

12 December 2013

D Lohr
Fyi-request-1334-726d7712@requests.fyi.org.nz

Dear Mr Lohr

Official Information Act request

Thank you for your request of 25 November 2013, for information under the Official Information Act 1982 (the Act). Please find ACC's response below:

1. *Can you tell me the Woodhouse Principles?*

The two fundamental principles are:

- Community responsibility — the community is responsible for protecting all citizens from the burden of sudden individual losses when their ability to “contribute to the general welfare by their work” is disrupted by accident injury
- Comprehensive entitlement — injured workers are entitled to a comprehensive and consistent level of assistance for a similar level of incapacity/need irrespective of fault and regardless of whether the injury occurred at work or elsewhere. Non-workers should not expect to be provided with social insurance to the same level as workers.

Sir Owen Woodhouse outlined three further principles “accepting the obvious need to produce something which the country can afford”:

- Complete rehabilitation — the “driving purpose of the scheme” should be for injured workers to achieve the maximum restoration of physical health and vocational utility in the minimum time
- Real compensation — payment of income-related benefits for income losses for the whole period of incapacity and recognition of permanent bodily impairment as a loss in itself
- Administrative efficiency — all aspects of the scheme should be managed in a timely, consistent, and economical way.

Also, please find attached in Appendix 1 an extract from *Compensation for Personal Injury in New Zealand* (Report of the Royal Commission of Inquiry, December 1967) that lists and discusses the ‘Woodhouse Principles’.

2. *How they apply presently at ACC?*

The Woodhouse principles are not specifically replicated in legislation, and are therefore not legally binding. They do, however, represent the founding principles of the ACC Scheme, and successive governments have given effect to the Woodhouse principles when implementing ACC legislation and policy. The current legislation is the Accident Compensation Act 2001. A significant amendment was made to the legislation in 2010. The current legislation and regulations that ACC operates under is publicly available on <http://www.legislation.govt.nz/>.

ACC refers you to section 3 of the Accident Compensation Act 2001, which states:

Purpose

The purpose of the Act is to enhance the public good and reinforce the social contract represented by the first accident compensation scheme by providing for a fair and sustainable scheme for managing personal injury...

3. *Have the principles changed? Or are they applied differently today? Please list the ways they are no longer applied since the founding of ACC in 1974.*

The principles have not changed since they were published in 1967. As mentioned above, the application of the principles and how ACC operates is the mandate of Parliament through legislation and regulations.

Since 1974, various Parliaments have introduced numerous pieces of legislation and regulations that have applied the 'Woodhouse Principles'. These Acts of Parliament may have changed how those principles are applied. A full list of these Acts, amendments and regulations are publicly available on http://www.nzlii.org/nz/legis/hist_act/. Therefore ACC declines this part of your request as it is publicly available. This decision complies with section 18(d) of the Act.

Please contact me at Daniel.James@acc.co.nz if you have any queries about this letter.

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 10 152
WELLINGTON 6143

Yours sincerely



Daniel James
Advisor, Government Services

Enclosures: Appendix 1 — Extract from the Report of the Royal Commission of Inquiry, December 1967

VI—THE OBJECTIVES FOR A COMPENSATION SYSTEM

55. In the final analysis any change in present methods must depend upon whether it can be afforded; and whether the need for it is clear. The first severely practical question is dealt with in Part 8 of this Report. The other involves an analysis of the system in operation. To make an effective analysis it is desirable at this point to decide what should be the role of any modern system of compensation for injured persons. Unless the target is identified it is unlikely that present achievements will be evaluated on any rational basis or the key be found to something better. It is possible to lay down five guiding principles for such a system.

First, in the national interest, and as a matter of national obligation, the community must protect all citizens (including the self employed) and the housewives who sustain them from the burden of sudden individual losses when their ability to contribute to the general welfare by their work has been interrupted by physical incapacity;

Second, all injured persons should receive compensation from any community financed scheme on the same uniform method of assessment, regardless of the causes which gave rise to their injuries;

Third, the scheme must be deliberately organised to urge forward the physical and vocational recovery of these citizens while at the same time providing a real measure of money compensation for their losses;

Fourth, real compensation demands for the whole period of incapacity the provision of income-related benefits for lost income and recognition of the plain fact that any permanent bodily impairment is a loss in itself regardless of its effect on earning capacity;

Fifth, the achievement of the system will be eroded to the extent that its benefits are delayed, or are inconsistently assessed, or the system itself is administered by methods that are economically wasteful.

These principles can be summarised as—

- Community responsibility
- Comprehensive entitlement
- Complete rehabilitation
- Real compensation
- Administrative efficiency.

We proceed to examine them in turn.

COMMUNITY RESPONSIBILITY

56. This first principle is fundamental. It rests on a double argument. Just as a modern society benefits from the productive work of its citizens, so should society accept responsibility for those willing to work but prevented from doing so by physical incapacity. And, since we all persist in following community activities, which year by year exact a predictable and inevitable price in bodily injury, so should we all share in sustaining those who become the random but statistically necessary victims. The inherent cost of these community purposes should be borne on a basis of equity by the community.

COMPREHENSIVE ENTITLEMENT

57. The second principle involves an acceptance of the argument advanced in paragraphs 42 to 46. It cannot be regarded as just that workmen sustaining equal losses should be treated unequally by society. The productive section of the community must sustain the elderly and the young, and the latter groups cannot reasonably expect to be provided with a form of social insurance on the same level. But subject to this consideration there can be no justification for providing from community funds for the same class of worker entirely inconsistent awards for precisely similar incapacities merely because fortuitously the causes which gave rise to them have at different stages of our social development been the subject of conflicting responses.

COMPLETE REHABILITATION

58. The third principle would seem to state the obvious. Nevertheless, although it is always remembered that injury losses must be quantified in money terms, it is often overlooked that the rehabilitation of incapacitated workers cannot be achieved by money payments except to the extent of money losses. The consideration of overriding importance must be to encourage every injured worker to recover the maximum degree of bodily health and vocational utility in a minimum of time. Any impediment to this should be regarded as a serious failure to safeguard the real interests of the man himself and the interest which the community has in his restored productive capacity.

REAL COMPENSATION

59. Clearly if compensation is to meet real losses it must provide adequate recompense, unrestricted by earlier philosophies which put forward tests related merely to need. Such an approach may have been appropriate when poverty was a widespread evil demanding considerable mobilisation of the country's financial resources. But

average modern households, geared to the regular injection of incomes undreamed of at the turn of the century, have corresponding commitments which do not disappear conveniently if one of the hazards of modern life suddenly produces physical misfortune. Increasing affluence has brought with it additional social hazards for every citizen; but fortunately, at the same time, it has left society better able to afford their real cost.

60. To the individual concerned, the cost will include any permanent physical deprivation which he might have to endure following an accident. Such disabilities can have damaging effects upon the ordinary activities of both young and old, regardless of their influence upon a capacity to work in any given occupation.

61. Accordingly, we are in no doubt that in modern conditions a compensation system of the type under discussion should rest upon a realistic assessment of actual loss, both physical and economic, followed by a shifting of that loss on a suitably generous basis. If there might seem to be an issue as to whether the compensation due to injured workers should be restricted to meet their current needs or be assessed on a uniform flat rate basis, then these are propositions which we reject as entirely unacceptable. These are the considerations which support the fourth principle.

ADMINISTRATIVE EFFICIENCY

62. This final principle needs no elaboration. It speaks for itself in terms which are clear enough. It looks to evenness and method in every aspect of assessment, adjudication, and administration. The collection of funds and their distribution as benefits should be handled speedily, consistently, economically, and without contention.

CONCLUSION

63. Against the background of these principles it is convenient to bring forward the general conclusion we have reached concerning the present processes. For all the reasons which follow we are satisfied that no useful, logical, or economic purpose remains in this categorised system; that it gives rise to injustice; that it perpetuates anomalies; and that the time has clearly arrived for its replacement. We consider the various arguments in the next parts of this Report.