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Protection Without Prevention: Examining the Hidden Cost of New Zealand's No-Fault ACC System for Noise-Induced Hearing Loss

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Abstract

New Zealand's no-fault Accident Compensation Corporation (ACC) provides universal support for workers affected by occupational noise-induced hearing loss (NIHL), yet questions remain about its effectiveness in driving prevention. This article examines how ACC's levy structure, gradual process injury cover, and the Accredited Employer Programme (AEP) influence employer incentives and organisational approaches to preventing NIHL. Drawing on analysis of legislation, national ACC claims datasets, and peer-reviewed literature, the article shows that while regulatory frameworks are well established, prevention efforts often default to minimum compliance, with claim trends indicating limited prioritisation of engineering controls. The absence of direct economic consequence for chronic exposure failures weakens accountability and allows preventable harm to persist. By contrast, fault-based or experience-rated systems used in Australia and the United Kingdom are associated with stronger financial incentives for prevention, further highlighting how New Zealand's approach detaches prevention from financial responsibility. Strengthening prevention metrics and accountability within levy structures and audit systems is essential if New Zealand is to move beyond symptom management and address the root causes of NIHL.

Keywords: Noise-induced hearing loss; Occupational noise; Occupational Health; Accredited Employer Programme (AEP); Accident Compensation Corporation (ACC); No-fault compensation scheme

1.0 Introduction

Noise-induced hearing loss (NIHL) is irreversible but highly preventable. It occurs when prolonged exposure to hazardous noise damages the sensory hair cells of the cochlea, resulting in permanent threshold shifts that impair communication and quality of life (National Institute on Deafness and Other Communication Disorders, 2025). Since its establishment in 1974, the Accident Compensation Corporation (ACC) has replaced adversarial litigation with a universal no-fault scheme grounded in principles of fairness, equity, and efficiency (Woodhouse, 1967; New Zealand Government, 2001). This same design may weaken the financial and moral incentives for prevention that fault-based systems and experience-rated premiums can create. These incentive effects are reflected in how occupational NIHL is recognised and compensated in practice. In New Zealand, occupational NIHL is recognised as a personal injury under the Accident Compensation Act 2001 where assessed binaural hearing loss is 5 percent or more (s 26). However, ACC operational policy generally requires hearing loss attributable to occupational noise exposure to exceed 6 percent before cover is accepted, an administrative distinction that can shape access to compensation without necessarily strengthening incentives for primary prevention. This article critically reviews the current state of NIHL prevention in New Zealand and examines how the no-fault compensation model shapes occupational health and safety accountability, contributing a systems-level analysis of how compensation, regulation, and levy structures influence prevention for chronic occupational disease.

2.0 Method / Approach

This article adopts a qualitative analysis of legislation, regulation, and secondary data to examine how New Zealand's accident compensation framework influences the prevention of occupational noise-induced hearing loss (NIHL). The analysis focuses on systemic incentives and accountability mechanisms rather than individual employer compliance or clinical outcomes. Sources included legislation and regulations governing accident compensation and health and safety at work, supplemented where relevant by guidance issued by the Accident Compensation Corporation (ACC) and WorkSafe New Zealand, and by regulatory review and reform material published by the Ministry of Business, Innovation and Employment. Publicly available national ACC datasets relating to NIHL

claims were analysed, including accepted and declined claims, active claims, and associated costs, to identify patterns relevant to prevention incentives and long-term exposure outcomes.

The analysis was intended to identify systemic trends rather than establish causal relationships. Peer-reviewed occupational health and safety literature, including comparative material from Australia and the United Kingdom, was used to contextualise the irreversible impacts of NIHL on workers and to examine how ACC's emphasis on high-cost and acute injury outcomes shapes prevention priorities and incentives for primary prevention in New Zealand workplaces.

3.0 The ACC Model and the Deterrence Gap

By law, New Zealand's Accident Compensation Corporation (ACC) scheme precludes litigation for personal injury except in cases of exemplary damages. The Accident Compensation Act 2001 covers both acute injuries (s 28) and gradual process conditions (s 30), including specific occupational diseases such as noise-induced hearing loss (NIHL) (New Zealand Government, 2001). Once levies are paid, civil liability is removed, and the costs of harm are shared across contributors. NIHL typically develops gradually through prolonged noise exposure, and for compensation to apply, workers must prove that work was the primary or substantial cause. This is often difficult for individuals with multiple employers or fragmented work histories, with both risk and cost further dispersed through pooled levies. Although employer Work Levies are nominally "risk rated," they operate in practice as sector wide actuarial recovery mechanisms rather than business specific accountability tools (New Zealand Government, 2001, ss. 28–30).

Table 1. Costs and claim numbers for *NIHL claims, other gradual process and work injury (2019–2023).*

	Noise-induced Hearing Loss			Other Gradual Process			Other Work Injuries		
Calendar Year	New Claims	Active Claims	Total Costs	New Claims	Active Claims	Total Costs	New Claims	Active Claims	Total Costs
2019	3,934	48,902	$36,329,605	1,330	4,403	$39,973,707	204,507	281,754	$746,790,303
2020	3,316	46,842	$37,147,315	1,314	4,545	$43,209,227	185,190	261,086	$786,624,690
2021	2,899	46,463	$39,719,885	1,212	4,621	$46,645,485	192,379	270,004	$830,565,678
2022	3,738	46,144	$38,853,324	1,271	4,658	$48,204,451	189,354	263,340	$877,424,744
2023	4,731	51,048	$47,353,328	1,285	5,135	$54,559,848	189,257	268,592	$1,016,620,412
Total	18,618	239,399	$199,403,457	6,412	23,362	$232,592,718	960,687	1,344,776	$4,258,025,827

Note. Data sourced from Accident Compensation Corporation [ACC], 2024, GOV035700 dataset.

Table 1 shows that the average accepted NIHL claim between 2019 and 2023 cost approximately $750 –$850 per case. NIHL claims comprise only 4–5 percent of total occupational injury expenditure, a proportion too small to drive accountability or incentivise prevention despite their significant cumulative social burden. The high proportion of declined claims reflects the strict criteria for gradual process injuries under section 30 of the Accident Compensation Act 2001 requiring that work be the whole or substantial cause. This disadvantages workers with multi-employer histories or age-related

decline. Despite international updates, New Zealand continues to apply age-correction factors originating from ISO 7029:1984 through the Accident Compensation (Apportioning Entitlements for Hearing Loss) Regulations 2010. The Ministry of Business, Innovation and Employment (2022) acknowledges that this approach may overattribute hearing loss to ageing rather than occupational exposure, particularly when compared with newer estimation methods reflected in ISO 1999:2013 (International Organization for Standardization, 2013).

4.0 Noise as a Chronic Workplace Hazard: Prevention in Theory, Gaps in Practice

Occupational noise regulation in New Zealand is, on paper, robust. The *Health and Safety at Work (General Risk and Workplace Management) Regulations 2016* require persons conducting a business or undertaking (PCBUs) to identify, assess, and control noise risks; monitor exposure and worker health; and provide targeted training. Legally enforceable exposure limits of 85 dB(A) LAeq,8h and 140 dB(C) peak are prescribed in regulation 11 of the *Health and Safety in Employment Regulations 1995*, which remain in force as transitional provisions under section 231 of the *Health and Safety at Work (General Risk and Workplace Management) Regulations 2016*. Guidance from WorkSafe New Zealand (2018) emphasises elimination or engineering controls first, followed by administrative measures, with personal protective equipment as the last resort. However, regulatory verification of these measures remains limited. Regular noise assessments and periodic audiometric testing are expected for workers exposed to hazardous noise.

Despite these requirements, real-world prevention remains weak. Between 2012 and 2021, New Zealand carried approximately 47,000 active noise-induced hearing loss (NIHL) claims annually, reflecting the cumulative and irreversible nature of the condition (Table 2). Over the same period, New Zealand recorded an average of approximately 41,500 accepted NIHL claims per year, with manufacturing, agriculture, and construction accounting for around 70 percent of total accepted claims and associated costs.

Table 2: Accepted NIHL claims between 2012 – 2021 by industry.

Industry	Total Claims (2012–2021)	Average Claims per Year	Total Cost (NZD)	Average Cost per Claim (NZD)
Manufacturing	116,998	11,700	$88,598,012	$757
Agriculture, Forestry & Fishing	103,689	10,369	$78,081,093	$753
Construction	84,039	8,404	$67,045,933	$798
Transport & Storage	27,564	2,756	$20,224,144	$734
Retail Trade	28,950	2,895	$22,321,797	$771
Personal & Other Services	8,400	840	$6,554,680	$780
Property & Business Services	8,368	837	$6,310,658	$754
Government Administration & Defence	7,862	786	$5,800,846	$738
Mining	3,972	397	$3,209,728	$808
Electricity, Gas & Water Supply	4,575	458	$3,565,766	$779
Wholesale Trade	5,026	503	$3,583,112	$713
Cultural & Recreational Services	3,241	324	$2,735,871	$844
Education	3,466	347	$2,326,523	$671
Health & Community Services	2,647	265	$1,813,267	$685
Communication Services	4,236	424	$2,871,597	$678
Accommodation, Cafes & Restaurants	1,512	151	$1,127,027	$746
Finance & Insurance	523	52	$333,766	$638

Note. Data from Noise-induced hearing loss claims Dataset (Accident Compensation Corporation, 2023).

This persistently high burden has not improved despite decades-old exposure limits and expanded regulatory guidance. Most claimants are men aged 50 and over, reflecting NIHL's cumulative nature and long latency period. This concentration indicates that NIHL burden is highest in sectors where engineering controls are often feasible, yet prevention remains heavily reliant on the provision of hearing protection and administrative measures.

5.0 Barriers to Effective Prevention

Despite guidance from WorkSafe (2018), most workplaces, especially small businesses, default to issuing hearing protection as their only defence. Engineering or administrative controls are rare outside large or unionised workplaces (Thorne et al., 2008). Research conducted by McBride et al. (2003) & Eng et al. (2010) respectively found only 8% of at-risk farmers and fewer than half of high-risk workers used hearing protection consistently, with gaps in training and infrequent supervision. Risk assessments are often routine or superficial, and access to occupational hygiene expertise is limited for rural businesses (WorkSafe New Zealand, 2019). WorkSafe audits often occur only after complaints or incidents whilst initiatives are limited by funding and resources. Despite established regulatory frameworks, the effectiveness of controls to manage noise hazards are reliant on organisational attitudes and behaviours (Gardner et al., 2014).

Fragmented data remains a fundamental obstacle. ACC claims and WorkSafe enforcement records are not linked and there is limited evidence to suggest consequence for employers. In New Zealand, NIHL claims rarely affect levy levels, and indirect costs such as lost productivity, or reputation remain invisible to both ACC and most employers. Chen et al. (2021) argues that the absence of an economic feedback loop where prevention investment reduces direct cost is fatal to progress.

In contrast, systems in Australia and the UK use employer specific premium adjustment, performance-based insurance pricing, and legal liability to spur genuine risk reduction. Consistent research shows these mechanisms drive employers to adopt source controls and effective prevention, with measurable impact (Laird et al., 2012). Without such drivers, New Zealand's approach leaves prevention up to the business and their risk appetite.

6.0 Discussion: ACC's Role in Prevention and When Prevention Fails

ACC's rehabilitation system for hearing loss is internationally regarded. Regulations ensure proportional funding, audiometric standards, and clear clinical guidance. Rehabilitation commonly includes provision of hearing aids that amplify residual function rather than restore. Recent proposals would further widen eligibility. Despite this, NIHL is irreversible, and preventable. Unlike a broken bone, cochlear hair cells do not regenerate.

The Accident Compensation Corporation (ACC) Accredited Employer Programme (AEP) was established in 2000 for organisations paying more than $250,000 annually in work levies that can demonstrate robust health and safety management, injury management systems, and financial stability (Accident Compensation Corporation, 2025). Accredited employers assume direct responsibility for managing and funding employees' work-related injury claims covering treatment, rehabilitation, and compensation costs as required by legislation. In return, they may receive levy discounts of up to 90 percent for strong performance but also carry the full financial risk over each claim's lifecycle (Accident Compensation Corporation, 2025).

The scheme's intent was to drive prevention through employer ownership and performance-based incentives (Ministry of Business, Innovation and Employment, 2024). However, evidence of preventive benefit for occupational NIHL is limited. Acceptance rates for NIHL claims among AEP employers are roughly 20 percent lower than non-AEP organisations, likely reflecting stronger claims management and health monitoring rather than reduced exposure. The Ministry of Business, Innovation and Employment (2024) found "very little data on the performance of AEP as a whole over time", noting most benefits relate to claims efficiency and return to work, not genuine prevention. Although recent reforms align audits with ISO 45001:2018, they still do not incentivise measurable decibel reduction.

Small and medium sized enterprises (SMEs) outside AEP often rely solely on hearing protection, with limited access to occupational health professionals or assurance programmes. Given the Working Safer Levy of $0.08 per $100 of payroll, ACC could reinvest in national noise surveillance initiatives and public awareness campaigns. Updating its outdated occupational noise measurement dataset would be an effective first step toward industry wide prevention and education.

Table 3: NIHL accepted and declined claims 2022 – 2024 (AEP vs non-AEP).

Employer Type	Accepted	Declined	Total	Acceptance Rate (%)
ACC-managed (non-AEP)	12,463	12,617	**25,080**	**49.7%**
Accredited Employer (AEP)	496	1,105	**1,601**	**31.0%**
Total	**12,959**	**13,722**	**26,681**	**48.6%**

Note. Data sourced from GOV039913: ACC claims data for gradual process hearing loss Dataset (Accident Compensation Corporation, 2025)

The lower AEP acceptance rate is more consistent with differences in claims management and eligibility thresholds than with demonstrated reductions in hazardous noise exposure.

7.0 Conclusion: Restoring Accountability and Prevention

After fifty years, ACC has delivered equity and administrative competence, but meaningful prevention remains weak. The no-fault system has diluted the consequences that drive proactive risk reduction. NIHL persists not for lack of knowledge, but a lack of consequence. Employers and workers know support will be provided without proof of fault, resulting in a system that treats symptoms but leaves risks intact.

There is need to make change that drives accountability and economic consequence directly within ACC's regime. Work levies must reward evidence of reduced exposures and apply surcharges for repeat failure. AEP audits should require quantitative proof of hazard control, not just documentation of health monitoring programmes. Integration of ACC and WorkSafe data is vital to track repeat offenders and drive targeted intervention. Dedicated funding for engineering controls in high-risk sectors and updating national noise surveys would help address persistent gaps, and better support small businesses. Only by making prevention measurable, reportable, and tied to financial reality can New Zealand transform a compassionate but reactive NIHL regime into one that puts emphasis on prevention first.

Author declarations

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