

## Levy consultation FAQs

### What levy changes is ACC proposing?

- 17% reduction in the combined average Work levy from \$1.15 for every \$100 of 'liable earnings' to \$0.95 for every \$100 of liable earnings (excluding GST) *although some individual industries may see rises.*
- 15% reduction in the combined average Motor Vehicle levy from \$330.68 to \$280 (excluding GST) *although some individual vehicle classification may not change.*
- 15% reduction in the Earners' levy from \$1.48 for every \$100 of 'liable earnings' to \$1.26 (excluding GST). including GST, the new Earners' levy would be \$1.45 per \$100

### What does ACC consider when setting levies?

ACC calculates proposed levy rates that take into account:

- projected claim costs for the coming levy year
- returns from ACC investments
- projected earnings on which levies are assessed
- the funding policy
- the number of registered motor vehicles and the amount of petrol consumed (for the Motor Vehicle Account).

### Why do rates differ for levy payers and how does this fit with the principle of no-fault for the Scheme?

Where it is practical and appropriate, levies are set to fairly reflect the risk of the levy payer to the scheme. For example, riskier employers (professional rugby) pay more than less risky ones (accounting).

No-fault is a different concept about cover and entitlement and means you can be covered even if you were to blame, irrespective of how much you pay in levies.

### What is the residual levy?

The residual levy exists because we are still paying off the ongoing costs of injuries that occurred before 1999. These costs need to be funded by 2019.

Levies for injuries that occurred after 1999 have been set on a full-funding basis, which means that the ongoing costs of injuries that incurred after 1999 have already been collected, not just the costs that were incurred in each year

### **Which classification units will have levy increases?**

ACC is proposing increases for eight classification units (out of 539):

Netball, because claims in that of this group are getting worse

Seven others – these were increased in previous years but the change was capped in the previous year to smooth the impacts on the employer, so the proposed increases in 2014/15 are consequential to previous years' decisions.

### **What will the petrol levy for 2014/15 be?**

ACC is proposing that the petrol levy for 2014/15 will remain at 9.90 cents per litre.

Why do non-petrol driven vehicles pay less in annual vehicle licensing (rego) than petrol-driven vehicles?

This is because petrol-driven vehicles also contribute to ACC costs through the petrol levy. In general, the rego and petrol levies are set so that the average paid is the same for petrol and non-petrol vehicles.

### **What will the motor vehicle licence fee levy rates for each class of motor vehicle for 2014/15 be?**

ACC is proposing for levies for most vehicle classes to go down with the average motor vehicle levy rate except for motor cycles and trucks.

The injury frequency and claim cost experience of riders of motorcycles and mopeds are increasing compared to that of the reference group - passenger vehicles. This relatively poorer performance is the reason ACC is recommending that the levies charged to these vehicle owners remain the same as for 2013/14 levy year.

Similarly, heavy goods service vehicles (trucks) are currently paying less than what they would if their levies were based on claims costs. It is therefore fair for their levies to stay as they are while other rates are reduced, so that their levies better reflect the costs they incur.