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THE NEWSLETTER OF THE NZ FEDERATION OF MOTORING CLUBS

WHEEL TORQUE

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Incorporated Societies Act under review

Wide ranging reform of the Incorporated Societies Act is being investigated by the Law Commission and the results will probably have a major impact on the form and operations of most motoring clubs.

Unlike other legislation the Incorporated Societies Act 1908 has hardly been amended since its enactment more than a century ago. Yet the majority of not-for-profit community organisations in New Zealand use this legal form.

Difficult questions frequently arise around the governance and administration of clubs and societies. Problems with the old Act include a lack of adequate processes for dealing with conflicts of interests and resolving internal disputes.

Recently the Commission issued a discussion paper seeking feedback on a range of issues and options for reform including:

- *whether all societies should, as a condition of incorporation, be subject to certain minimum governance rules that they cannot vary;*
- *whether a new Act ought to provide a code that makes the obligations of committee members clearer;*
- *how the Act should provide for the resolution of disputes between members and their societies;*
- *what rules societies ought to be required to have in their constitution, and the nature of those rules.*

If clubs have not already done so you can access the Law Commission's discussion paper outlining the issues it is considering at its website www.lawcom.govt.nz

There has been some concern that submissions on the discussion paper closed at the end of October before clubs were aware of what was being proposed. However this is only the first stage in a process and all the Commission will be doing is producing recommendations which may or may not be included in any proposed amendments to the existing Act.

Members of the FOMC executive have reviewed the discussion paper and believe the changes being explored will largely be of benefit to clubs and their members.

But if and when amending legislation emerges we will advise member clubs on the ramifications, seek feedback on your concerns, and make appropriate submissions during the select committee process.

NZ Federation of FOMC Motoring Clubs Inc

Why do annual petrol and diesel rego fees differ?

Some clubs have raised the issue of differential annual vehicle re-licences fees (commonly referred to incorrectly as 'rego') with the Federation, particularly the higher fees for diesel vehicles and especially 'goods service vehicles' (utes). The answer essentially comes down to the ACC levy, and the different ways it is collected. We asked the ***NZ Transport Agency*** *to explain:*

Calculation of licence fees

Licence fees are based on vehicle type in the first instance, and then fuel type and how the vehicle is being used. The bulk of the licence fee is the ACC levy, which is set by ACC under their own regulations but which is collected by the NZTA.

Under the ACC Motor Vehicle scheme, there are a number of different vehicle classes, including passenger vehicle, goods service vehicle (GSV) and motorcycle. For ACC purposes, a goods service vehicle is a motor vehicle *principally designed* to carry goods.

Both passenger vehicles and GSVs pay the same annual motor vehicle licence fee, however, a GSV is subject to a higher ACC levy and this is reflected in the overall fee payable. Non-petrol powered vehicles also attract a higher ACC motor vehicle levy than for vehicles of the same type that are powered by petrol.

Why do non-petrol powered vehicles pay more?

Users of petrol powered vehicles pay ACC as part of their licence fee plus an additional 10 cents per litre levy charged on petrol. Owners of non-petrol powered vehicles only pay an ACC licence fee levy.

ACC

When setting levies, ACC reviews all classes of vehicles to ensure the levy charged for each vehicle is appropriate for the injury costs incurred. In 2010/11 ACC were able to more accurately allocate the lifetime cost of injuries per vehicle, by using data collected by Police who attend crashes, along with the injury cost information it holds.

As a result, this led to some vehicle classes having a levy increase like motorcycles, while others have had a levy decrease, so claim costs are carried by the vehicle classes incurring those costs.

This same review also found that GSVs cost ACC more than the levy they contribute. Accordingly ACC increased the levy for GSVs. Further analysis found that a more equitable way of charging GSVs was to split the classes by weight, and so ACC is proposing to split the GSVs into two sub-classes: light (under 3,500kg, e.g. utes and vans) and heavy (over 3,500kg, e.g. trucks and buses).

This will mean that heavy GSVs will be charged a higher levy as they represent a higher risk on the roads, while light GSVs will be charged a lower levy to reflect their appropriate risk on New Zealand roads.

Slow Vehicles

We often hear some people growling about slow vehicles on our roads and how this delays other traffic. Likewise, we hear of many grizzles about fast traffic travelling at speeds above the legal speed limit for the area. Federation committee member ***Fred Fellows*** *has a look at why these situations occur:*

Slow traffic

A number of vehicles on New Zealand roads are designed to perform industrial tasks. These include mobile cranes, road works machines, tractors, rubbish collectors and agricultural vehicles. There are a large number of vehicles that were designed and manufactured at a time when the maximum speed limits were lower than those now applying. Some of these are vintage vehicles which have been lovingly restored and cared for by their owners. These vehicles are taken to shows and displays and serve a great educational service. How would many of the younger people know what some of these vehicles looked or sounded like if it was not for the work and expenditure by these enthusiasts? It is one thing to look at photographs but an entirely different matter when it is possible to view the object in real life.

Then we also have a great number of vehicles that were designed and engineered to operate at lower speeds. A number of these are used for haulage of over dimensional and/or overweight loads. It would be dangerous to expect such vehicles to travel at the speed of normal traffic, and if they could and did so, it could result in injuries or loss of life as well as increased damage to our roads and the environment. Likewise there are also a large number of vehicles that were designed to operate at a speed lower than the current limits and many of them are seen on our roads every day. These include some motor caravans and farmers trucks as well as some commercial vehicles.

Fast traffic

Modern vehicles have been designed and engineered to travel much faster than older vehicles. The modern engine produces much more power than an engine of the same cubic capacity several years back. Modern engineering now provides the driver with a greatly different environment than in older vehicles. Better sound insulation and also advanced aerodynamics gives a much quieter environment for the driver. Modern designed seating, together with

improved suspensions and advanced tyre technology provide a more comfortable ride. Add also the modern transmission, steering and braking systems and the vehicle is totally different. The driver now listens to radios or CD players whilst travelling in lounge like comfort. Recent additions now include ABS braking; stability control; cruise control; ASR; automatic light and rain sensors.

As a result the driver of a modern vehicle does not have the same feel of the vehicles reactions to constantly changing conditions. The result of this is that because they have less physical movement (no gear changing etc) the driver can easily become more relaxed and not as alert as they should be. How many times have we heard someone say that they did not realise just how fast they were travelling? This is quite common and especially when coming from a high speed area into a lower speed limit area.

Other factors

Apart from these types of vehicles, we should also give consideration to some other very important factors. These are the conditions that apply whenever a vehicle is driven. These conditions are discussed in all defensive driving type courses. They are:

- *the road condition;*
- *weather conditions;*
- *light conditions;*
- *traffic conditions;*
- *vehicle condition;*
- *the driver.*

Actions required

Because our roads are used by slow and fast traffic, light and heavy vehicles, as well as cyclists and pedestrians it is essential that all motorists consider the following:

- *all drivers need to show tolerance towards other road users at all times. There may be very valid reasons why the other vehicle(s) are travelling at either a slower or faster speed than you are. There are differing speed limits applicable to light and heavy vehicles and also to differing suspensions and types of vehicles.*
- *if driving a slower vehicle move to the side of the road when it is safe to do so and allow faster moving traffic to overtake.*
- *if driving a slower vehicle endeavour to avoid travelling on busy roads during peak traffic periods.*
- *if driving a faster moving vehicle follow at a safe distance behind the slower vehicle(s) (remember the 2 second rule) and await an opportunity to overtake safely. You should have at least 100 metres of clear visible road throughout the entire overtaking manoeuvre.*
- *when travelling in wet weather, or when towing, increase the following distance to 4 seconds.*
- *when planning your journey always make an allowance for unforeseen delays. You will be less stressed if unavoidably delayed and will therefore be a much safer driver.*

NEW BATTERIES NOT SUITABLE FOR OLDER VEHICLES

Federation submissions secretary ***Andrew McClintock*** *explains the difference between lead acid and calcium batteries.*

There are two different types of battery technology available on the NZ market today. When replacing batteries, its important the correct type is fitted to match the vehicles' original specification.

The lead acid batteries we are familiar with are actually called a hybrid battery (lead alloy plates and sulphuric acid). This type of non-sealed vented battery is being replaced with calcium/calcium batteries which use calcium lead alloy on both the positive and negative grid. These maintenance-free batteries are better for modern cars. They give off less gas when charged so can be sealed for life and won't need the electrolyte topping up. They also have a slow rate of discharge, which increases the shelf life for the wholesaler and retailer.

The Christchurch manager of Century Yuasa says they have been supplying calcium/calcium batteries for about 5 years without any problems except that if they get to below half-charged, older alternators and generators wont charge them and they need removing from the vehicle and charging with a special calcium/calcium charger. They have only experienced this on town delivery trucks operating with their lights on (short stop/start runs) – the batteries in these vehicles have been replaced with deep cycle hybrid batteries imported specially from Australia.

According to Exide, older alternators (pre-1997) and generators won't charge calcium/calcium batteries properly, and special chargers (14.2 volts plus) will be needed – trickle chargers won't work.

Most batteries on the NZ market are made in Asia, and according to most battery retailers, only calcium/calcium batteries will be widely available in the future. However, conventional hybrid batteries continue to be made in Australia, USA and Europe, and there are no plans to stop making them. The good news is Exide, and possibly others, will continue to import hybrid batteries, but they will cost more and the choice of sizes may be reduced.

In the meantime, when you need to replace the battery for your older vehicle, be sure to specify a hybrid (lead acid battery).

Insurance Update

Terms of Trade

*FOMC insurance broker **John Barley** explains about Terms of Trade and liability for loss or damage to items bought on credit.*

Terms of Trade are part of everyday commercial reality and have been around probably since old man Ford himself and even earlier. Every time you buy a product off people like Auto Stop, Firestone or Smith & Smith Glass you are entering into a contract.

These contracts have some very specific clauses in them which defines when ownership is transferred, when the consumer must pay for the product, where the risk is transferred and where liability sits in the event of loss or damage. Now, there are some liabilities which a company cannot contract out of such as statutory requirements or common law. However, there are liabilities which can be limited and most companies will do just that to protect their companies.

Your rights are protected under Statutes like the Fair Trading Act, Sales of Goods Act and Consumer Guarantees Act plus a few more but it's a real pain when you want to take action against someone because you feel that you have been badly treated or purchased a dud.

The Terms of Trade will specify where the risk changes. Ownership of the product is still retained by the vendor (the chap that sold it to you) even if it has been installed into the car. The ownership is changed when you pay for it. But the *risk* is something different.

The risk is yours from the time it leaves the vendor's premises to the moment it is installed or arrives and is stored at your home or business. Even if it is stored, it is still your risk but you need to note the interest of the vendor to ensure the vendor's value in the item is protected.

So what happens if you order a product and ask for it to be couriered to you? If the vendor does not ask you if you require cover on the item then you must assume that it is not covered. Admittedly if you buy a spare part, the value of that item is covered automatically with the courier subject to a limit of $1500 per item and you can (via the vendor) claim for that item. If it is more than $1500 then watch out because unless you as the buyer have insured it, it will not be covered.

Therefore please check with your domestic insurers that you will be covered for any items that you purchase and have transported back to your home even if it is in the back of your car or van. The situation particularly applies to buying items on credit e.g. ordering spare parts from your club. Check with your classic car insurer to make certain that they are going to cover you for the spare parts.

Note that the $1500 limit only applies to NZ risk. What about importing spares from overseas – e.g. parts purchased off eBay? Do not assume that because the foreigner sold it to you and you paid money including the insurance that it is covered. Ask the supplier to confirm that the items are covered whilst in transit for the value that you paid and it is fully covered. Even ask for a marine insurance certificate as evidence of cover being put in place.

But rather than depend upon another person or company thousands of kilometres away, it is far better to take control and insure the item yourself.

- *www.barley.co.nz*

Car collecting can put insurance at risk

When unexpected calamities result in serious damage to our prized possessions the one compensating factor can be an insurance payout.

But unfortunately all heritage and collectable vehicle owners who store and work on their cars in their home garages, business premises, sheds, or warehouses may find claiming on their policy is not as clear cut as they expect should a catastrophe occur.

The terms of many policies require the insured party to disclose any factors which could increase the risk of an insurance claim. Activities such as welding, panelbeating and storing flammable liquids and hazardous substances on premises may be seen by insurance companies as increasing the risk so they will want to know about them when setting the premium.

If insurers are not fully aware of the full nature of activities being undertaken in buildings or homes, in the event of a claim a policy could be invalidated. In other words no payout.

So it is paramount that insurers be advised of any circumstances that they may not be aware of or expect concerning the kind of activities car collectors are indulging in within the privacy of their homes or business premises.