7 April 2014

Alison Wheeler
fyi-request-1540-baf56eea@requests.fyi.org.nz

Dear Ms Wheeler

Official Information Act request

Thank you for your email of 14 March 2014, requesting information on claims made as a result of vehicular accidents and levies collected from vehicle registrations over the last two years under the Official Information Act 1982 (the Act). You specifically asked:

> *I would like to know the amount of claims you have for each of the following, how much was paid out in payments and how much you gathered in levies (from petrol, registration etc) from the following for the last 2 financial years.*
>
> *1 cars*
>
> *2 scooters (50cc) only*
>
> *3 motorbikes (125 upwards, road accidents only, no farm bikes)*
>
> *4 cyclists (cycling)*

Notes on information provided

The following notes must be read in conjunction with the information provided with this response.

ACC45

The details for a new claim are taken from an ACC45 Claim Form, submitted by the first treatment provider/health provider consulted about the accident. This lodgement form records a variety of basic information ACC needs to register the claim and consider cover. In its current form the ACC45 is an electronic form. A copy of a screenshot is attached for your information.

You will note the ACC45 form provides a mandatory field to indicate whether the accident occurred on the road. There are no fields for vehicle type. Vehicle type information would have to be entered in the free text field where claimants are able to provide a brief description of how the accident happened. It is not mandatory to complete this free text field and not every claimant does so.

New & active claims

Claim information is provided as "New" claims and "Active" claims.

- New claims: these are claims that are newly registered for the year and receive an entitlement within that year
- Active claims: these are claims that are a combination of new claims and claims that were registered in previous years and continue to receive entitlements

Motor vehicle account

The ACC component of the vehicle licensing fee is used to fund the Motor Vehicle Account. ACC uses this account to fund entitlements for people injured or affected by a fatality from road accidents

involving a motor vehicle or motorcycle. Levies are collected to fund the lifetime costs of the claims made.

Cyclists

The claims information provided for cyclists are claim numbers and costs against the motor vehicle account only. This means that the cyclist was in an accident that involved a registered motor vehicle or motorcycle. All other cyclists' injuries from an accident would be covered by either the earners account or the non-earners account.

ACC levies collected from earnings goes towards the earners account. This account is used to fund entitlements for earners injured from accidents that occur outside the workplace, and does not involve a registered motor vehicle or motorcycle. The account also funds entitlements for people affected by a fatality from an accident.

The non-earners account is funded through general taxation by way of appropriations by Parliament. This account funds entitlements for non-earners.

Diesel

Unlike petrol, an ACC levy does not apply to diesel. This is because of the multiple uses diesel has, particularly in industry. It is for this reason that a non-petrol powered vehicle attracts a higher vehicle licensing fee due to a larger ACC component.

Motorcycles & Motor vehicles

The ACC component of the vehicle licensing fee is higher for motorcycles than it is for motor vehicles. The ACC motorcycle levies are set according to the likelihood of the user sustaining an injury. The costs of motorcycle accidents are higher than other vehicle types because of the greater risk of injury. The risk is calculated as the likelihood of the vehicle being involved in a crash multiplied by the average lifetime costs of injuries sustained in a crash. The lifetime can vary from 1 day to 40-50 years.

The cost of injuries to motorcycle and moped riders have increased significantly since 2002. On average, ACC received 3.8 times as many claims per 10,000 motorcycles as cars and each claim will cost 3.1 times as much over its lifetime than claims for occupants of cars. Ministry of Transport figures show that motorcyclists are 20 times more at risk of being involved in a fatal or serious crash than car drivers per kilometre driven.

For the 2014/15 year, injuries to motorcyclists are expected to cost ACC around $107 million. ACC has asked motorcycle owners to pay $30 million of this cost. The rest of the levy, to cover the cost of injuries to motorcycle riders, is charged to owners of other vehicles (mostly to owners of cars). This is a contribution of 28 per cent of expected costs.

For your information, the ACC Levy Consultation 2014/15 for motorists has been included. This document explains how and why ACC set out its proposed levies.

The requested information

Claim information

Table one provides the number of new claims that were made against the motor vehicle account for the 2011/12 and 2012/13 years, by type of vehicle, or a pedestrian was involved in the accident that generated the claim.

Table 1: New claims by vehicle/pedestrian for 2011/12-2012/13

Vehicle/Pedestrian	2011/12	2012/13
ATV	10	18
Cycling	1,702	1749

Vehicle/Pedestrian	2011/12	2012/13
Bus	573	585
Car	22,928	22,423
Motorcycle	3,639	3,530
Truck	480	497
Other vehicle	619	733
Other	179	210
Pedestrian	2,150	1,961

Table two provides the number and cost (excluding GST) of active claims that were made against the motor vehicle account for the 2011/12 and 2012/13 years, by type of vehicle, or a pedestrian was involved in the accident that generated the claim. Costs have been rounded to the nearest $1000.

Table 2: Active claims by vehicle/pedestrian and cost for 2011/12-2012/13

Vehicle/Pedestrian	2011/12		2012/13	
	Number of claims	Cost ($)	Number of claims	Cost ($)
ATV	20	81,000	24	123,000
Cycling*	2,469	14,415,000	2,502	15,443,000
Bus	728	902,000	740	1,029,000
Car	32,779	206,124,000	32,014	197,880,000
Motorcycle	7,111	73,706,000	6,934	70,528,000
Truck	1,043	12,774,000	991	12,009,000
Other vehicle**	868	6,959,000	990	6,144,000
Not obtainable***	677	6,502,000	647	6,317,000
Other****	196	1,161,000	231	1,576,000
Pedestrian	3,340	24,644,000	3,117	25,553,000

*Note that the number includes claims from previous years which have been because of the nature of the injuries sustained, are still active and incurring costs.

**From the free text in the ACC45 claim form, ACC could determine that a vehicle was involved in the accident, but not type

***From the free text in the ACC45 claim form, there was no discernable information as to who was involved in the accident

****From the free text in the ACC45 claim form, there were other causes aside from a vehicle or pedestrian that caused the accident

Levies collected

Table three provides the amount of levies collected for the motor vehicle account for the 2011/12 and 2012/13 years.

Table 3: Levies collected by vehicle for 2011/12-2012/13

ACC Vehicle Class	Description	2011/12	2012/13
Class 2	Petrol powered passenger vehicles	$459.7m	$460.0m
Class 3	Petrol powered vintage/veteran vehicles, tractors	$2.5m	$2.7m
Class 4A	Petrol powered mopeds	$1.9m	$1.9m
Class 4B	Petrol powered motorcycles 600cc or less	$6.1m	$6.0m

ACC Vehicle Class	Description	2011/12	2012/13
Class 4C	Petrol powered motorcycles over 600cc	$15.0m	$15.3m
Class 5	Petrol powered goods service vehicles	$26.0m	$25.3m
Class 6	Non-petrol powered passenger vehicles	$80.0m	$81.4m
Class 7	Non-Petrol powered vintage/veteran vehicles, tractors	$1.6m	$1.6m
Class 8	Non-petrol powered mopeds and motorcycles	-	-
Class 9	Non-petrol powered goods service vehicles	$156.8m	$161.2m
Petrol levy		$303.1m	$300.3m

Summary of grounds for not providing some data

In the claims data provided, ACC cannot provide information by specific vehicle type — ie scooters with an engine size of 50cc only and motorbikes with an engine size of 125cc and above. As indicated above, this is due to the limitations of ACC's data. Pursuant to section 18(e) of the Act, ACC must decline this part of your request as the information requested does not exist.

As ACC levies for motorists are collected through the vehicle licence fee, all two or three wheeled vehicles with a maximum speed of 50km/h or an engine size that does not exceed 50ml (cc), are classified as mopeds. Therefore, ACC would not know what levies were collected specifically from scooters with a 50cc engine size. Pursuant to section 18(e) of the Act, ACC must decline this part of your request as the information requested does not exist.

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

Enclosed: Screenshot of an ACC45 claim form
2014/15 Levy consultation document for motorists

ACC45 FORM

* Mandatory Fields

Claim Summary

ACC45 Number AZ11111

Registration Type Full

Lodgement Date* 27 OCT 2011

Management Site Enquiry Only

Registration Users Name

Part A: Personal Details

Name Mr Test Test Test

Preferred Name

Person ID 10238424

Edit

Address

	Type	From	To	Address	Method Detail
	Home	22/01/2008		- New Zealand	

1-1 of 1 1-1 of 1

Personal Details

Gender Male

Date of Birth 01/01/2001

Age 10

NHI Number

Ethnicity Details Admiralty Islander

Part B: Accident and Employment Details

Date Of Accident* 24 OCT 2011 0 0

Accident Scene* Please Select

Accident Location* Please Select

Please give a brief description of how the accident happened

Did the accident happen in New Zealand?* Yes

Prior Activity* Please Select

Accident Contact Not Selected

Accident Cause Not Selected

Did the Accident happen on a road?* No

Off Road Agency* Please Select

Did the Accident happen at work?* No

Earner Status at Date of Accident* Please Select

Claimant Occupation

What type of work do you do?* Please Select

Department

Employer Details

Employer Name

Employer Address 1

Employer Address 2

Suburb

Town or City

Postcode

Country

Part C: Injury Diagnosis and Assistance

Diagnosis Code Type READ

Diagnosis 1

Code*

Additional Injury Comments

Has the patient been admitted to Hospital? C Yes C No

Fatal Claim Type* C Yes C No

Referral 1 Type Not Selected

Referral 2 Type Not Selected

Referral 3 Type Not Selected

Referral 4 Type Not Selected

Referral 5 Type Not Selected

Suggested Treatment or Objectives

Assistance/Rehabilitation Needed?* C Yes C No

ACC to call Provider?* No

Part D: Ability To Work

Can continue normal work?* C Yes C No

Restricted Work Duties?* C Yes C No

Review Required? C Yes C No

Review Required Date

Part E: Treatment Provider and Patient Declaration

Has the Claimant/Representative signed the form?* C Yes C No

Date of Signing Form

ACC Provider ID*

Provider Name

Submit Form with Missing Mandatory Data? C Yes C No

OK Pause

Accident Compensation Corporation
Levy Consultation 2014/15

Levies for motorists

Deadline for feedback

5.00pm, 15 October 2013

Contents

Setting the scene ...

The Accident Compensation Corporation (ACC) is the organisation that manages and delivers New Zealand's accident insurance Scheme. Our responsibilities are set out in the Accident Compensation Act 2001.

Through the ACC Scheme, New Zealanders don't have the right to sue for personal injury (other than exemplary damages). Instead, they receive comprehensive insurance if they're injured in accidents, whether or not they're at fault.

This document sets out the changes we propose to recommend to the Minister for ACC for the 2014/15 levy rates for the ACC Motor Vehicle Account and we are seeking for your feedback.

What is the Motor Vehicle Account?

The Motor Vehicle Account covers claims for all injuries involving moving motor vehicles on public roads in New Zealand. It is funded by a levy included in the price of petrol and the motor vehicle licensing fee (sometimes called the vehicle registration).

The implementation of the 2013/14 levy rates as agreed by the Government in December 2012 has been delayed until 2 December 2013. The delay has been necessary to implement the technical changes within the Motor Vehicle Register to allow the introduction of the ACC Fleet Saver programme and the separation of light and heavy goods service vehicles (as consulted on last year). The proposals in this document reflect changes from the levy rates that will be introduced on 2 December 2013 and not the levy rates that are in place at the time of consultation.

The proposed 2014/15 Motor Vehicle levy rates being consulted on will cover the period from 1 October 2014 to 30 June 2015. This is so that we can align the new rates with the proposed introduction of the risk rating for cars based on real world crash results (refer to page 9).

Our legislation requires us to have a funding policy that ensures we have an adequate level of assets to fund the amount of the outstanding claims liability. It guides how we set our levies, as these need to be set to meet today's claims and their associated future costs.

Under our funding policy, the Motor Vehicle Account has a target funding level of 116% within a band of 100% to 140%. You can see our funding policy in the Introduction document at www.acc.co.nz/levyconsultation.

Please note that

- All the levy rates in this document exclude GST unless it says otherwise.
- We've rounded some of the numbers (up or down), so if you do your own calculations they might not match ours.
- In calculating the proposed 2014/15 levies, we've used estimates based on recent experience and expected trends of the likely number of claims for the year and their costs. It's important to realise that some claims will have costs (in treatment and care) lasting for 60 years or more.

For information on how at-work or non-work injuries are funded, please read the Introduction document or the consultation documents for employers/self-employed people and wage earners. These are available at www.acc.co.nz/levyconsultation.

Motor Vehicle levies 2014/15

In this section you'll find our proposed 2014/15 Motor Vehicle levies, and information on how we've calculated them.

The Motor Vehicle levy has two parts:

- residual portion - covers injuries to road users that occurred prior to 1 July 1999
- current portion - funds the costs of motor vehicle injuries that are expected to occur during the 2014/15 year and any adjustments to funding requirements for claims that occurred in prior years.

Proposals at a glance

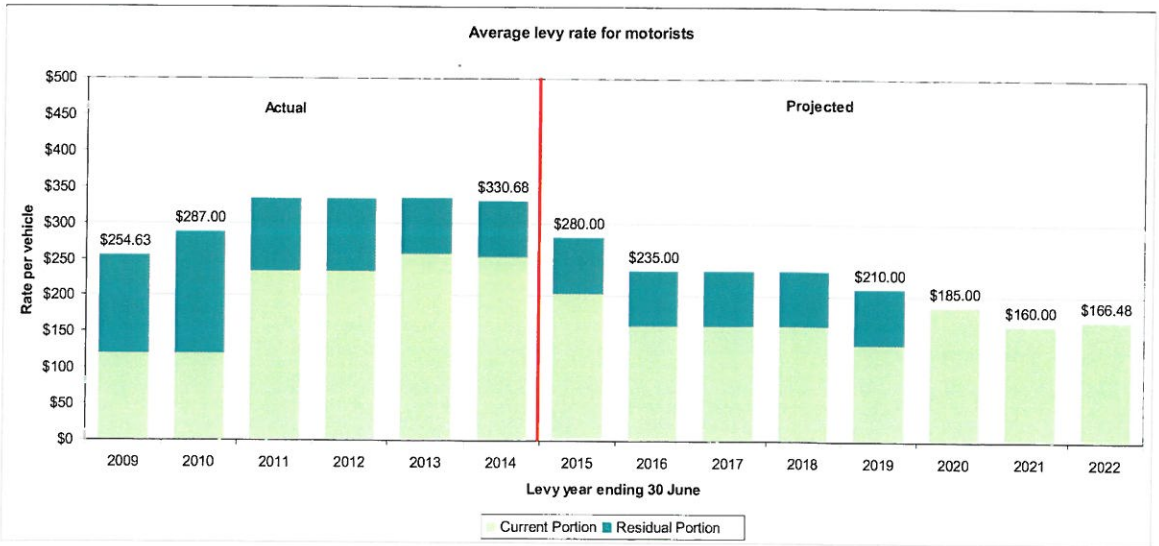
- reduce the current (2013/14) combined average Motor Vehicle levy by 15%
- maintain the current levy charged to owners of motorcycles and mopeds
- introduce risk rating of the light passenger fleet (cars) based on real world crash performance
- expand the ACC Fleet Saver programme to include businesses that rent trucks
- maintain the Petrol levy at 9.90 cents per litre
- maintain the Motorcycle Safety Levy (MSL) at $30 per year per licensed motorcycle.

The combined average Motor Vehicle levy

The combined average Motor Vehicle levy is the total levy required for the entire Account averaged across every licensed vehicle in New Zealand. (Note: if a vehicle is licensed for only six months then it is counted as half a vehicle for the purposes of setting the aggregate levy.)

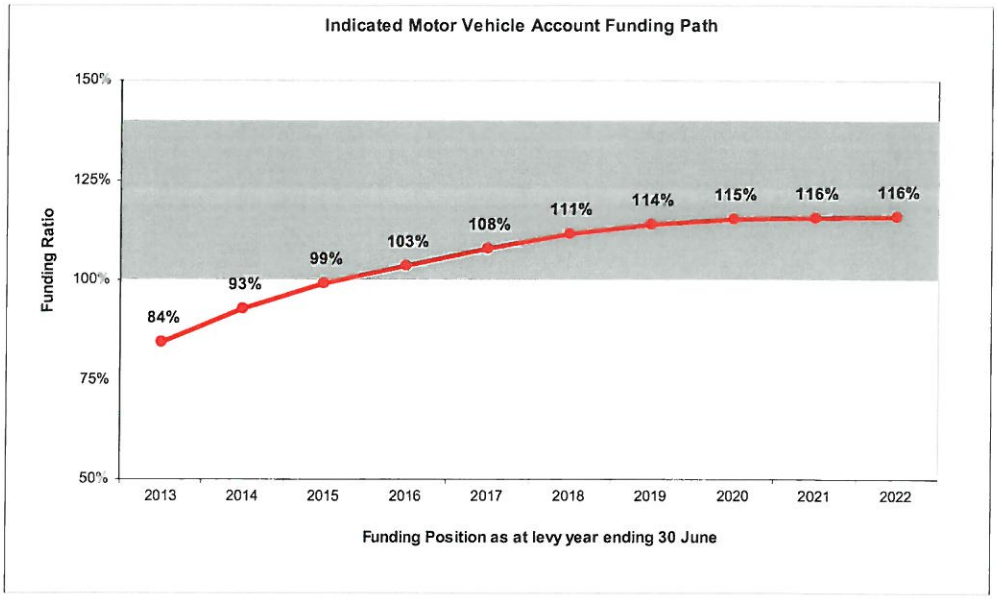
ACC proposes to reduce the current (2013/14) combined average vehicle levy from $330.68 to $280 for the 2014/15 year. This is a 15% reduction.

The graph below shows the proposed 2014/15 average levy rate and the projected average levy rates out to 2021/22.



The graph below shows the Motor Vehicle Account is currently below the funding band but based on current performance trends is projected to reach 100% during 2015/16.

The funding position of the Account is better than previously expected which has allowed ACC to propose a 15% levy reduction in 2014/15. A further 16% reduction to $235 is expected in 2015/16 following which it is expected to remain constant for three years. For the three years starting 2018/19, further reductions in levies of $25 per year will ensure the target funding level of 116% is not exceeded.



Here's how the proposed average Motor Vehicle levy compares with the current levy. The MSL is included in the average amount but is only paid by the owners of motorcycles and mopeds (refer to page 12).

	Current 2013/14 levy rate	Proposed 2014/15 levy rate	% change (current to proposed)
Average levy for current year portion (including MSL)	$253.61	$202.93	-20%
Average levy for the residual portion	$77.07	$77.07	No change
Combined average Motor Vehicle levy	**$330.68**	**$280.00**	**-15%**

Further details on these levy rate components are provided on the following pages.

Residual portion

The residual portion funds the outstanding lifetime cost of injuries that occurred before 1 July 1999. Prior to 1 July 1999 the levies collected each year only covered the expected expenditure that year.

The Accident Compensation Amendment Act 2010 changed the way the residual portion of the Motor Vehicle Account levy was calculated:

- 30 June 2019 was set as the final date for paying off the estimated unfunded outstanding liability associated with residual claims
- the final amount to be funded by the residual portion as at 30 June 2009 was calculated and has been 'locked in', and is not recalculated each year as was done previously.

The residual portion for 2014/15 remains at $77.07 per vehicle, as this is the rate required to collect the remaining residual amount by 2019.

Current portion

The table below shows the comparison between the current average Motor Vehicle levy and the 2014/15 proposed average Motor Vehicle levy.

The current levy of $257.45 was calculated last year, but the breakdown as shown below was reassessed this year as part of the calculation for the 2014/15 proposed levy.

	Current 2013/14 (per vehicle)	Proposed 2014/15 (per vehicle)	% change (current to proposed)
To fund the cost of new claims during the levy year	$120.83	$124.93	3%
To fund Scheme costs	$19.41	$19.15	-1%
Funding adjustment	$112.27	$58.10	-48%
The MSL (calculated as an average for all vehicles but payable only by motorcycle/moped owners)	$1.10	$0.75	-32%
Average current year levy	**$253.61**	**$202.93**	**-20%**

The changes in the levy driven by claim and scheme costs are explored below.

Scheme performance improvements over the past year and the higher than expected investment returns have resulted in higher funding ratios (assets vs liabilities) for the accident years since 1999/2000 which has allowed the funding adjustment to be lower than previous years.

The fall in the average cost of the Motorcycle Safety Levy across all vehicles reflects the change in licensing practices of motorcycle owners. There are now fewer motorcycles registered for the entire year than when the levy was first introduced.

Cost of new claims

The table below shows the estimated costs of the 2014/15 claims compared with those of 2013/14.

	Current 2013/14	Proposed 2014/15	% change (current to proposed)
A. Expected number of full-year equivalent vehicles[1]	3,160,912	3,199,052	1.2%
B. Entitlement claim frequency (the number of entitlement claims per 100 vehicles)	0.18%	0.18%	0%
C. Expected number of entitlement claims (A x B)	5,721	5,789	1.2%
D. Estimated cost of claims discounted to the beginning of the year	$382 m	$400 m	4.6%
E. Levy rate per vehicle to fund the cost of claims (D / A)	$120.83	$124.93	3.4%

The number of claims per 1,000 vehicles has been lower than expected over the past 12 months. ACC had expected the claim frequency to start to adjust upwards as economic recovery continued. The continued lower than expected claims have led ACC to adjust its expectations of future claim volumes. The forecast claim frequency is around 6% lower than last year's forecast, which has resulted in the claim frequency of 0.18% continuing for the 2014/15 levy year.

The costs of claims are generally increasing in line with forecast inflation rates. The exception to this is the cost of elective surgery which has increased at a faster rate than anticipated over the past nine months. ACC has adjusted its forecast of future elective surgery cost to reflect the higher level of annual inflation.

Scheme costs

Scheme costs	Current 2013/14	Proposed 2014/15
Levy collection costs	*$1.3 m*	*$1.4 m*
Injury prevention costs	*$13.0 m*	*$15.2 m*
Operating costs	*$47.1 m*	*$44.6 m*
F. Estimated Scheme costs	**$61.4 m**	**$61.2 m**
G. Number of full-year equivalent licensed vehicles	3,160,912	3,199,052
H. Average claims levy to fund Scheme costs (= F / G)	**$19.41**	**$19.15**

ACC is increasing its investment in road safety. This increased investment reflects the need for ACC to invest in high quality projects that seek to lower the number of people injured in road crashes over the medium and long-terms. ACC expects the increased investment in injury prevention will lower Scheme costs in the future.

[1] A full-year equivalent vehicle is a vehicle licensed for the full year. Vehicles licensed for part of the year are counted as equivalent fractions. So if a vehicle is licensed for six months, it's counted as a 0.5 full-year equivalent vehicle.

Collecting Motor Vehicle levies

Vehicle classes

ACC does not charge a standard or flat levy for each vehicle on the road. This is because we believe it is fairer to ensure the groups of vehicles that contribute a greater risk of injury pay a larger share of the total levy.

ACC assesses the Motor Vehicle levies according to 'classes' of vehicle that are set in legislation. This covers every type of vehicle on the road – from everyday motorcars to vintage vehicles, caravans, tractors, motorcycles, ambulances, fire engines, trucks, trailers and more.

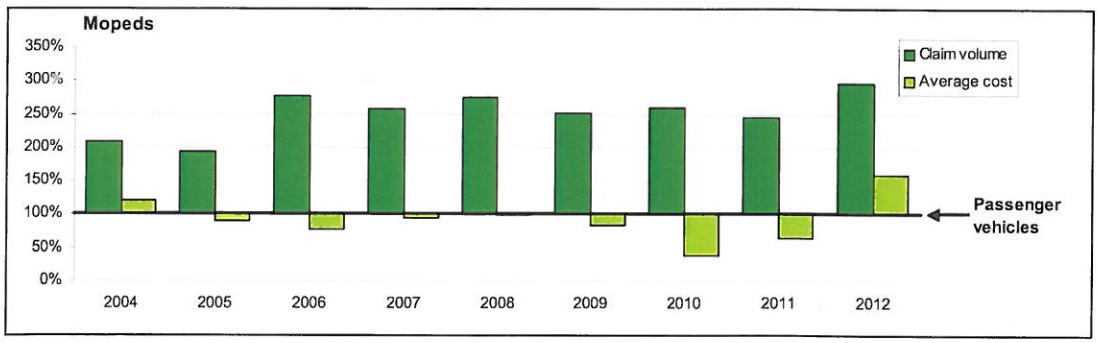
The existing risk-based vehicle classes have been developed over time based on the information ACC has available and that on the Motor Vehicle Register.

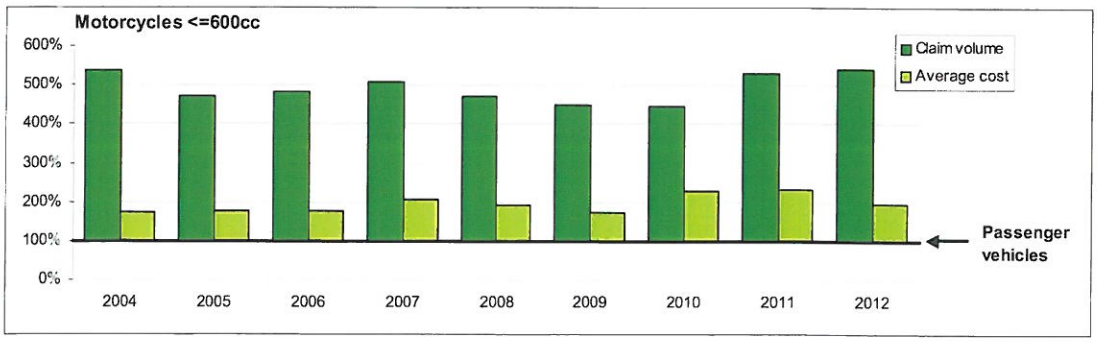
Each year ACC reviews the relative amount each class should contribute to fund the cost of injuries that occur in road crashes. In determining the relativity factors ACC sets the level of contribution by passenger vehicles as its baseline (100%).

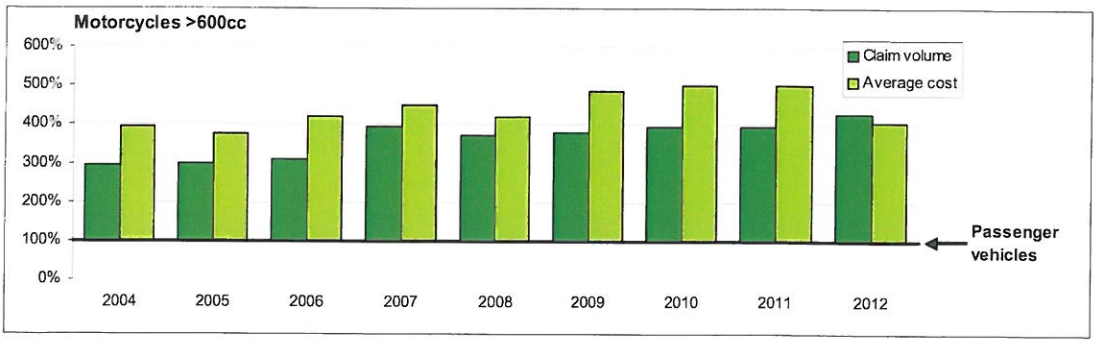
Motorcycle levies

Relative injury volume and costs

As the claim and cost experience changes between years, ACC uses the past 10 years of data to guide the determination of final relativities. The following graphs set out the claim volume and average costs for motorcycles and mopeds relative to the baseline (passenger vehicles). This data is used to set relativity factors for levies for motorcycle and moped owners.







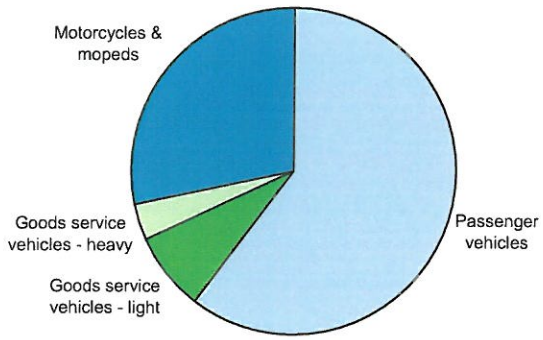
Where the data for the motorcycle or moped injuries is below the 100% line the experience is better than for passenger vehicles and there is an argument for lowering the levies relative to passenger vehicles. From the graphs above the following trends can be seen:

- experience on the whole is higher than that of passenger vehicles for mopeds and motorcycles in both claim volumes and costs of injuries
- some improvement in average claim costs has been seen recently in motorcycles of all sizes (i.e not mopeds) indicating a reduction in the severity of injuries from crashes involving motorcycles
- the volume of injuries from crashes involving motorcycles has increased over last three years.

Despite the average aggregate levy rate reducing, the claims experience set out above does not support lowering the motorcycle or moped levies at this time.

Funding injuries to motorcycle and moped riders and pillions

The expected lifetime cost of injuries to motorcyclists over the 2014/15 period is $107 million. The proposed levy rates result in the following contribution towards this amount by owners of different vehicle types.



	$m
Passenger vehicles	64
Goods service vehicles - light	8
Goods service vehicles - heavy	4
Motorcycles & mopeds	30
	107

Proposed motorcycle and moped levy rates

As noted above the injury frequency and claim cost experience of riders of motorcycles and mopeds are increasing compared to that of the reference group - passenger vehicles. This relatively poorer performance has resulted in ACC recommending that the levies charged to these vehicle owners remain the same as for 2013/14 levy year. The proposed licence levies are set out on the next page.

Licence levies for:	Petrol-powered [excl. petrol levy @ 9.90c per litre]		Non-petrol powered	
	Current 2013/14 levy	Proposed 2014/15levy	Current 2013/14 levy	Proposed 2014/15 levy
Mopeds*	$99.33	$99.33	$147.88	$147.88
Motorcycles (600cc or less)*	$297.91	$297.91	$346.46	$346.46
Motorcycles (over 600cc)*	$397.18	$397.18	$445.73	$445.73

* excludes the MSL of $30 per annum

Other proposed changes

Proposal to introduce risk rating for cars based on real world crash results

Overview

Over recent years levy payers have been seeking levy options from ACC that more closely align the levy they pay for their vehicles to their individual risk.

There is evidence that the safety features built into vehicles are playing and will continue to play an increasingly important role in reducing injuries on roads throughout the world. Improving the inbuilt safety of New Zealand's vehicle fleet is a key goal of the Safe Systems approach, which underpins the thinking behind the Government's Safer Journeys strategy.

There are two types of safety systems built into a vehicle – primary and secondary. Primary safety systems allow a vehicle to avoid a crash. Secondary safety systems are designed to reduce the extent to which the kinetic energy in a crash is transferred to the driver, passengers and other road users.

A study by Monash University in 2009 found that improvements in secondary safety systems in vehicles between 1991 and 2006 saved 12,600 fatal or serious injuries. If those systems were not in place they estimated that the count of fatalities and serious injures in 2006 would have been 31% higher. While it can take some time to build up the number of safer vehicles in the country, there are significant long-term reductions to injuries and deaths in road crashes if we can improve the safety systems in the cars we drive.

Use of total secondary safety index to assess risk

ACC does not collect information on the safety systems built into a vehicle. To undertake a risk assessment safety data external to ACC must be used. The table below shows the options ACC considered when this proposal was developed.

Option	Comments
Use of the Used Car Safety Rating (UCSR) system in place within New Zealand.	For: The advantage of this option is that the system is in existence and is supported by the RightCar website. The scores are developed by Monash University in conjunction with experts from around New Zealand and Australia. Against: The system only uses the crashworthiness data from Monash University to base the rating on. This removes a dimension of the vehicle design that ACC believes is important to include in risk rating – aggressivity (how well the vehicle protects passengers and other road users). The current used car safety rating does not apply for all used vehicles and so is unable to met ACC's goal of grouping all light passenger vehicles into safety groups.

Option	Comments
	Decision: expand the USCR data to include aggressivity and develop additional rules to apply the data to all light passenger vehicles.
Use the new car crash test results such as ANCAP, Euro NCAP and JNCAP.	For: The testing is objective and there is a well developed scale, it is well recognised by consumers, and has the support of vehicle manufacturers. Against: Poor coverage of the existing fleet of vehicles in New Zealand, some incompatibility between the tests undertaken in different jurisdictions. Decision: Rejected as an option as insufficient older vehicles have a rating.
Use information on each vehicle's safety features.	For: This option would allow ACC to risk rate based on what features are present in the vehicle. Many of the safety features have good research to demonstrate their effectiveness. Against: This information is not collected by Government and so the cost of providing the information would have to fall on vehicle manufacturers or vehicle owners. This approach would not easily pick up design features that improve safety but are not easily identified by an inspector (crumple zones etc). Decision: This option was rejected due to the additional compliance costs to vehicle owners or manufacturers.

In New Zealand and Australia the used car rating system considers the safety outcomes from the point of view of the driver (this is termed the crashworthiness of the vehicle). This provides a view of how well the vehicle protects its occupants in the event of it being involved in a crash. ACC is also concerned with the contribution vehicle design has in injuring other people involved in the crash. For example, some vehicle manufacturers are designing the front of their vehicles to reduce the damage to a pedestrian if they are struck by the vehicle.

The impact a vehicle has on other road users in a crash is termed its aggressivity. These two elements – crashworthiness and aggressivity - are able to be combined into a total secondary safety index (TSSI). This index provides the most appropriate view of vehicle safety for ACC as it includes elements that impact all the people involved in a motor vehicle crash.

ACC is proposing to use the total secondary safety index methodology Monash University has developed as a risk rating factor for passenger vehicles. ACC has engaged the Monash University to expand the methodology to include 95% of the light passenger vehicle fleet in New Zealand (approximately 2.6 million vehicles). The report detailing the methodology designed by Monash University for ACC is available from our website.

The TSSI is derived from the outcome of real world crashes and includes data from crashes that resulted in over half a million injured people. The approach taken by the team at Monash has been subject to rigorous international review and has been adopted by both New Zealand and Australia to determine the safety status of used cars. An overview of the crashworthiness and aggressivity components that make up the TSSI can be found on the RightCar website.

The approach ACC proposes builds on the strengths that underpin the USCR system in place in New Zealand by including how the features of the vehicle reduce the trauma to other road users and expanding the scope of vehicles that the scoring covers. The use of crashworthiness and aggressivity scores align with the methodology that determines the "Safe Picks" on the RightCar website.

Further details about the use of the TSSI as a risk rating factor are contained in the document Additional Information about the Motor Vehicle Account available on our website.

Introducing four risk groups for light passenger vehicles

In determining the number of risk groups for passenger vehicles, ACC took into account the following factors:

- stability of the group over time
- how well do the groups align with other information about vehicle safety available to the consumer
- the need to clearly communicate different levels of risk (e g if there are many groups each with only a small difference in risk the differences between the groups may not be apparent to vehicle owners).

ACC developed scenarios of four, five and six risk groups for analysis. While five risk groups would align with the approach adopted by the new car and USCR systems, both scenarios with five and six risk groups showed too much variability over time. The preferred scenario was four risk groups. ACC believes the degree of alignment between the used car safety ratings and the ACC's proposed risk groups is sufficient to ensure that key Government messages about choosing safer vehicles are supported by ACC's levy rates.

Passenger vehicles where a total secondary safety index cannot be assigned

Some new vehicles and some rare vehicles while included in the analysis for the total secondary safety index do not have sufficient crash information to enable a score to be assigned. This is expected to occur in around 3% of the passenger vehicles. In this situation ACC proposes to assign the vehicle to the third risk group (second safest) until such time as a score can be assigned to the vehicle.

Passenger vehicles not subject to total secondary safety index

ACC's existing passenger vehicle class includes a number of vehicle types that are not included in the analysis of the total secondary safety index score such as buses and campervans. ACC is proposing to set levies for these vehicles at the average rate for passenger vehicles.

ACC is not proposing to include vintage or veteran vehicles in the risk rating groups.

Proposed changes to levy rates for passenger vehicles

The table below shows the proposed levies as a result of applying the TSSI to risk rating of passenger vehicles.

Licence levies for:	Petrol-powered [excl. petrol levy @ 9.90c per litre]		Non-petrol powered**		Number of vehicles
	Current 2013/14 levy	Proposed 2014/15 levy	Current 2013/14 levy	Proposed 2014/15 levy	
Passenger vehicles not subject to risk rating					
Passenger vehicles	$198.65	$150.52	$321.59	$274.40	30,000
Risk rated passenger vehicles					
Risk rating group 1	$198.65	$198.65	$321.59	$321.59	560,000
Risk rating group 2	$198.65	$178.65	$321.59	$302.53	480,000
Risk rating group 3	$198.65	$148.65	$321.59	$272.53	800,000
Risk rating group 4	$198.65	$98.65	$321.59	$222.53	750,000

** non-petrol driven vehicles include electric powered vehicles but not hybrids which are classified as petrol driven by NZTA

Proposal to expand the ACC Fleet Saver programme to include rental fleets

The ACC Fleet Saver programme has been developed to provide recognition of fleet operators that positively contribute to reducing the risk of injury on New Zealand roads. The programme will be launched on 2 December 2013. ACC Fleet Saver is available to businesses with five or more heavy goods service vehicles (heavy being defined as 3,501kg or more GVM or gross vehicle mass).

The current design of Fleet Saver excludes businesses that rent out heavy goods service vehicle because they are unable to meet a number of audit standards. However, during the finalisation of the design ACC was asked to develop an option for businesses that rent out heavy goods service vehicles to be involved in the programme.

ACC is proposing to expand ACC Fleet Saver to include owners of rental fleets of five or more heavy goods service vehicles, so has developed a set of audit standards that assesses the level of road safety impact these businesses can make. The proposed standards are provided in the supplementary document Additional Information about the Motor Vehicle Account and are available on our website.

Businesses that rent out heavy goods service vehicles will be audited to the proposed rental fleet audit standards and can access lower levies if they demonstrate a lower risk through the audit. The proposed standards limit these businesses to bronze or silver level membership as rental fleet owners do not have direct control or responsibility for the health and safety of the people driving their vehicles.

The Petrol levy

Owners and users of petrol-driven vehicles pay their Motor Vehicle levy when they licence their vehicles and when they purchase petrol.

The current Petrol levy is 9.90 cents per litre and ACC is proposing there be no change to this.

Motorcycle Safety Levy

The MSL funds initiatives aimed specifically at motorcycle, scooter and moped riders, to reduce the number and severity of injuries and fatalities on New Zealand's roads.

The current annual MSL is $30 and ACC is proposing there be no change to this.

An advisory council ensures that proposals to use the levy meet ACC legislative requirements and will have a positive impact on motorcycle, scooter and moped safety. For more information on the advisory council and how you can contribute ideas toward developing safety initiatives for motorcyclists visit their website at http://motonz.org.nz.

Proposed levy rate changes – all vehicle classes

The table below presents the levy rates resulting from the proposed reduction in the aggregate levy rate and introduction of the use of TSSI as a risk rating factor for passenger vehicles.

Licence levies for:	Petrol-powered [excl. petrol levy @ 9.90c per litre]		Non-petrol powered**	
	Current 2013/14 levy	Proposed 2014/15 levy	Current 2013/14 levy	Proposed 2014/15 levy
Vintage/veteran vehicles	$69.53	$53.49	$113.43	$96.78
Mopeds*	$99.33	$99.33	$147.88	$147.88
Motorcycles (600cc or less)*	$297.91	$297.91	$346.46	$346.46
Motorcycles (over 600cc)*	$397.18	$397.18	$445.73	$445.73
Light GSVs (3,500kg or less)	$206.69	$150.52	$355.59	$274.40
Heavy GSVs (not an Fleet Saver member)	$238.15	$238.15	$467.08	$467.08
Heavy GSVs (Fleet Saver Bronze member)	$208.05	$208.05	$420.37	$420.37
Heavy GSVs (Fleet Saver Silver member)	$162.95	$162.95	$350.31	$350.31
Heavy GSVs (Fleet Saver Gold member)	$117.86	$117.86	$280.25	$280.25
Passenger vehicles not subject to risk rating				
Passenger vehicles	$198.65	$150.52	$321.59	$274.40
Risk rated passenger vehicles				
Risk rating group 1	$198.65	$198.65	$321.59	$321.59
Risk rating group 2	$198.65	$178.65	$321.59	$302.53
Risk rating group 3	$198.65	$148.65	$321.59	$272.53
Risk rating group 4	$198.65	$98.65	$321.59	$222.53

* excludes the Motorcycle Safety Levy of $30 per annum

** non-petrol driven vehicles include electric powered vehicles but not hybrids which are classified as petrol driven by NZTA

What do you think?

ACC are interested in your thoughts on the proposed changes covered in this document. We welcome your feedback on the proposed levies, whether you agree or disagree with our proposals and if you have any ideas or suggestions for improvement.

You can send your submission (which must include your name, address and contact phone number) in the following ways:

By post to:
Levy Consultation
ACC
PO Box 242
Wellington 6140

By email to: levyconsultation@acc.co.nz

We need to hear from you by **5.00pm on 15 October 2013.**

Please note that ACC is subject to the Official Information Act 1982, so your submission may be available to people seeking information under this Act.

For more information

If you'd like more information, or want to learn more about the advice upon which we've based the proposed levies, visit www.acc.co.nz/levyconsultation, call us on 0800 222 728 or send an email with your request to levyconsultation@acc.co.nz.