



THE NEWSLETTER  
OF THE NZ  
FEDERATION OF  
MOTORING CLUBS

# WHEEL TORQUE

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## 17th Annual General Meeting

The possibilities for radical reform of the Vehicle Licensing regime were the main focus of the 2012 AGM of the NZ Federation of Motoring Clubs held this year in the Wellington clubrooms of the Vintage Car Club.

Guest speaker and Ministry of Transport Vehicle Licensing Reform Project Manager **Marian Willberg** (right) explained that the Government's aim in initiating the current review was both better regulation and less regulation.

The recommended revisions to the regime would need to be a smarter way for Government to do its regulatory business. Any changes promoted would have to be not only fit for the purpose of ensuring safety and enhancing the environment but also save people and the economy from meeting unnecessary costs of compliance.

"The objective of the reform project is to reduce the burden of vehicle licensing and WoF/CoF costs while enhancing improved safety outcomes," she said.

As well any recommended vehicle licensing reforms arising from the review will be designed to encourage prompt and efficient payment. Questions being investigated include what penalties should be imposed for non-compliance and just how necessary and important is the database of vehicle and their owners.

The review was also looking at whether the rigour and frequency of WOF Inspections could be better matched to the risk, and whether non-compliance could be reduced, Marian Willberg said.



A different approach such as reducing the frequency or even eliminating vehicle inspections may improve vehicle maintenance behaviours. Was vehicle age an important factor in determining inspection frequency? Or would increased on road enforcement of tyre condition, lights, glazing and modifications achieve better standards of vehicle safety?

After analysing the options the project team will be releasing a discussion paper in September and will call for public consultations before the Cabinet decides in December on which revisions to implement.

Our other guest speaker at the AGM was ACC Manager of Motor Industry Insurance, **Paul Gimblett** who provided an explanation of motor vehicle levies and why they differ for petrol and diesel vehicles and for the various classes of vehicle.

Because the ACC has no direct link to vehicle databases or owns its customer data it relies on the vehicle licensing system to collect its levies.

*continued on page 2*



*(left) Paul Gimblett explains the ACC levy system*

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So while many people would prefer the fee to be levied on drivers rather than vehicles there is no system for charging drivers instead of vehicles. Creating such a database and collection system would involve large costs for just a minor change in the incidence of collection, he said.

Such a change would just move the level of cross-subsidisation a little and people with one vehicle would end up subsidising multiple vehicle owners. While collectors who own multiple vehicles point out they can only drive one at a time there are also instances where whole families are all on the road at the same time driving vehicles registered to just one member of the family.

Of course, vintage vehicles, defined as those 40 years of age and older, do pay a lower ACC rate, reflecting their lower ACC claim costs.

Paul Gimblett said the ACC favours the levy being principally on vehicles rather than on fuel cost as they believe the safety incentive they want cannot be achieved by a levy on fuel. Basing a levy on the personal risk factors of individual drivers would also require drastic system and legislative changes.

The method of calculating levies has changed to a fully-funded system where the annual charge is based on the estimated number of claims multiplied by the estimated total lifetime cost per claim and the unused surplus is invested to meet the future costs of a claim. Because of this the ACC is going through a period of catch-up to build up the investment funds needed to cover the future costs of past claims, and the levies for some sectors will be a lot less in the future.

As well as hearing the presentations of the guest speakers the AGM endorsed the intent of an Alvis Club remit urging the FOMC to lobby for lower ACC levies for vehicles between 30 and 40 years old.

### **New FOMC committee**

Two new members, Tony Bartlett and Murray McLean have been elected to the executive of the NZ Federation of Motoring Clubs.

From Gisborne, Tony is a Vintage Car Club management board member and replaces John Foot on the executive. Takaka-based motorcycle enthusiast Murray McLean was nominated by the Nelson Classic and Vintage Motorcycle Club.

As well as John Foot previous executive members Tom Ireland and Mark Stockdale also stood down at the AGM though Mark will continue to contribute as an advisor. And previous advisor Norm Poynton has been elected as a full executive member.

The other committee office holders remain unchanged for 2012-13.

## **VEHICLE LICENSING REFORM OPTIONS**

So what are the options for reforming our vehicle licensing and WoF/CoF system?

Although a small portion goes to the National Land Transport Fund, the bulk of the annual vehicle licence (AVL) fee comprises the ACC levy. The annual "rego" also keeps the Motor Vehicle Register up to date, which is used for law enforcement, tolling, vehicle recalls etc, but costs \$39m a year to administer.

The current review is mainly interested in reducing administrative costs and improving compliance. The possible options include keeping the existing system but with improvements such as expanded payment choices and frequency, early payment incentives, late payment penalties, improved reminder options, and revised exemptions for different classes of vehicles and usage.

But the other potential revisions could be combining the rego label with the WoF and adding the ACC and NLTF fees to the WoF fee, or perhaps collecting them along with other transactions such as insurance, banking, utility bills, or add them onto fuel tax or diesel RUC (which would add an estimated 24 cents per litre to the price of petrol, and \$12 per 1000km to RUC).

An analysis of the current WoF/CoF vehicle roadworthiness inspection system indicates the costs and inconvenience for vehicle owners can be reduced while maintaining or improving safety and environmental outcomes. The main areas of focus in the review are the frequency of inspections, and compliance and enforcement, to better match them to maintaining desired safety standards.

The primary issue being considered is whether six monthly WoF checks are needed, or would annual inspections or even longer periods be sufficient. What is likely to be recommended is longer periods between inspections dependent on the age of the vehicle and perhaps increased equipment requirements such as rolling road brake testing machines.

Lengthening the period between inspections will have significant ramifications for both the independent testing stations and garage operators which may even result in a loss of service especially for smaller communities.

The FOMC will undertake an email survey of member clubs views on the proposed revisions to the vehicle licensing and WoF/CoF regimes, and will appreciate feedback so its submission can be representative of a wide cross section of the heritage and collector vehicle community.



*Members of the FOMC committee for 2012-13*

## Serious safety fault in some I-beam axles

The Low Volume Vehicle Technical Association is warning of a significant potential safety risk associated with 'Magnum'-brand dropped I-beam axles. There have been two catastrophic failures reported to the LVVTA, one in Australia, and the other in New Zealand, plus others in the USA.

The failures have resulted in sudden breakage which has caused a loss of steering and braking control due to the collapse of one side of the I-Beam axle.



An investigation by the LVVTA, working closely with foundries and metallurgists, found a major manufacturing problem with the casting process used in the production of the batch that included the failed New Zealand axle.

Any purchaser of a Magnum-brand I-beam axle during the past few years, including companies stocking them, should contact the LVVTA for advice. Anyone who owns a vehicle with such an axle fitted should not only seek advice from the LVVTA but immediately cease using it until establishing whether or not the axle is from the suspect batch.



*NZ vehicle with the failed I-beam*

The manufacturing problem potentially affects all widths of 4" and 5" Magnum-brand dropped I-beam axles, except part #2870, manufactured between January 2008 and March 2009. But axles purchased after March

2009 will not necessarily be safe, because the company casts 500 at a time, and those affected axles will have been distributed throughout the world, and may still be on retailer's shelves now. Any Magnum-brand axle purchased after January 2008 could potentially be unsafe.

For the purposes of LVV certification of vehicles fitted with such axles, documented evidence will be required to verify the date of purchase and manufacturer. If this verification can not be provided, the axle must be inspected and verified as safe before completion of LVV Certification.

If the vehicle to which the axle has been fitted has already been LVV certified, LVVTA strongly urges owners of such vehicles to have the axle inspected and verified as safe. If an axle owner is unsure of the name of the manufacturer, or the date of a Magnum-brand dropped I-beam axle, the axle must be inspected and verified as safe.

### **Inspection and verification process**

Microscopic inspection by a suitably experienced person can establish whether or not an axle is one of the axles from the faulty batch, and may therefore be unsafe. The LVVTA has established a microstructure inspection and verification service that will establish whether or not an axle is safe. Owners are advised to call (04) 238-4343 for details and there will be a fee payable, however, it is on the basis of cost-recovery only.

## Avoid licence renewals while overseas

If your driving licence is due to expire while you are on an extended trip outside of New Zealand, renew it before you go.

Problems have arisen for New Zealanders whose licences expired while they were overseas for extended periods. Renewing an expired driver's licence cannot be done at our embassies overseas and requires a return visit to New Zealand.

The issue has arisen for those wanting an overseas driver's licence on the 12 month expiry of their international drivers permit (IDP), and without a current New Zealand driver's licence they cannot be issued a foreign driver's licence.

An IDP temporarily allows people to drive overseas (in countries that recognise it) on a NZ licence for up to 12 months. It is only valid while your licence is, and is only for touring or holiday purposes. If people plan to stay overseas for longer, the permit gives them time to obtain a foreign licence.

## INSURANCE UPDATE

### **Motor vehicle claims – what happens if your vehicle is written off?**

Did you know that if you are in a motor vehicle accident and your vehicle is written off (can't be driven and the insurer makes a cash settlement rather than repairing the vehicle) that you don't receive a refund for the remainder of your policy period?

For example if you have paid insurance for a \$20,000 vehicle for the period 1 December 2011 to 1 December 2012, then your vehicle is written off on 1 June, that you don't receive a refund on premium. This is because the premium is 'fully earned'. This applies whether you were at fault or not in the accident.

But if you are paying your insurances in monthly instalments directly to the insurer you are deemed to be on a monthly contract (despite the fact that the policy and the premium is reviewed annually). This means that if you write off your vehicle, you only lose the residue remaining on the policy until the next month. Then the policy and the monthly instalments continue as normal for your replacement vehicle.

The only 'cost' of this option is that the insurers charge an extra 10% on the base premium to cover administration costs and also noting that only a few insurers offer this option.

If you are paying your annual premium through an outside supplier you are effectively on an annual contract and that in the event of a write-off of your vehicle the balance of the premium due in instalments must be settled – it will therefore be deducted from the settlement on your vehicle.

- *Barley Insurances newsletter 12.1*

## Just how 'comprehensive' is your comprehensive insurance?

Heritage and recreational vehicle owners need to be sure they are covered by their insurance when they leave the sealed highway because "off-roading" exclusions in your policy may be more extensive than you presume.

The insurance ombudsman has ruled that an insurer was correct not to pay for damage caused when a vehicle was driven onto a beach to turn around and became stuck in a sink hole filled with mud. The insurance company invoked the "off-roading" exclusion which the vehicle owner considered unfair because the beach appeared to be an unsealed extension of a recognized territorial authority road.

Not all car insurances provide the same cover when it comes to exclusions for taking your car off-road for even a very short distance. AA Insurance comprehensive policies, for example, exclude cover on a vehicle when it is off legally defined roads on "unsealed surfaces, rough terrain, a beach, sand dunes, a river, a riverbed, or for hill climbing whether or not the vehicle is designed for off-road use." However if the vehicle is on a recognized boat ramp, unsealed car park, or an unsealed road to access a residential building it is still covered. In other words you are covered while driving up the gravel track to a farmhouse but the off-road exclusion could become effective as soon as you drive around to the rear yard to reach the barn.

By contrast the comprehensive cover of other companies do not have off-road exclusions but payment for repairs may be declined for other reasons such as recklessly exposing the vehicle to damage.

Exclusions can also include racing of any kind, trials, pace-making, racetrack driver training, competitive events, and "rallying". Just how the various insurance companies define "rallying" needs to be documented because clearly there is a big difference between taking part in the Targa and going on a sedate VCC rally to an historic home.

For all heritage and collector vehicle owners the scope of their insurance cover and any exclusions can create serious problems if the limitations on the use of their vehicles are not understood.

## NEWS FROM AROUND THE WORLD

### EU to ban conventional cars?

A white paper released by the European Union has recommended that conventional vehicles be banned from cities by 2050. This proposal would ban 'conventionally-fueled' vehicles from cities, allowing only hybrid and electric vehicles.

The proposals have been met by indignation by some motoring groups in the UK, while others point out that 2050 is 39 years away, and that by then vehicle technology will have advanced unimaginably.

– GoAuto

### UK abolishes safety checks for pre-1960 vehicles

Following our article in issue #12 about proposals in the UK to scrap the annual 'MoT' safety inspection for older vehicles, the government has confirmed that owners of vehicles manufactured before 1960 will not have to have to take them in for an MoT from November this year.

Roads Minister Mike Penning said: "We are committed to cutting out red tape which costs motorists money without providing significant overall benefits. Owners of classic cars and motorbikes tend to be enthusiasts who maintain their vehicles well – they don't need to be told to look after them, they're out there in all weathers checking the condition of the engine, tyres and bodywork."

Pre-1960 licensed vehicles make up about 0.6% of the total number of licensed vehicles in Britain, but are involved in just 0.03 per cent of road casualties and accidents.

Owners of exempted vehicles, which account for around 160,000 currently on the road in the UK, will still be legally required to ensure that they're roadworthy, in proper condition and safe.

The move was unexpected as it had been opposed by many in the classic car sector, with polls showing that many classic owners wanted to retain the MoT. Proponents of the change say those owners lacking mechanical knowledge will still be able to submit their classic vehicle for an MoT test.

It provides an interesting parallel to the review currently underway here.

### Heritage vehicles get increased recognition

In 2010, the US Senate established July 8 as "National Collector Car Appreciation Day" to raise awareness of the vital role automotive restoration and collection plays in American society.

In the United Kingdom, the Federation of British Historic Vehicle Clubs organises an annual 'Drive It Day' to encourage club members to drive their classics and show how large the enthusiast vehicle sector is.

