

14 October 2013

Levy Consultation
ACC
P O Box 242
WELLINGTON 6140

**SUBMISSION on
ACC Levy Consultation 2014/15**

Introduction

Thank you for the opportunity to make a submission on the ACC Levy Consultation 2014/15

This submission is from Consumer NZ, New Zealand's leading consumer organisation. It has an acknowledged and respected reputation for independence, and fairness as a provider of impartial, and comprehensive consumer information and advice.

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Summary

1. Consumer NZ welcomes the opportunity to make a submission on the proposed changes.
2. We only wish to comment on the proposed Levies for Motorists.
3. Consumer NZ supports the following proposals:
 - To reduce the current (2013/14) combined average Motor Vehicle levy by 15%.
 - To maintain the current levy charged to owners of motorcycles and mopeds.
 - To expand the ACC Fleet saver programme to include businesses that rent trucks.
 - To maintain the petrol levy at 9.90cents per litre.
 - To maintain the motorcycle levy at \$30 per year per licensed motorcycle.
4. Consumer NZ does not support the introduction of risk rating of the light passenger fleet (cars) based on "real world" crash performance at this time.

Comment on the risk rating proposal:

1. If this approach is adopted it will effectively be a tax on the poor.
 - a. Those on lower incomes buy older cars because that is what they can afford. They cannot afford to buy newer, safer cars, and so will be penalised by as much as \$100 per year under the proposed risk-rating system.
 - b. Any statistically safer, older and more affordable alternative car is likely to be a heavier vehicle of a similar age and, because it is heavier, it will use more fuel, easily negating any potential savings from a reduced levy.

The Monash University Accident Research Centre (MUARC) studies show heavy vehicles as being safer than lighter vehicles. The laws of physics determine this, rather than safety features.

- i. Compare Figure 9 (Light cars) of the 2012 MUARC update, Vehicle safety ratings, with Figure 6 (Large cars). Thirty-one out of 45 Light cars (69%) are at least 90% worse than the benchmark compared with 17 out of 69 (24%) of Large cars. Most of those that are worse than 90% in both groups are older models.
 - ii. Only 3 of 16 large Sports Utility Vehicles (Figure 3) are rated as at least 90% worse than the benchmark (18.75%) compared with the 31 Light cars (69%) which are rated at least 90% worse.
 - iii. It's not difficult to find older heavier vehicles that are "safer" than newer lighter vehicles. A 1999 Holden Statesman Caprice is just on 30% above the benchmark, as is a 1991 Landrover Discovery. The Landrover Discovery has extraordinarily high running costs in fuel and repairs. Two very economical and reliable cars - the 2008 Honda Jazz and the 2009 Toyota Yaris are at least 60% worse than the benchmark.
2. Consumer NZ says the so called "real world" crash performance is not real world for New Zealand. The MUARC study began as an Australia-only study, with New Zealand joining in 2004. The data remains heavily skewed by Australian crash statistics.
 - a. There are popular New Zealand models which are unrepresented in this study. The 1989 to 1993 and 1993 to 1997 Toyota Corona models ranked in the top 10 for vehicle sales in NZ, and remain a very popular used car today. The Japanese used import versions Carina, Caldina and Corona Premio are also popular models; yet there is no trace of these cars in any MUARC study that Consumer NZ has reviewed.
 - b. Similarly, where are these popular used import models: Honda Stream, Nissan Cube or Note, Toyota Vitz, Will, Ipsum, Picnic and Wish, to name but a few.
 - c. Australia has more than 5 times the population of New Zealand. It is not surprising that their crash statistics dominate the MUARC study.
3. Owners of new models will also pay more than they should until such time as MUARC rates them. This could take many years, because crash data has to build up over time. However, Consumer suspects saving \$48.13 on the ACC motorists' levy will not be a factor in a decision to buy a new car.
4. Some newer vehicle models have already been shown by ANCAP tests to offer above average risk to their drivers. The current model Chery J1 Light Vehicle (three stars) and

J11 Small SUV (two stars) are useful examples. These compare poorly with the 2008 Honda Jazz above, which has an ANCAP rating of four stars, while the Toyota Yaris rates five stars. The Chery J11 SUV is a similar size vehicle to the 2009 Honda CRV, which has a five-star crash rating.

5. If ACC intends to pursue the idea of rewarding owners of safer vehicles, then it is important to take an approach which combines crash-test ratings of new model cars with statistical data about older cars. It is unwise to assume all new cars are equally safe.

6. In summary:

- a. Consumer NZ says setting the fees on the basis of risk rating penalises those who can least afford to buy newer safer cars, and the concept of risk-based fees should be abandoned in favour of one fee for all cars. One fee is fairer to all motorists.
- b. Consumer believes it is unlikely that the MUARC risk ratings will accurately cover the entire New Zealand light vehicle fleet in the foreseeable future and suggests that a risk-based rating approach should not be considered until such time as:
 - i. the MUARC study can be shown to more fully represent the NZ fleet, and
 - ii. ANCAP and NCAP crash-test data can be used to rate newer vehicles for safety.