

12 July 2017

Leeann Barnett
Email: fyi-request-5953-31124f57@requests.fyi.org.nz

Dear Ms Barnett

Official Information Act Request

Thank you for your request of 31 May 2017 asking for the following information under the Official Information Act 1982 (the OIA):

1. *How many people currently receive Loss of Potential Earnings weekly compensation [LoPE]*
2. *How many people were receiving LoPE on July 1st 2010*
3. *How much have ACC saved since July 1st 2010 from freezing LoPE*
4. *How much has LoPE cost ACC each year from June 2008 to June 2017*
5. *How many people on LoPE are now receiving an Accommodation Allowance from WINZ How much has this cost WINZ per year since July 1st 2010*
6. *How many people on LoPE have had an increase in personal supports from ACC since July 1st 2001 year on year*

Response

Please find ACC's response to each of your questions below.

Number of people receiving LoPE (Questions 1 and 2)

Please find information on the number of people receiving LoPE payments in July 2010 and June 2017 in **Table 1** below.

Table 1: Number of claims that received a LoPE weekly compensation payment, current and 1 July 2010

Period	Number of claims receiving LoPE
1 July 2010	391
29 June 2017	801

Cost savings from LoPE amendment from 1 July 2010 (Question 3)

Prior to your request, we did not hold an estimate on cost savings, and therefore did not have the information sought under this part of your request. However, we are happy to provide you with an estimate, which has been produced by our data team with support from ACC's actuaries. In this case, we have effectively created information, which is outside our obligations under the OIA. Please find this information in **Table 2** overleaf, and note the following explanatory commentary regarding 'savings' from the 2010 LoPE amendment.

From 1 August 2008 until 30 June 2010, an amendment to ACC's legislation increased LoPE payments from 80% to 100% of the minimum weekly earnings rate. In effect, LoPE was raised to the full minimum wage for a 40 hour week.

From 1 July 2010, a further legislative amendment reversed the LoPE extension, returning it back to 80% of the minimum weekly earnings rate. This meant the calculation for LoPE went from \$500/week (the 100% rate) to \$408/week (80% of the new minimum wage rate). This affected payments to both new and existing LoPE clients, as follows.

- For **new LoPE clients**, weekly payments have been calculated at 80% of the minimum earners rate since 1 July 2010. Since 1 July 2010, payments have risen from \$408 to \$504 (by 1 July 2017).
- For **existing LoPE clients**, payments were preserved at 100% of the 2010 minimum earnings rate. From 1 July 2017, the rate was increased to \$504/week, as the amount payable under current LoPE calculations has now eclipsed the 'frozen' amount.

We understand that by cost savings you are referring to the difference between how much we have paid in LoPE payments and what would have been paid if LoPE calculations continued at 100% of the minimum earners rate.

Please find estimated savings from the 2010 amendment relating to LoPE payments in **Table 2** below. This comprises of the estimated savings in relation to both existing and new LoPE clients, as follows:

- **New LoPE clients** were identified as receiving their first LoPE payment on or after 1 July 2010. The estimated cost savings for those clients is based on the difference between the base weekly compensation rate and the minimum weekly earnings for each financial year. For example, for the financial year 2010/11 the minimum earners rate was \$510, while the base weekly compensation rate was \$408. The difference equating to a \$102 saving per week.
- **Existing LoPE clients** were identified as receiving their first LoPE payment on or after 1 July 2010. The estimated cost savings is based on the difference between \$500 and the minimum weekly earnings for each financial year. For example, for the financial year 2010/11 the minimum earners rate was \$510. So the per week difference for existing LoPE clients was \$10/week in 2010/11.

Table 2: Estimated savings from LoPE amendment introduced on 1 July 2010

Financial year	Estimated savings for existing LoPE clients	Estimated savings for new LoPE clients	Grand total
2010/11	\$210,080	\$325,074	\$535,154
2011/12	\$407,940	\$591,656	\$999,596
2012/13	\$817,960	\$982,044	\$1,800,004
2013/14	\$999,800	\$1,414,930	\$2,414,730
2014/15	\$1,540,140	\$2,847,720	\$4,387,860
2015/16	\$1,906,920	\$2,770,876	\$4,677,796
2016/17	\$2,300,210	\$3,595,828	\$5,896,038
Total	\$8,183,050	\$12,528,128	\$20,711,178

LoPE payments since 2008/09 financial year (Question 4)

We understand question four as referring to financial years, which run from July to June each year. Please find total payment information for LoPE for the financial years 2008/2009 to 2016/17 in **Table 3** overleaf.

Table 3: Total LoPE payments, by financial year 2008/09 to 2016/17 (year to date)

Financial year	Payments totals
2008/09	\$11,559,659
2009/10	\$13,369,530
2010/11	\$13,021,214
2011/12	\$14,947,299
2012/13	\$14,149,901
2013/14	\$18,733,649
2014/15	\$23,395,090
2015/16	\$25,948,665
2016/17 (YTD)*	\$26,752,965
Grand Total	\$167,303,853

*2016/17 is a part year from 1 July 2016 to 27 June 2017, and therefore just a few days short of a full financial year.

LoPE clients receiving accommodation allowance from Work and Income (Questions 5 and 6)

ACC does not specifically record whether clients are receiving an accommodation allowance from Work and Income. Accordingly, we decline this part of your request as the information does not exist or cannot be found. This decision is made under section 18(e) of the OIA.

Please note, we asked the Ministry of Social Development, who oversee Work and Income, whether they hold this information. This was to determine whether we needed to transfer these questions to them in accordance with section 14 of the OIA. However, the Ministry advised that while they may record whether a client is receiving LoPE, this information was not held in a form which could be reported.

LoPE clients receiving an increase in personal supports

A client may receive one or more of the following types of personal support:

- Attendant care
- Child care
- Home help.

The number of hours of personal support a client receives will go up or down each year for a variety of reasons. It is not possible to determine the number of clients who have had an overall increase in the amount of personal support approved on their claim without reviewing individual claim files. Even if we limited the information to the period 1 July 2010 to current, this would involve searching through hundreds of claims files to track and record year-to-year changes.

We estimate that the total time required in undertaking this research would be well in excess of 60 hours. Accordingly, we decline this part of your request as the information could not be made available without substantial collation or research. This decision is made under section 18(f) of the Act.

Notes

- The number of claims receiving LoPE provided in **Table 1** is determined by the number of claims that had received a LoPE payment in the preceding 3 month period.
- The minimum earners rate is defined under the AC Act as the greater of the minimum weekly adult rate prescribed under the Minimum Wage Act 1983 or

125% of the rate for a single person over the age of 18 of invalid's benefit under the Social Security Act 1964.

- Cost/saving figures provided in Tables 2 and 3 are exclusive of GST.

ACC is happy to answer your questions

We hope that you find this information helpful.

If you have any questions or concerns about the information provided, ACC will be happy to work with you to resolve these. Please address any concerns by emailing GovernmentServices@acc.co.nz or in writing to *Government Services, PO Box 242, Wellington 6140*.

If you're unhappy with ACC's response, you may make a complaint to the Office of the Ombudsman. You can call them on 0800 802 602 between 9am and 5pm on weekdays, or write to *The Office of the Ombudsman, PO Box 10152, Wellington 6143*.

Yours sincerely

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