

Speech To Motorcycle Rally Cathedral Square

14th November 2009

Simply, the MAJOR issue facing ALL New Zealanders, NOT JUST MOTORCYCLISTS, - is that ACC has moved – and continues to move - beyond the ONE guiding principle on which it was established.

This is the principle of “NO FAULT LIABILITY”.

No fault liability means that no one individual, or group, is ANY MORE responsible or liable, in terms of causing an accident, than any other group or individual.

As such ACC is NOT an insurance scheme.

In INSURANCE SCHEMES it is common practice to use actuaries to calculate risks and probabilities with accidents, so appropriate differential costs can be charged in terms of premiums.

ACC was originally designed NOT to be this way.

If we continue to go down this path of selecting out groups – we will be charging levies on groups who fish through their fishing licenses, perhaps even levies based on gender and ethnicity.

This is totally contrary to the principle on which ACC was established.

Some other misconceptions that need to be corrected:

ACC is NOT running at a loss on annual levies – In 2008 ACC took \$4.2BN in levies, and paid out \$3.1BN in accident related claims.

At present the ACC has the highest reserves it has ever had - with enough money to pay out for about three and a half years of claims.

The current proposed increase in ACC levies is NOT to cover accident treatment, rehabilitation or other direct accident costs.

The increase in ACC levies is simply to increase the asset value of ACC from \$11BN to \$24BN – as it moves completely to a fully funded system.

Fully funded means paying for accidents that happen today, as well as paying all the future costs associated with those accidents.

This method of funding is extremely questionable, as accurately forecasting future medical costs – and rehabilitation rates - seems almost impossible – especially

when one looks at the difficulty Health Boards have with their financial operations, on an annual basis.

So the reality is ... the purpose of these levies is to make ACC look good ... in a financial balance sense – this is where the levies are going – they are not going to fund accidents directly – they are going to increase the value of ACC.

To increase these levies – the Government is proposing changes through a Bill they currently have before parliament.

However, what must be remembered is that ACC is NOT an insurance scheme – ACC is a COMPENSATION scheme – one which was established on the principle of NO FAULT liability.

In terms of how the proposed changes affect you.

A key part of the proposed new regulations is to allow differential rating of levies on different types of vehicles – or in the case of motorcycles – on varying CC ratings - which will be based on risk and likelihood of accident.

This is why there is a current campaign of misinformation on motorcycle accidents, to prepare motorcycle owners to disproportionately bear the costs.

The basic principle of NO FAULT liability on which ACC was established – is clearly being moved further and further away from. Evidence of this recently was when ACC Chairman John Judge stated that motorcycle levies were increasing **because motorcycles cause accidents**.

This focus of differential group liability is inequitable in that it is NOT BEING APPLIED ACROSS OTHER GROUPS!

What needs to be challenged is this whole notion of RISK and LIABILITY. If RISK relates to the RISK of a specific group (e.g. motorcyclists) having an accident, then why should a motorcyclist pay more - when the RISK he faces is posed by other road users - e.g. car drivers?

If car drivers are LIABLE for causing accidents on the road to others - then why should they not pay a higher premium based on the RISK they pose to others?

It obviously works that way for pedestrians and cyclists - i.e. they pay NO levies - but are paid for by other road users - cars, trucks, motorcycles etc. from of the ACC Motor Vehicle Account.

Motorcyclists are simply being victimized by the Government.

Levies are already too high – and should be reduced. The suggestion to increase them is immoral and unjustifiable.

I state that for the following reasons:

Motorcycle accident rates are reducing – and have been for the past 30 years.

Even by the ACC's own admission!

ACC stated that over the period 2000 to 2008 motorcycle registrations increased by a factor of 4 – that is they quadrupled – however ACC also stated that in the same period accidents have only doubled.

Therefore the accident rate **MUST** be decreasing! During that time, ACC levies on motorcycles have also disproportionately increased – consequently - ACC have made even more money out of motorcyclists.

ACC have been stating the fact that motorcyclists are 16 times more likely to have an accident than other road users – this is NOT correct. Motorcyclists are only 1.6 times more likely than cyclists to have an accident – and only 3 times more likely than car drivers to have an accident.

Motorcyclists are costing ACC less! We all know the average age of riders is increasing, consequently the average age of motorcyclists having accidents is increasing, therefore the future cost of ACC supporting these individuals will be decreasing, as they will not require financial support for as long as would younger injured riders.

Another UNTRUTH that ACC have been stating is the cost of motorcycle accidents being higher than other road users. The truth is motorcycles are the lowest!

In 2008 – from the ACC payouts made – the costs per claim were:

2008 ACC Claim Payout by Motor Group Levy	
Group	Payout per claim
Truck	\$17,807
Passenger Car	\$14,885
Pedestrian	\$13,678
Cycling	\$12,626
Motorcycle	\$12,013

Average motorcycle claim payouts were 33% lower than truck related accident payouts, and 19% lower than cars, and, whilst cyclists and pedestrians claims against the motor vehicle account were higher than motorcyclists – THEY PAY NO LEVIES WHATSOEVER!

Going to the proposed changes to ACC – As I said earlier ACC are moving from the central principle of NO FAULT LIABILITY - to one of differentiating groups on the basis of risk.

In a recent study of all the accidents involving motorcycles and other vehicles in Auckland and Canterbury – 66% were caused by the other vehicle ie NOT the motorcyclist. This is similar to international studies in the US and Europe. This translates to 40% of all accidents involving motorcycles. Therefore other road users should be cross-subsidizing motorcyclists to the tune of at least 40% of the total motorcycle ACC claim cost.

A sensible way to raise ACC levies on any piece of machinery with an internal combustion engine – be it a chainsaw, motor mower car or motorcycle, is simply to load the cost on fuel for the equipment. That way, every time it operates and represents a risk of accident or injury, you are directly contributing to the cost of ACC. The more you run it the more you pay in petrol levy. This would also be a more equitable system for those owning multiple vehicles.

For those who do own more than one vehicle or motorcycle, and only able to operate one a time, an ACC driver's license levy could also be placed on an individual's license.

Price Waterhouse Coopers published a detailed, 470 page report on ACC in March 2008. This report identified ACC as one of the best schemes in the world – in terms of low cost, relative to the high economic and social benefits. In this report the first recommendation – was ACC could improve by spending more in PREVENTION of accidents. This is supposedly ACC's first stated objective.

The reality though, WHICH EVERY INDIVIDUAL – NOT JUST MOTORCYCLISTS must realize, is that by targeting motorcyclists – the average person is unaware that next year, EVERYONE will face increased ACC tax through their wages and salaries.

For someone on \$40 000 per year, this could be about \$400 per year – their cars will cost an additional \$123 a year and there will be a likely increase in petrol of around 3 cents per litre.

As motorcyclists - you have the option of not registering your motorcycles BUT every household is facing MANDATORY ACC tax increases. Using motorcyclists in this debate – has provided the Government with the ability to completely deflect the argument from the central issue – and that is - the whole purpose of ACC is being undermined as it is being converted to an insurance scheme and obviously being set up for privatization.

So what can you do?

I urge you to make a submission to the select committee that is now considering the ACC Amendment Bill in parliament. The closing date for submissions is 26th November, **just 12 days away**.

You can get information to help you make the submission at the website www.bikersagainstacc.org.nz.