

Time to dispel the myths about ACC and Motorcycle levies!

Facts

1. Average cost of car accident (per accident 2007/08) \$24,426.00
Average cost of motorcycle accident (per accident 2007/08) \$19,704.00

(Source: ACC External agency – road, Section 8, Motor Vehicle Account)

CARS OWNERS SHOULD PAY MORE THAN MOTORCYCLISTS!

2. 40% of the risk to motorcyclists of having a motorcycle accident is presented by other drivers on the road. These other drivers should have an additional risk loading to pay 40% of the motorcyclists cost of accidents.

(Source: Ministry of Transport – Crash Analysis System – 2008 multiple vehicle accidents)

CARS SHOULD PAY MORE!

3. New Motorcycle registrations have **quadrupled since 2000**.
Motorcycle accidents had **doubled between 2000 and 2008**.
(Source: ACC Proposed Levy Changes. Mopeds and motorcycle levy rates, p.35)
Motor cycle levies during this time also increased, therefore the total amount of levies taken during this period **disproportionately increased, relative to the motorcycle accident cost**, providing **ACC WITH HIGHER REVENUE!**

4. A history of the funding system has caused the problems, **AND IT WILL NOT IMPROVE!**
ACC levy charges are currently collected on a “pay as you go” basis, which means that each year, revenue is collected to pay for accidents occurring in the current year, plus any costs associated with treatment/payouts for accidents which occurred in previous years. ACC intends moving to a fully funded model. This works on the cost of the accident in the year in which it occurs, **PLUS** the **PROJECTED** cost of that accident in future years, i.e. rehabilitation treatment, income support etc.
THE PROBLEM

We are NOW paying off debt for the ACC cost incurred pre 1999. This is due to inadequate revenue collection, **AND**, in part political interference by **BOTH** Labour and National Governments, due to the 1998 privatization of the ACC Workplace Insurance component.

However, the real issue is that the **FULLY FUNDED MODEL IS FUNDAMENTALLY FLAWED**, and the financial situation is likely to worsen. Given it is not possible to collect that appropriate amount under a “pay as you go” scheme, due to things such as the unpredictable nature of increasing health costs, how is it going to be easier **PREDICTING THESE UNKNOWN INCREASES?** It appears ACC will attempt to **GUESS** the cost of two **UNKNOWN**S – i.e. the future cost of treatment, times who needs that treatment.

“Motorcyclists are inherently more vulnerable to the mistakes of car drivers than vice versa and I would suggest that the government could approach this in a rather more responsible fashion through driver and rider education than simply increasing levies.” (John Woodley – Five times NZ Roadrace Champion, Three times Australian Grand Prix Champion).

Charles (Charley) G. Lamb

Associate Professor

Head of Business Management, Law and Marketing Department

Director of Australasian Institute of Motorcycle Studies (AIMS) project

Faculty of Commerce

P O Box 84

Lincoln University 7647

Christchurch, New Zealand

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