



COVERSHEET

Minister	Hon Carmel Sepuloni	Portfolio	ACC
Title of Cabinet paper	Accident Compensation (Motor Vehicle Account Levies) Regulations 2022	Date to be published	20 May 2022

List of documents that have been proactively released

Date	Title	Author
April 2022	Accident Compensation (Motor Vehicle Account Levies) Regulations 2022	Office of the Minister for ACC
14 April 2022	Cabinet Legislation Committee Minute of Decision, Accident Compensation (Motor Vehicle Account Levies) Regulations 2022 [LEG-22-MIN-0046 refers]	Cabinet Office

Information redacted

YES / NO

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

In Confidence

Office of the Minister for ACC

Cabinet Legislation Committee

Accident Compensation (Motor Vehicle Account Levies) Regulations 2022

Proposal

- 1 I propose that the Cabinet Legislation Committee authorise the submission of the Accident Compensation (Motor Vehicle Account Levies) Regulations 2022 (the Regulations) to the Executive Council.

Executive Summary

- 2 The Accident Compensation Corporation (ACC) collects levies for the four levied Accounts, alongside the government-funded Non-Earners' Account. Levy rates are currently reviewed and set by Cabinet every three years.
- 3 The Regulations give effect to Cabinet's 29 November 2021 decisions on Motor Vehicle Account levy rates for the 2022/23, 2023/24, and 2024/25 levy years [DEV-21-MIN-0249 refers]. In relation to the ACC Motor Vehicle Account levy rates, Cabinet:
 - 3.1 agreed to maintain the average Motor Vehicle Account levy rate at \$113.94 (per vehicle, per year) for 2022/23, 2023/24, and 2024/25, excluding GST;
 - 3.2 agreed to maintain the petrol levy at 6 cents per litre;
 - 3.3 noted that individual rates paid by levy payers are a combination of changes to the average rate and vehicle classifications;
 - 3.4 agreed that levy rates will be redistributed over the three-year levy period within the Motor Vehicle Account according to risk ratings.
- 4 The Regulations need to be gazetted on or before 6 May 2022, to allow Waka Kotahi NZ Transport Agency to send out advance notices of levies payable to operators of large fleets two months in advance of the new levy year.

Policy

Motor vehicle owners pay levies to the Motor Vehicle Account

- 5 Owners of registered motor vehicles pay levies to the Motor Vehicle Account via:

- 5.1 their motor vehicle licence fee. Vehicles are classified by type, and owners pay different licence fees depending on whether or not their vehicle class uses petrol, and how much risk they are exposed to by travelling in their vehicle class (based on the volume of claims from, and the cost of injuries to, occupants of vehicles within the class that are involved in crashes)
- 5.2 a petrol levy (if they own a vehicle that uses petrol).

Decisions to be implemented through the Regulations

- 6 The Regulations give effect to several decisions made by Cabinet on 29 November 2021 relating to the Motor Vehicle Account levy rates, including the decision to maintain the average Motor Vehicle Account levy rate (per vehicle, per year) at \$113.94 for 2022/23, 2023/24, and 2024/25 [DEV-21-MIN-0249 refers]. The average Motor Vehicle Account levy rate encompasses the motor vehicle licence fee and the petrol levy. The levy rates agreed by Cabinet are consistent with the financial responsibility principles set out in Section 166A of the Accident Compensation Act 2001 (AC Act).
- 7 Cabinet agreed to maintain the petrol levy rate at 6 cents per litre.
- 8 Cabinet noted that individual rates paid by levy payers are a combination of changes to the average levy rate and changes to the claim and cost experience of vehicle classes, which have impacted the relative risk between different vehicle classes. Cabinet agreed that levy rates will be redistributed over the three-year levy period within the Motor Vehicle Account based on changes to the level of risk associated with each vehicle class.
- 9 This means that motor vehicle owners may experience a Motor Vehicle Account levy rate increase or decrease despite the average levy rate being maintained at its current rate, based on changes to their vehicle class's level of risk.

Timing and 28-day rule

- 10 The Regulations need to come into force on 1 July 2022, when the 2022/23 levy year begins.
- 11 To comply with the 28-day rule and allow Waka Kotahi NZ Transport Agency to send out advance notices of levies payable to operators of large fleets two months in advance of the new levy year, the Regulations will need to be gazetted on or before 6 May 2022.
- 12 No waiver of the 28-day rule is required.

Compliance

- 13 The proposed Regulations comply with each of the following:
 - 13.1 the principles of the Treaty of Waitangi;

- 13.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 or the Human Rights Act 1993;
- 13.3 the principles and guidelines set out in the Privacy Act 2020;
- 13.4 relevant international standards and obligations;
- 13.5 the Legislation Design and Advisory Committee's Legislation Guidelines (2021 edition).

Regulations Review Committee

- 14 There are no anticipated grounds for the Regulations Review Committee to draw the Regulations to the attention of the House of Representatives under Standing Order 327.

Certification by Parliamentary Counsel

- 15 The draft Regulations have been certified by the Parliamentary Counsel Office as being in order for submission to Cabinet.

Impact Analysis

- 16 A Stage Two Cost Recovery Impact Statement was prepared in accordance with the necessary requirements, and was submitted at the time the policy decisions were made on the levy rates for 2022/23, 2023/24, and 2024/25 [DEV-21-MIN-0249].

Publicity

- 17 On 10 December 2021, I announced Cabinet's decisions relating to the 2022/23, 2023/24, and 2024/25 ACC levy rates. ACC has also informed relevant stakeholders.
- 18 Under sections 331(5A) and 331(5B) of the AC Act, ACC is required to prepare a report in relation to the rates prescribed detailing the effect the prescribed levies are expected to have on the Motor Vehicle Account (including future levy and solvency rates). This needs to be published at the same time the regulations prescribing the rates of levies are made in the Gazette. ACC have indicated that this report is on track to be published on the week of 2 May 2022.

Proactive Release

- 19 This Cabinet paper will be made available to the public on MBIE's website, subject to appropriate redactions.

Consultation

- 20 The relevant public consultation requirements of the AC Act (section 331(2)) have been met. Consultation was advertised in five daily newspapers on 2 September 2021 and Gazetted on 3 September 2021. ACC undertook public consultation from 1 September 2021 to 5 October 2021 and reviewed all submissions prior to making its final recommendations to the Minister for ACC (section 331(2)(b)). On 5 November 2021, ACC published a notice in five daily newspapers and in the Gazette stating that it had made recommendations to the Minister (section 331(4)).
- 21 The following government agencies and Crown entities were consulted on the Cabinet Economic Development Committee paper regarding the 2022/23, 2023/24, and 2024/25 ACC levies: Accident Compensation Corporation, the Treasury, Inland Revenue, Ministry of Social Development, Waka Kotahi NZ Transport Agency, WorkSafe New Zealand, New Zealand Customs Service, Ministry for Women, Ministry for Pacific Peoples, Te Puni Kōkiri, Ministry of Justice, Ministry of Transport, and Ministry of Health. The Department of Prime Minister and Cabinet was informed.
- 22 ACC, the Ministry of Transport, and Waka Kotahi NZ Transport Agency have been consulted on the Accident Compensation (Motor Vehicle Account Levies) Regulations 2022.

Recommendations

I recommend that the Cabinet Legislation Committee:

1. **note** that on 29 November 2021, in relation to the ACC Motor Vehicle Account levy rates for the 2022/23, 2023/24, and 2024/25 levy years, Cabinet [DEV-21-MIN-0249 refers]:
 - 1.1. agreed to maintain the average motor vehicle levy rate at \$113.94 (per vehicle, per year) excluding GST;
 - 1.2. agreed to maintain the petrol levy at 6 cents per litre;
 - 1.3. noted that individual rates paid by levy payers are a combination of changes to the average rate and vehicle classifications;
 - 1.4. agreed to redistribute motor vehicle levy rates over the three-year levy period within the Motor Vehicle Account according to risk ratings;
2. **note** that sections 331(5A) and 331(5B) of the *Accident Compensation Act 2001* require ACC to prepare a report in relation to the rate of levies prescribed detailing the effect the prescribed levies are expected to have on the relevant Accounts (including future levy and solvency rates), which must be published at the same time the regulations prescribing the rates of levies are made in the Gazette;
3. **note** that the Accident Compensation (Motor Vehicle Account Levies) Regulations 2022 will implement the amendments described above;

I N C O N F I D E N C E

4. **note** that the Accident Compensation (Motor Vehicle Account Levies) Regulations 2022 need to come into force on 1 July 2022;
5. **authorise** the submission to the Executive Council of the Accident Compensation (Motor Vehicle Account Levies) Regulations 2022.

Authorised for lodgement

Hon Carmel Sepuloni

Minister for ACC