

Calculating the motorcycle levy – frequently asked questions

What has ACC changed?

There are three changes in the calculation for proposed 2010/11 levy compared to the 2009/10 levy. The first change brings mopeds into the group with motorcycles, the second change is the way ACC calculates its expected levy from petrol consumption (this applies to all vehicle types not just motorcycles) and the third is the introduction of three sub-classes of motorcycles based on the engine capacity.

How did we arrive at the proposed motorcycle levies?

There are two stages to pricing the motorcycle levies. The first is to set the overall average total levy¹ for all motorcycles and mopeds. This has been set at 150% of the total levy payable by passenger vehicles. This relativity factor (150%) is set at the same level as for the previous four years. ACC then used combined data from its claim system, estimates of the future costs of claims and the Ministry of Transport's crash recording system (CAS) to determine whether the risk for various sizes of motorcycles was similar. Because the definitions of road accident differ between the Ministry of Transport and ACC only data that related to claims accepted by ACC as belonging to the Motor Vehicles Account (see below for details) were included in the analysis. The results of this review are presented below².

| Type of vehicle | ACC Motor Vehicle Class | Matched claims | Total lifetime cost | Number of licensed vehicles | Claims per 10,000 licensed vehicles | Average claim cost per claim | Average claim cost per licensed vehicle |
|-----------------------------|-------------------------|----------------|---------------------|-----------------------------|-------------------------------------|------------------------------|-----------------------------------------|
| Passenger vehicles | Class 2 / 6 | 9,082 | 188,599,307 | 2,309,043 | 39.33 | \$20,767 | \$81.68 |
| Goods service vehicles | Class 5 / 9 | 1,335 | 46,368,850 | 402,235 | 33.20 | \$34,722 | \$115.28 |
| 0-125 cc motorcycles/mopeds | Class 4a / 8a | 196 | 5,840,412 | 17,359 | 112.68 | \$29,859 | \$336.46 |
| 126-600cc motorcycles | Class 4b / 8b | 262 | 9,946,270 | 15,068 | 173.55 | \$38,035 | \$660.11 |
| 601+cc motorcycles | Class 4c / 8c | 384 | 29,219,805 | 29,677 | 129.36 | \$76,113 | \$984.58 |
| All motorcycles/mopeds | Class 4 / 8 Total | 841 | 45,006,488 | 62,104 | 135.42 | \$53,516 | \$724.70 |

This information is then used to build various relativity factors. The relativities are based on the cost per vehicle to ACC.

| Type of vehicle | Average claim cost per licensed vehicle | Relativity factors (relative to passenger vehicles) |
|-----------------------------|-----------------------------------------|-----------------------------------------------------|
| Passenger vehicles | \$81.68 | 100% |
| Goods service vehicles | \$115.28 | 141% |
| 0-125 cc motorcycles/mopeds | \$336.46 | 412% |
| 126-600cc motorcycles | \$660.11 | 808% |
| 601+cc motorcycles | \$984.58 | 1205% |
| All motorcycles/mopeds | \$724.70 | 887% |

¹ The total levy payable for petrol-driven vehicles is the combination of the petrol levy and the levy paid when the vehicle is licensed. For non-petrol driven vehicles the total levy is paid when the vehicle is licensed.

² The data presented is weighted averages of six claim years 2004-2009.

As seen in the above table, the actual moped and motorcycle relativities range from 412% to 1205%. ACC has adopted lesser motorcycle relativities of 75% (for motorcycles 0-125cc), 140% (for motorcycles 126-600cc) and 200% (for motorcycles 601+ cc), to determine what levy each subclass of motorcycles would need to pay to ensure the expected levy amount is collected.

What if we change the relativity factor for motorcycles as a whole?

If we change the relativity factor for motorcycles as a whole from the current 150% to a lower figure then all the levies for motorcycles will reduce. This would also mean that owners of other vehicles will pay more to register their vehicles as the cross-subsidy they pay for motorcycles will increase.

What is CAS data and how reliable is it?

CAS data comes from the Ministry of Transport's crash recording system. Not all vehicle crashes are attended by Police, but CAS data matches around 70% of the "entitlement claims" in the Motor Vehicle Account. Entitlement claims require more than short-term medical care and are the type of claim that adds significant long-term cost to the Account. Of the matched motorcycle claims, 93% have engine sizes recorded against them.

What claims go into the Motor Vehicle Account?

Only injuries that occur on a public road and involve a moving vehicle can result in an injury that is covered by the Motor Vehicle Account and have to be paid for by the license and petrol levies.

Are motor vehicle levies paying for off-road injuries?

Off-road accidents will be covered by other ACC Accounts depending whether the injured person was at their place of work or an earner. For example if you are a farmer and you have an accident on your farm bike you are covered by the work account; if you are a trail-bike rider and you have an accident you are covered by the non-work account. We know if accidents are on or off-road from the ACC claim form which asks very specific questions about location.

Why don't pedestrians and cyclists pay levies?

Not all injuries to cyclists and pedestrians result in a claim to the Motor Vehicle Account. It is only when they are hit by a moving vehicle that the injury is paid for by the Motor Vehicle Account (which is funded by the petrol and license levies). Other injuries are paid for from levies charged to the cyclist/pedestrian (if they earn an income) or from a levy paid by the Government.

The idea of cyclists paying an ACC levy has been raised. It would be difficult for ACC to do this as cyclists are not required to register their cycles so it could not be part of a registration fee; nor do they use fuel so it could not be a fuel levy; and there is nothing in the IPRC Act which allows ACC to levy cyclists.

Why has ACC changed the vehicle class for mopeds?

When ACC reviewed the combined ACC and Ministry of Transport data it became clear that mopeds are involved in a large number of minor/moderate injuries. In fact when compared to people traveling in cars they are more at risk of an injury. Mopeds have historically been grouped in a class that pays 35% of the levy of a car. The injury and cost data does not justify this low level of levy. ACC is proposing to group mopeds with small motorcycles which show a similar risk/cost profile. This will reduce the level other vehicle owners (including owners of motorcycles) have to pay to fund the costs of injuries to riders of mopeds.

Why is ACC proposing changes for motor vehicles?

ACC has an objective to ensure the levies paid are fair and equitable. As part of this objective, ACC is seeking to remove as much cross-subsidisation within the levy structure as possible. The level of cross-subsidisation of motorcycles is very high – ACC has estimated that owners of other vehicles pay \$77 per vehicle towards the cost of injuries that occur to riders or pillion passengers of motorcycles. The level of cross-subsidisation can only be changed if the overall average levy for all motorcycles/mopeds is set at higher than the current 150%.