



Our call centres will be closed 25 to 26 December 2023 and 1 to 2 January 2024. For more details on site and call centre closures over the Kirihimete Christmas period, visit [contact us](#).

Are you receiving weekly compensation over the holiday period? View our [weekly compensation payments dates](#).

Our history

Accident compensation has a long history in New Zealand. The Accident Compensation Corporation (ACC) began in 1974 and has continued to evolve ever since.

On this page

1. [1900 – New Zealand leads the way in workers’ compensation](#)
2. [1928 – Introducing motor vehicle insurance](#)
3. [1967 – The Woodhouse report – foundations of ACC](#)
4. [1972 – The Accident Compensation Act](#)
5. [1973 – Labour expands the Act](#)
6. [1974 – ACC is born](#)
7. [1979-1982 – Finding ways to reduce costs](#)
8. [1986-1987 – Finding unfairness in the system](#)
9. [1988 – The Law Commission recommends massive changes](#)
10. [1990 – The National Government reviews the scheme](#)
11. [1991-1996 – ‘A fairer scheme’](#)
12. [1998 – Private insurance for work accidents](#)
13. [2000 – ACC is restored as sole provider](#)
14. [2001 – The Accident Compensation Act 2001](#)
15. [2005-2008 – The IPRC Amendment Acts](#)
16. [2010 – The Accident Compensation Amendment Act 2010](#)
17. [Further reading](#)

1900 – New Zealand leads the way in workers’ compensation

New Zealand created a ‘no fault’ system called The Worker’s Compensation Act. It was one of the first of its kind in the world and would last, with some changes, until 1974.

The Act:

- required employers to take out insurance to cover injuries to employees
- gave weekly compensation payments to injured workers
- compensated families of people who were fatally injured at work.

The Act had some limitations:

- payments to injured workers were small and only lasted six years from the date of injury
- injured workers could sue an employer for carelessness
- the Act didn't cover non-work injuries, or motor vehicle injuries.

1928 – Introducing motor vehicle insurance

Parliament established the Motor Vehicles Insurance (Third Parties Risk) Act. This was a compulsory insurance programme. It compensated people who were injured by motor vehicle accidents.

1967 – The Woodhouse report – foundations of ACC

Workers were getting frustrated. Their weekly compensation payments weren't enough to support them while they couldn't work. The Crown set up a Royal Commission to report on workers' compensation.

The Commission created the Woodhouse Report, named after its chairman Sir Owen Woodhouse. Its recommendations would form the foundation of ACC.

The report recommended a new 'no-fault' accident compensation programme that should

- cover all motor vehicle injuries. Motor vehicle owners paid a levy to fund this
- cover all injuries to employees, whether they happened at work or not
- introduce a flat levy rate that employers pay to fund the cost of all injuries to their employees
- introduce a levy for self-employed people to pay for their injuries at work and outside of work
- remove the right to sue for any type of injury.

Five principles of the scheme

The report also recommended that parliament base the scheme on five basic principles:

1. Community responsibility
2. Comprehensive entitlement
3. Complete rehabilitation
4. Real compensation

5. Administrative efficiency.

"Injury arising from accident demands an attack on three fronts. The most important is obviously prevention. Next in importance is the obligation to rehabilitate the injured. Thirdly, there is the duty to compensate them for their losses."

– Sir Owen Woodhouse in the 1967 Royal Commission report

1972 – The Accident Compensation Act

Parliament passed the Accident Compensation Act with an undisputed vote. Based on the Woodhouse Report, the Act covered all injuries to employees and motor vehicle injuries.

1973 – Labour expands the Act

The new Labour Government passed an Amendment providing cover for people not already covered by the 1972 Act. This included students, people who weren't working, and visitors to New Zealand.

The Amendment established three schemes:

- the Earners' scheme, funded by levies paid by employers and self-employed people
- the Motor vehicle accident scheme, funded by levies paid by owners of motor vehicles
- the Supplementary scheme, covering everyone else. The Government funded this scheme.

Benefits of the Act

Under the Act, ACC benefits included:

- hospital and medical expenses
- rehabilitation and transport costs
- weekly compensation for injured workers
- one-off payments for permanent and mental injuries
- funeral costs and one-off payments to families in cases of accidental death.

1974 – ACC is born

The government established the Accident Compensation Commission (ACC) to manage the compensation programmes. They began operating in April 1974.

1979-1982 – Finding ways to reduce costs

By 1979 there were growing concerns about the overall cost of ACC. Employers were also complaining about paying for non-work injuries. The government created a Cabinet caucus committee to review the programme.

The committee's recommendations included:

- an injured person should pay part of the cost of the first two visits to the doctor
- ACC shouldn't pay weekly compensation for the first two weeks after an accident instead of one. For work accidents the employer would pay compensation for the first two weeks.
- a review of how levies are collected and shared.

In 1982, parliament changed The Accident Compensation Act based on recommendations from the 1979 review. They:

- moved the funding structure from 'fully-funded', where we hold assets to fund the cost of claims, to 'pay-as-you-go' funding
- lowered how much employers have to pay employees for the first week after a work accident
- joined the three 'schemes' into a single scheme. The same three levies were used to fund this.

Feedback

1986-1987 – Finding unfairness in the system

In 1986 officials from several government departments, including ACC, formed a committee to review ACC.

They published the Officials Committee report in 1987. Many other social policy reviews were also underway.

1988 – The Law Commission recommends massive changes

The government asked the Law Commission to make their own review. Their report recommended:

- covering sicknesses and medical accidents
- ACC shouldn't pay weekly compensation for the first two weeks after an accident instead of one. For work accidents the employer would pay compensation for the first two weeks.
- making a minister responsible for promoting safety and rehabilitation
- making special conditions for people who've experienced sexual violence.

1990 – The National Government reviews the scheme

The National Government came to power. Employers were demanding to stop paying for accidents their employees had outside of work. They also thought the whole scheme was costing too much.

The National Government established their own committee to review the scheme.

The review showed they could reduce the total cost by letting private companies provide insurance. This would create competition between them and ACC.



1991-1996 – 'A fairer scheme'

ACC Minister Bill Birch announced changes to ACC in his 1991 paper 'ACC – a fairer scheme'.

Those changes came into effect with the Accident Rehabilitation and Compensation Insurance Act of 1992. The Act:

- separated the scheme into different accounts
- covered employees' non-work injuries through a payment from their wages collected by Inland Revenue
- introduced discounts and loadings for employers based on their claims history.

The National Government made more changes in 1996 with the Accident Rehabilitation and Compensation Insurance Amendment Act. The Amendment:

- gave more money to people with permanent injuries

- set up a way for ACC to assess if an injured employee can return to work
- allowed ACC to buy health and rehabilitation services. This reduced the waiting time for people injured in an accident who needed treatment.

1998 – Private insurance for work accidents

The 1998 Accident Insurance Act cancelled the 1992 Act. The new Act:

- allowed private insurance for work-related accidents from 1 July 1999
- aimed to encourage employers to make workplaces safer and reduce how much ACC was costing the public
- changes all the scheme's accounts back to a fully-funded system.

2000 – ACC is restored as sole provider

Parliament passed two acts in in April that:

- restored ACC as the sole provider of accident insurance for all injuries
- stopped private insurance for employers after 30 June 2000. They continue to manage claims for injuries between 1 July 1999 and 1 July 2000.

2001 – The Accident Compensation Act 2001

The Accident Compensation Act 2001 made further changes to ACC legislation. Most of these took effect from 1 April 2002.

The Act:

- put greater focus on injury prevention as a primary function of ACC
- put greater focus on rehabilitation
- appointed an information manager to oversee data collection across government agencies.

2005–2008 – The IPRC Amendment Acts

In 2005, parliament passed the Injury Prevention, Rehabilitation, and Compensation (IPRC) Amendment Act that:

- replaced 'medical misadventure' with 'treatment injury' so ACC could cover anyone injured during treatment
- changed how ACC calculates weekly compensation payments for newly self-employed people and shareholder-employees
- covered all mental injuries from sexual violence that happened before 1999.

Parliament built on the IPRC Amendment Act 2005 with the IPRC Amendment Act (No. 2) 2008.

The Act:

- made it easier for people with work-related gradual process diseases and infections to get cover
- covered people who experience mental trauma at work and have developed a mental injury
- provided support, such as weekly compensation payments, to people who self-harm
- made applying for weekly compensation payments more reasonable and easy to understand.

2010 – The Accident Compensation Amendment Act 2010

Parliament passed the Accident Compensation Amendment Act 2010 into law on 3 March. It aims to improve flexibility, contain costs, and encourage co-operation with government agencies.

The Act:

- renamed ACC's principal Act (now the Accident Compensation Act 2001)
- allowed information-sharing with Inland Revenue
- created the motorcycle safety levy.

Further reading

- Accident Compensation in New Zealand, Wellington, Brooker's, 1992 (updated 2001)
- Accident compensation: a fairer scheme, W.F. Birch (Wellington: New Zealand Government: 1991)
- Compensation for personal injury in New Zealand: report of the Royal Commission of Inquiry. (Woodhouse Report) (Wellington: New Zealand Government: 1967)

- Review by Officials Committee of the Accident Compensation Scheme (Wellington: New Zealand Government: August 1986)

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Who we are

Our Minister, Board, CE and Executive

What we do

Minister, CEO and Executive

ACC Board

Our history

Related topics

 **Feedback**

Our levies

What levies you pay depend on whether you're self-employed, an employer or employee, and whether you own and drive a vehicle. We review levies every two years.

[What are levies?](#)

What we do

We help prevent injuries and get New Zealanders and visitors back to everyday life if they've had an accident.

[Our role and how we work](#)

Accident Compensation Act 2001

The Accident Compensation Act 2001 is the principal Act under which ACC operates. The Act sets out Government's key goals for managing personal injury

[Accident Compensation Act 2001](#)



**He Kaupare. He Manaaki.
He Whakaora.**
prevention. care. recovery.

 Feedback

Claims

0800 101 996

Business

0800 222 776

Providers

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