



THE NEWSLETTER  
OF THE NZ  
FEDERATION OF  
MOTORING CLUBS

# WHEEL TORQUE

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## Challenges facing FOMC & motoring clubs

By Roy Hughes FOMC National Secretary

As the black cloud of the Zero Carbon Bill looms large this year we may be looking back at the last summer of unfettered and affordable participation in our many motoring activities.

All round the country a succession of displays and other events continued to draw large crowds of committed enthusiasts and the general public. So it is hard to believe any sensible government would deliberately curb or cut out such an essential part of our culture.

But the degree of fanaticism behind inflicting a carbon free future on New Zealand tells us the FOMC must be fully resourced and prepared to counter with all the data and rational argument we can muster.

Also on the Government agenda this year is the previously postponed revision of the Incorporated Societies Act. Dropped from the Parliamentary calendar with the change of government a similar Incorporated Societies Bill is projected to appear on the Order Paper during the next parliamentary session.

Following up on our previous submissions the FOMC will be seeking to ensure none of the provisions in the new Act will place unnecessary or excessively onerous requirements on those clubs which are incorporated societies.

As well as the two pending pieces of legislation other issues the FOMC will be working on the year ahead are reducing the age of vintage classification

vehicles from 40 to 30 years and increasing the WoF period from six months to one year.

To be effective in securing the best outcomes for heritage and recreational vehicle owners and their clubs will require an increased investment of time and effort on the part of your executive team.



At the last AGM the delegates approved increasing the subscription rate to offset the possibility of ongoing deficits in the FOMC accounts. However an analysis since has indicated projected costs can be covered if we can just recover the subscriptions of the clubs we have lost touch with in recent years.

In many cases it is because elected officials and addresses have changed without the FOMC being informed. So could clubs please make a point of ensuring

their subscription payments are up to date and that address changes have been passed on.

Significant savings can also be achieved if the need for mailouts and printing the "Wheel Torque" are reduced. It would be helpful if all clubs could provide email contact addresses and indicate that digital communication will meet their needs.



## ZERO FUTURE FOR CLASSIC MOTORING?

By Roy Hughes, FOMC Submissions Secretary

Climate Change Minister James Shaw dreams that within half a lifetime 95 per cent of our vehicle fleet will be electric powered. If his vision is to be achieved Kiwi vehicle enthusiasts would become as rare as the Kakapo.

So with our species so seriously threatened the FOMC joined the more than 14,000 organisations and individuals who responded to the Minister's call for advice on how New Zealand might reduce its carbon emissions.

While acknowledging many of our members may welcome the benefits of a low-emissions economy we also don't want any strategies implemented to have a needlessly negative impact on a large and valuable constituent of the existing economy.

New Zealand's heritage transport fleet comprises a multi-billion dollar asset. The total value of the accumulated heritage collections of just the FOMC's membership can be conservatively estimated at somewhere in excess of \$5 billion. And there are hundreds of other recreational motoring clubs not yet members of the FOMC, as well as thousands of individual enthusiasts and collectors.

Unlike New Zealand's historic buildings, films, art, technology etc. much of our largely irreplaceable transport heritage is being stored and preserved almost entirely by private owners at no cost to the State or impost on the community.

If all those cherished vehicles effectively became obsolete, unusable and perhaps largely valueless as a result of any legislated curtailment of our current access to fossil fuels or viable alternatives the FOMC would want provision made in the proposed legislation to compensate the owners for the losses suffered.

A comprehensive survey by the Federation of British Historic Vehicle Clubs found the contribution heritage motoring makes to their economy exceeds \$10 billion annually and had grown almost 28 per cent in the previous five years. It provides jobs for 35,000 people and generates more than NZ\$1 billion in overseas revenue.

While similar data is not available here many successful firms rely on the repair or restoration of New Zealand's fleet of heritage vehicles to provide jobs for thousands of skilled and valued workers. And beyond the bounds of the restoration industry there are also a vast number of other commercial operators such as magazine publishers, holiday resort owners and restaurateurs who depend on the steady flow of business from motoring enthusiasts to maintain their viability.

How all those hundreds of firms and thousands of workers directly dependent on the heritage motoring industry will be compensated for the loss of their previously active role in the economy would need to be addressed in any proposed legislation.

To achieve net zero carbon emissions converting New Zealand's vehicle fleet to 95 per cent electric is the proposed goal in the discussion documents. But various research studies have shown lithium ion batteries are also a major source of CO<sub>2</sub>. Just the manufacturing of the 100kWh battery for a Tesla creates 17.5 tonnes of CO<sub>2</sub> or more than would be produced by an average New Zealand petrol-fuelled vehicle being driven for nearly 100,000kms or approximately eight years.

If the useful life of lithium ion batteries continues to be only two to three years, requiring private vehicle owners to replace their Suzuki Swifts or Toyota Corollas or cherished classics with Nissan Leafs or Teslas could effectively more than double the actual CO<sub>2</sub> emissions generated by many of those vehicle users.



Electric vehicle manufacturing technology still requires significant further development before affordable batteries of adequate capacity for longer distances are widely available. Until then, in many instances, any legislated form of enforced conversion to electric vehicles

could have the unintended effect of significantly increasing worldwide CO<sub>2</sub> emissions.

Despite the determination of our Climate Change Minister the apparent impracticality of replacing the nearly four million internal combustion vehicles in the New Zealand fleet with electric-powered alternatives by 2050 would seem to be insurmountable. With around 12,000 electric vehicles on the road to date and new or used fossil-fuelled imports being introduced at around 300,000 a year it would take a much greater economic upheaval than has even been outlined in the discussion documents to achieve anywhere near the net zero carbon target by 2050.

### ROY RECALLED TO ROLE OF SECRETARY

Unexpected circumstances led to elected FOMC Secretary Conrad Petersen relinquishing his new role during the past year.

His resignation was received with regret and he has been asked to continue his valued contributions to the work of the FOMC as an advisor.

In the interim Submissions Secretary Roy Hughes has returned to the position from which he was farewelled at the last annual general meeting



## PUBLIC LIABILITY COVER UNDER REVIEW

Originally set up by Sunbeam enthusiast John Barley, the Federation of Motoring Clubs Group Scheme has provided our member clubs with access to a cost effective, but comprehensive, association liability insurance package for more than two decades.

Now managed by Rothbury Insurance Brokers, the protections it provides have been little changed over the years and are overdue for updating.



The current policies are placed through Rosser Insurance, an underwriting agency and have been underwritten by AIG insurance. But a switch to Chubb Insurance is pending this year with possible adjustments to the cover provided.

The current scheme is a combined package policy with shared limits of indemnity across all the insured clubs. In other words if more than one club submits a claim in any one year some or all of the total cover may have been expended when the second or subsequent claims are received. Though this has never happened.

Having not been revised upwards for many years the current standard levels of cover are Association/Management Liability \$1,000,000, Statutory Liability \$500,000 and Public Liability \$1,000,000

The approximate premium for this package is around \$520 including GST though some clubs are paying more, either because they have a larger membership base, or more than one branch, and therefore a higher exposure risk.

Some clubs also have exercised the option to increase the indemnity limits on the various sections to meet their individual circumstances. For example they may have contractual requirements to have Public Liability coverage to comply with their tenancy agreements or the conditions imposed when they rent public parks or other venues for displays.

Increasing the coverage would result in approximate additional premiums as follows:

- *To increase Public Liability limit to \$2,000,000 would be \$130 inclusive*
- *To increase Public Liability limit to \$5,000,000 would be \$475 inclusive*
- *To increase Statutory Liability limit to \$1,000,000 would be \$130 inclusive*

The current standard policy includes the following additional Standard Policy Sub-Limits of Liability:

- *Fidelity loss - \$100,000 any one loss and in the aggregate*
- *Crisis Loss - \$25,000 any one claim*
- *Accidental Death Benefit - \$50,000 any one claim and \$500,000/\$250,000 in the aggregate*

- *Publicity - \$25,000 any one claim*
- *Registration Decisions - \$20,000 any one claim and in the aggregate*
- *Lost Documents - \$250,000 any one claim and in the aggregate*
- *Punitive & Exemplary Damages - \$1,000,000 any one personal injury and in the aggregate.*

Some FOMC member clubs have chosen to arrange their own separate association liability policies, outside of the scheme, to ensure the full limit of indemnity is available to them at all times, rather than being subject to a shared limit. They tend to be larger clubs or those with a specific need for this separate cover.

During the year we will be offering clubs opportunities to advise us on how much cover they need and the amount they can afford to pay. We will also investigate whether more flexible and cheaper options can be offered to the smaller clubs with more limited needs.

## COULD COMPULSORY INSURANCE INCREASE COSTS FOR CLASSIC OWNERS?

A call from the Bay of Plenty Jaguar Enthusiasts Club for third party motor vehicle insurance to be made compulsory was firmly endorsed by a majority of the club delegates at the FOMC's last annual general meeting.

Submitted as a "Topic of Concern", the recommendation from the BoP Jaguar enthusiasts highlighted how the costs of repairing accident damage are usually avoided by uninsured drivers and effectively passed on to the responsible insured vehicle owners.

And it was also contended that making third party insurance compulsory in New Zealand could encourage more careful driving by younger motorists. If legally required to have third party cover there would be a price incentive to adopt safer driving practices to maintain clean records. They could also be dissuaded from buying over-powered, high-risk cars which would become too costly to insure.

With many comments in support of the submission provided by other club delegates, the AGM passed a motion urging that legal provisions requiring compulsory third party insurance cover on all vehicles be investigated and considered by the executive with the findings reported back to clubs.

In his previous role as Minister for Transport Safety, current FOMC president the Hon. Harry Duynhoven mounted a strenuous campaign to make third party insurance compulsory. Concerned that it was mainly the responsible motorists who were meeting all the costs of collisions, even when not at fault, he publicly argued that insurance companies were spending \$50 to \$85 million a year covering the cost of crashes caused by uninsured motorists.

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But the merits of the proposal were questioned by the insurance industry, Business NZ, and the NZ Automobile Association. And a sample survey undertaken by the Ministry of Transport indicated that more than 90 per cent of vehicles on the road had some form of insurance cover and less than 8 per cent of drivers were totally uninsured.

It was also argued back then that making third party cover compulsory would just encourage the owners of uninsured cars not to register or warrant their vehicles either while still continuing to use them. However, with the recent technology advances and widespread use of automatic number plate recognition (ANPR), it is no longer so easy to drive unregistered vehicles.

As with other insurances, the policy could also be voided if the driver was driving outside the conditions of their licence, or committing a traffic offence. So if you were hit by a drunk driver or a Restricted driver carrying friends or driving after 10pm without a supervisor (both common offences), then their insurer could deny the third party claim, leaving the innocent party having to claim under their own insurance just as they do now.

While motor vehicle insurance is compulsory in many countries it is often to ensure death or injury cover is provided. Uniquely in New Zealand all deaths and injury costs are covered by the Accident Compensation Corporation.

At its last meeting the FOMC executive considered the motion passed by the AGM and has resolved to seek indications from the relevant Ministers as to whether there is a possibility the current policy re. compulsory insurance cover could be reconsidered.

However for European classic vehicle collectors and enthusiasts the requirement for compulsory injury insurance cover has resulted in a rather curious unanticipated increase in the costs they now have to meet. As a result of a finding of the European Court of Justice it is now compulsory for unused and immobilised vehicles to still be fully insured.

This is because a Portugese grandmother, who became too old to drive, left her car parked in her yard and allowed the insurance to lapse without formally de-registering it. Without her knowledge her son took the car and killed himself and his two passengers in an accident. Portugal's State Insurance Fund has successfully sued her to recover the payouts they made to the families of the accident victims.

As a result of this case and another ruling, vehicles which are still registered and therefore have not been officially withdrawn from use, and are still capable of being driven, remain subject to the insurance obligation even if the owners no longer intend to drive them and have left them immobilised on private land. What this means is that all collectable and heritage vehicles which are on the European equivalent of our "on hold" register must now remain insured even if they are stored in museums or are undergoing a rebuild in a restoration shop.

## NEWS FROM AROUND THE WORLD

### Clean air zones could keep out classics

In the United Kingdom work towards the introduction of Low Emission or Clean Air Zones continues to develop, though as yet the only area where heritage vehicles are likely to be initially affected is London.

The Federation of British Historic Vehicle Clubs has secured exclusions for vehicles in the "historic" taxation class, as it is simple to identify these vehicles using ANPR cameras. However many vehicles, especially motorcycles, which owners regard as 'classic', but are less than forty years old, will still be affected. Use of ANPR cameras also creates an issue for the drivers of foreign historic vehicles, which will not be readily recognised.



A significant number of other UK cities are well advanced in their planning for introducing Low Emission or Clean Air Zones and some, such as Glasgow, have already announced potential commencement dates. The FBHVC is working to maintain a level of consistency across the country, but this is not being helped by each of England, Scotland and Wales producing their own templates which are not necessarily similar in their philosophy and approach to historic vehicles.

As Zones progressively come into force it is hoped that Governmental organisations will create information sites to enable drivers around the country to know where they are and what they cover. If not, the FBHVC will be attempting to establish how they affect historic vehicles, when their restrictions apply (e.g. all the time or just on weekdays) and to maintain a database for members in the UK Zones.

So far there is no consolidated list of Clean Air Zones in Europe where they also are now becoming widely established in metropolitan areas.

