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Association



Accident Compensation (Financial Responsibility and Transparency) Amendment Bill NZAA submission

The New Zealand Automobile Association Incorporated

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NEW ZEALAND

2 July 2015

SUBMISSION TO: Transport and Industrial Relations Committee

REGARDING: **Accident Compensation (Financial
Responsibility and Transparency)
Amendment Bill**

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WELLINGTON

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Introduction

1. This submission is from the New Zealand Automobile Association (NZAA). We do not wish to appear before the Committee to speak to our submission.
2. The NZAA is an incorporated society with over 1.45 million Members. It represents the interests of consumers who collectively pay over \$2 billion in taxes each year through fuel excise duties, road user charges, registration fees, ACC levies, and GST. The NZAA's advocacy and policy work mainly focuses on protecting the freedom of choice and rights of motorists, keeping the cost of motoring fair and reasonable, and enhancing the safety of all road users. In respect of ACC, the NZAA has a balanced interest to obtain appropriate treatment for persons injured in motor vehicle crashes, and to ensure levy collection is fair and reasonable.

Purpose

3. The NZAA supports the overall objectives of the Bill to ensure the residual levy is not over-collected, and to improve the framework for funding ACC's accounts.
4. Our comments on the relevant proposed amendments follow.

Section 9

5. The NZAA supports the funding principles set out in new Section 166A. The AA sees analogies between the ACC Funding Policy Statement framework and Government Policy Statement on Land Transport Funding. The AA considers that the funding principles could be somewhat expanded beyond financial stability to include general policy direction, for example principles to enable levies to be set to achieve wider government objectives, such as road safety targets, or to reduce cross-subsidies among levy payers, for example.
6. In respect of new Section 166B, the NZAA suggests that like the GPS on land transport funding, the ACC funding policy statement should have a fixed term (say three years plus a six year indicative direction).

7. If one of the goals of the funding policy statement is to reduce fluctuations in annual levies, then consequently it should be possible for ACC to set levies for more than one year in advance. Therefore, consideration should be given in the Bill to enabling ACC to publicly consult on levies for more than one financial year at a time. This would enable ACC consultation to focus on substantive longer term policy issues rather than unchanged levies.
8. We also propose that new Section 5B include an additional subclause (iii) that requires the Corporation to report on the impact that variations in the funding policy statement would have on the long-term sustainability of the scheme for each Account. This 'scenario' approach would provide transparency around the impact that the funding policy settings have on levy levels.
9. The NZAA supports Part 2 relating to enabling flexibility around paying off the residual for the Motor Vehicle Account, which enables earlier resolution of the residual and reduces the risk of over-collection.

Yours sincerely



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