognition and reward (including status points) for investing in OHS improvements.

Let's look at how these workplace safety incentives may work

Simplified base levy pricing: The proposal is for larger, more similar risk groupings to stabilise fluctuations in levy rates. This is important to be able to be forecast levy movements and be used by employers as benchmarks for achieving levy reductions (see "enhanced experience rating below"). ACC appear to be saying levy groupings will be more risk and peer based, rather than simply activity based.

Enhanced experience rating: A focus on individual employer performance, improved visibility of performance, better linkage with recent claims experience and access to maximum discounts or loadings for the employer's peer group. Reinforcement of good OHS management, better visibility of poor OHS management. Consequences of actions or inactions more clearly seen.

Two experience rating models are being considered. One for helping employers with high injury costs to reduce them, the other for employers with low injury costs to keep them low. For details, see this ACC PDF: <https://www.shapeyouracc.co.nz/assets/wsi-enhanced-performance-rating.pdf>

Recognition and reward (including status points): This is an optional extra that's intended to offer workplace safety incentives for employers who take initiatives in OHS management. ACC will determine indicators in collaboration with partners representing business sectors.

How it may work:

1. ACC identifies improvement activities.
2. If confirmed (some form of assessment seems needed), ACC awards points.
3. Points visible through online portal.
4. Businesses can use the points to “signal their commitment” to their people, suppliers, contractors and customers.
5. Businesses can redeem their points to access further improvements, although it's not yet clear what these might be. (Earlier in this consultation, the possibility of buying down levy payments was suggested, but now appears to be off the menu).
6. Points and status would expire in time, to encourage continuing activities and initiatives. (This raises questions as to timing and availability of indicators. If you are a good little saver, and you start early on, could you run out of points or new ideas as other businesses are just getting started? Potential for diminishing returns?)
7. Additionally, ACC are considering “Performance Rating Points” linked to experience rating. Example, a 20% experience rating discount maybe also gets you 20 points. Instead of a discount, what if you have a loading? Minus points, you'd expect?

Service options from ACC

Online portal: Performance dashboard, knowledge bank, levy projection calculator, industry performance (benchmarking), alerts & notifications, injury logging tool. (E.g. a input of injury information, contributing to return to work (RTW) efforts, quantifying RTW savings).

Next post is on “Product B”. Email simon@safetypro.co.nz to be informed about new posts.

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