

# Understanding Motorcycle Levies

Motorcycles account for a disproportionately high percentage of the cost and severity of motor vehicle injuries in New Zealand each year. Although motorcycles only make up less than 3% of the total number of motor vehicles on the road, crash statistics from the Ministry of Transport show that motorcyclists are 21 times more likely to be killed or severely injured in a crash than a person driving a car. Motorcyclists account for 16% of the Motor Vehicle Account's severe injuries.

Funding motorcyclists' accidents is extremely expensive due to the severity of the injuries sustained. Cross-subsidisation within the Motor Vehicle Account means that other vehicle owners' levies make a significant contribution to funding motorcyclists' injuries.

We do this because if the true cost of motorcycle injuries was reflected in motorcycle levies then owning a motorcycle may become prohibitively expensive. The table below shows the expected true cost of motorcycles based on past claims experience and the recommended licence fee. For ACC purposes motorcycles are classified as the vehicle classes 4 and 8. The licence fee for each registered motorcycle would be \$986 or \$2,114 per year depending on the motorcycle's cc rating. This underlying cost covers the expected costs of all injuries to motorcyclists and includes accidents involving other vehicle types.

As a comparison we have also shown the expected cost of those claims involving motorcycles only - with no other vehicle types involved. This amount is lower than the cost of all motorcycle accidents but still significantly higher than the rate proposed by ACC. The no-fault nature of the Scheme means that motorcycle owners should also contribute to those motorcycle accidents involving other vehicle types.

Motorcycle subclass	Current licence fee (unchanged from the 2015/16 year)	Licence fee if based on past claims experience	Licence fee if only considering motorcycle claims that did not involve other vehicles
Motorcycles, 600cc or less	\$322.91	\$986	\$477
Motorcycles, over 600cc	\$422.18	\$2,114	\$1,023

These rates include the annual Motorcycle Safety Levy of \$25.

To ensure that we collect enough money (without asking other vehicle owners to pay more) to cover the costs of injuries to motorcyclists between 1 July 2016 and 30 June 2017, we're retaining the 2015/16 licence levies for motorcycles and mopeds for the 2016/17 levy year. Non-petrol driven mopeds and motorcycles will however, decrease slightly to maintain the same total levy as petrol driven mopeds and motorcycles under the proposed petrol levy reduction.

By maintaining the motorcycle levies at 2015/16 levels, it is estimated that \$26 of each vehicle registration levy for non-motorcycles will contribute to funding the cost of motorcycle injuries. In total we expect that we will need to collect \$114 million in levies to pay for the claim costs of motorcyclists injured between 1 July 2016 and 30 June 2017. Under the 2016/17 levy rates motorcycle owners will contribute \$27 million and owners of other vehicles will contribute about \$87 million.

## The 2016/17 motorcycle and moped levy rates

The table below shows the 2016/17 licence levy rates and the impacts of petrol levy changes. These rates include the annual Motorcycle Safety Levy of \$25.

	2016/17 licence levy excluding average petrol levy (5.70c/L)
Petrol driven vehicles	
Class 4a (moped)	\$124.33
Class 4b (small motorcycles)	\$322.91
Class 4c (large motorcycles)	\$422.18
Non-petrol driven vehicles	
Class 8a (moped)	\$156.23
Class 8b (small motorcycles)	\$354.80
Class 8c (large motorcycles)	\$454.07

Non-petrol licence levies are higher because they don't pay an ACC levy portion through petrol use. This information was correct as at June 2016. A copy of the actuarial advice upon which we've based this information is available on request. Just email your request through to [levies@acc.co.nz](mailto:levies@acc.co.nz)