

Proactive Release

This document is proactively released by Te Manatū Waka the Ministry of Transport.

Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it. *Note - N/A (see below)

Listed below are the most commonly used grounds from the OIA.

N/A - Document released in full. No information has been withheld for this proactive release

| <u>Section</u> | <u>Description of ground</u> |
|----------------|---|
| 6(a) | as release would be likely to prejudice the security or defence of New Zealand or the international relations of the New Zealand Government |
| 6(b) | as release would be likely to prejudice the entrusting of information to the Government of New Zealand on a basis of confidence by <ul style="list-style-type: none"> (i) the Government of any other country or any agency of such a Government; or (ii) any international organisation |
| 6(c) | prejudice the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial |
| 9(2)(a) | to protect the privacy of natural persons |
| 9(2)(b)(ii) | to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information |
| 9(2)(ba)(i) | to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public |
| 9(2)(ba)(ii) | to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely otherwise to damage the public interest |
| 9(2)(f)(ii) | to maintain the constitutional conventions for the time being which protect collective and individual ministerial responsibility |
| 9(2)(f)(iv) | to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials |
| 9(2)(g)(i) | to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty |
| 9(2)(h) | to maintain legal professional privilege |
| 9(2)(i) | to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities |
| 9(2)(j) | to enable a Minister of the Crown or any public service agency or organisation holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) |

In Confidence

Office of the Minister of Transport

Cabinet Legislation Committee

Land Transport (Revenue) Amendment Bill: Approval for Introduction

Proposal

- 1 This paper seeks Cabinet approval to introduce the Land Transport (Revenue) Amendment Bill (the Bill).

Policy

- 2 In July 2024, Cabinet agreed to the Revenue Action Plan, which outlined a set of reforms to land transport funding. Two actions were to enable more effective use of tolling and to transition all light vehicles from fuel excise duty (FED) to road user charges (RUC) [CBC-24-MIN-0063 refers]. Cabinet subsequently agreed to specific tolling policy reforms in December 2024 [ECO-24-MIN-0289], and reforms to the Road User Charges Act 2012 (RUC Act) that are intended to remove barriers to a future transition of the light petrol fleet [ECO-25-MIN-0118 refers].
- 3 As these amendments can be regarded as implementing a single broad policy they are being progressed through an omnibus Bill.
- 4 The Bill is required to give effect to Cabinet's decisions. It aims to ensure that key revenue tools effectively support a user-pays basis for funding land transport. The changes will provide fairer and more consistent revenue streams for the land transport system, ensuring that users continue to contribute to the costs of the system in relation to the benefits they receive.

Amendments relating to road tolling schemes

- 5 The Bill gives effect to the policy proposals agreed to by Cabinet that were intended to enable wider use of tolling, more consistent and sustainable toll price setting, and a more enabling approach to concession arrangements (which involve an agreement with a private sector partner to operate, maintain, and collect revenue from a toll road). The Bill amends the Land Transport Management Act 2003 (LTMA) to:
 - 5.1 expand the criteria of roads that can be tolled to include existing roads, where users receive benefits from the construction of a new road on the same corridor (corridor tolling);
 - 5.2 enable toll revenue gathered through a tolling scheme to be used for all new and existing roads covered by that tolling scheme, as well as to

help fund maintenance on alternative routes where the local road controlling authority is unable to fund this itself;

- 5.3 create a new infringement offence for heavy vehicles that use a toll road alternative route, when the Minister of Transport (the Minister) has issued a notice restricting heavy vehicles from that alternative route;
- 5.4 include factors for the Minister to consider when setting toll prices and require toll rates to automatically adjust annually by the Consumers Price Index (CPI);
- 5.5 expand delegation and leasing powers to cover existing toll roads, as well as roads that form a link between toll roads that are subject to the same concession arrangement;
- 5.6 clarify that revenue received through a tolling concession arrangement on one project can be invested into other roading projects;
- 5.7 clarify that revenue gathered by a concessionaire can include a commercial return on investment; and
- 5.8 update toll liability, so a vehicle's registered person is liable for tolls.

Amendments relating to RUC

- 6 The Bill gives effect to the RUC policy proposals agreed to by Cabinet in July 2025 [ECO-25-MIN-0118] by amending the RUC Act and associated secondary legislation to:
 - 6.1 remove all requirements to display, carry or produce RUC licences;
 - 6.2 remove the requirement that electronic distance recorders must be provided by electronic system providers and enable approval of an electronic distance recorder by the RUC collector;
 - 6.3 create a separate role for a third party to provide RUC customer services. The Bill defines this as a 'RUC provider' and enables the RUC collector to approve a RUC provider to issue RUC licences and collect road user charges in accordance with regulations;
 - 6.4 create a regulation-making power to prescribe matters relating to a RUC provider, including application processes, criteria for the approval of a RUC provider, and regulating RUC information-handling processes by a RUC provider; and
 - 6.5 amend the regulation-making power to remove the limitation that alternative payment schemes could only be prescribed for RUC vehicles fitted with an electronic distance recorder and instead enable alternative payment schemes to be prescribed for any RUC vehicle.

I seek Cabinet's confirmation of additional decisions related to tolling

7 Cabinet authorised me to make further decisions consistent with the overall policy, provided that these decisions are confirmed by Cabinet when the Bill is considered for introduction [ECO-24-MIN-0289 refers]. I have made the following decisions based on this authorisation and seek confirmation from Cabinet to:

- 7.1 **Specify the decision-making process for 'corridor tolling':** by providing that the Minister must determine the level of benefits necessary to allow an existing road on the same 'corridor' as a new road to be tolled on a case-by-case basis. I also seek agreement that the Bill does not prescribe a definition of 'corridor' but restricts corridor tolling to where the Minister is satisfied that the existing and new road are both in a corridor between parts of a region or one region and another. This approach allows for a broad range of possible benefits that the Minister can consider when deciding whether to proceed with tolling on an existing road and aligns with the existing framework for tolling which includes a high level of ministerial discretion.
- 7.2 **Create a new infringement offence for heavy vehicles that use an alternative route where they have been restricted from the route:** that is set at \$150 to allow this restriction to be enforced. Tolling Orders in Council will empower the Minister to, by notice, specify alternative routes and types of heavy vehicles that must not use them. A ministerial notice provides flexibility for each tolling scheme to adjust the restriction without amending the Order itself. The liability for this offence is aligned with the liability provisions for the existing failure to pay a toll offence.
- 7.3 **Specify the mechanisms by which all toll rates will be automatically inflation adjusted:** Cabinet previously agreed that toll operators will be required to update toll rates by CPI every three years. I am seeking Cabinet's agreement for these adjustments to be annual, as opposed to triennial, to align toll rates more closely with inflation and ensure more regular adjustments. I am also seeking approval to enable toll rates to be rounded up to the next ten cents when adjusting by CPI (e.g. \$2.03 could round up to \$2.10), and for schemes to be exempt from annual adjustments in their first year of operation, to provide certainty and clarity to the public. I also seek agreement that if the CPI has been negative over a financial year, toll rates are enabled, but not required, to reduce.
- 7.4 **Clarify which roads are eligible to be part of a concession arrangement:** Cabinet agreed to expand the delegation and leasing powers in the LTMA to cover existing roads. I am seeking agreement that this expansion of powers only includes existing roads that are, or will be, toll roads, as well as existing roads that form a link between new or existing toll roads (or roads that will be toll roads), where those roads will be subject to the same concession arrangement. This gives

the Crown greater flexibility to include roads in a concession arrangement, even if they are not to be tolled directly.

I seek Cabinet's confirmation of an additional decision related to RUC

- 8 Cabinet authorised me to make further decisions consistent with the overall policy, provided that these decisions are confirmed by Cabinet when the Bill is considered for introduction [ECO-25-MIN-0118 refers]. I have made the following decision based on this authorisation and seek confirmation from Cabinet to:

- 8.1 **extend an existing offence to cover all RUC providers, not just electronic system providers:** Currently, electronic system providers face up to a \$75,000 fine if they fail to report system tampering or knowingly provide false or misleading information to the RUC collector. The Bill creates a new, broader 'RUC provider' role. In doing so, the Bill also expands both the duty to report failure or tampering and the associated offence to a RUC provider.

Impact analysis

- 9 A Regulatory Impact Statement (RIS) was prepared in accordance with the necessary requirements and was submitted at each time that Cabinet approved the policy for the Bill.

Compliance

- 10 The Bill complies with each of the following:
- 10.1 the principles of the Treaty of Waitangi;
 - 10.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993;
 - 10.3 the disclosure statement requirements (a disclosure statement has been prepared and is attached to the paper);
 - 10.4 the principles and guidelines set out in the Privacy Act 2020;
 - 10.5 relevant international standards and obligations; and
 - 10.6 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.
- 11 The Bill does not contain any Treaty of Waitangi provisions and so advice from the Treaty Provisions Officials Group was not sought.
- 12 I note that the Parliamentary Counsel Office may make minor and technical changes to the Bill consistent with policy decisions up until introduction of the Bill.

Consultation

- 13 NZTA, Treasury, Inland Revenue, Customs, New Zealand Police, Ministry of Business, Innovation and Employment (Energy, ACC and Competition), Department of Internal Affairs (Local Government), Ministry of Justice, Ministry for Social Development, Parliamentary Counsel Office and the Office of the Privacy Commissioner were consulted on this paper. The Department of Prime Minister and Cabinet was informed.

Binding on the Crown

- 14 The Bill will amend existing legislation, which binds the Crown.

Creating new agencies or amending law relating to existing agencies.

- 15 The Bill will not create a new agency that is legally separate from the Crown.
- 16 The Bill will not amend the existing coverage of the Ombudsmen Act 1975, the Official Information Act 1982, or the Local Government Official Information and Meetings Act 1987.

Allocation of decision-making powers

- 17 The Bill allocates decision-making powers to the judiciary for appeals against decisions made by the RUC collector to refuse to approve a person as a RUC provider.

Associated regulations

- 18 The Bill will come into operation upon Royal Assent. However, some provisions will come into operation via regulations, and other Orders in Council will be required to give effect to certain policy proposals.
- 19 The LTMA provides for the Governor-General, by Order in Council on the recommendation of the Minister, to establish a road tolling scheme. The Bill continues this framework for establishing road tolling schemes but amends the empowering provision, by extending the criteria of roads that can be tolled and activities that toll revenue can be used for.
- 20 The Bill enables the making of regulations to prescribe matters relating to the approval and requirements of RUC providers and the criteria for approval of an electronic distance recorder. These regulations will be required prior to bringing parts of the Bill into operation. These regulations will be developed and brought to Cabinet within the 4-month period following enactment of the Bill.
- 21 The Bill also makes consequential amendments to the following secondary legislation that will come into force at the same time as the Bill:
- 21.1 Land Transport (Offences and Penalties) Regulations 1999;

- 21.2 Existing road tolling scheme orders¹;
- 21.3 Road User Charges Regulations 2012;
- 21.4 Road User Charges (Applications for Exemption for Certain Classes of Light RUC Vehicles) Regulations 2013; and
- 21.5 Road User Charges (Infringement Offences) Regulations 2012.

Other instruments

- 22 The Bill introduces a provision that empowers the Minister to issue a notice to restrict heavy vehicles from alternative routes to a toll road, empowered by the relevant Order in Council. It also retains the power for toll operators to issue notices to set tolls or grant exemptions to tolls. These are appropriate to be made by the Minister and toll operators as they relate to technical matters that will differ within each tolling scheme. The notices will be disallowable secondary legislation, and they must be published, in accordance with the Legislation Act 2019, at least 28 days before they come into force.
- 23 The Bill also enables the RUC Collector to approve an electronic distance recorder for the purpose of the RUC Act. An approval will be notified in the Gazette and subject to ordinary secondary legislation publication and presentation requirements.
- 24 I confirm that the explanatory note for the Bill explains the purpose of these notices.

Definition of Minister/department

- 25 The Bill does not contain a definition of Minister, department, or chief executive of a department.

Commencement of legislation

- 26 The Bill will come into force the day after Royal Assent.

Parliamentary stages

- 27 The Bill should be introduced to the House on 11 November 2025 and enacted by July 2026.
- 28 It is proposed that the Bill be referred to the Transport and Infrastructure Committee.

¹ Land Transport Management (Road Tolling Scheme for Northern Gateway) Order 2005, Land Transport Management (Road Tolling Scheme for Takitimu Drive (Route K)) Order 2015, and Land Transport Management (Road Tolling Scheme for Tauranga Eastern Link) Order 2015.

Proactive Release

- 29 I intend to proactively release this paper with appropriate redactions under the Official Information Act 1982 within 30 business days of final decisions being confirmed by Cabinet.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that the Land Transport (Revenue) Amendment Bill holds a category 5 priority on the 2025 Legislation Programme (to proceed to select committee by the end of 2025);
- 2 **note** that the Bill is an omnibus Bill that will reform the land transport revenue system to ensure that key revenue tools effectively support a user-pays basis for funding land transport;

Tolling

- 3 **note** that the Minister of Transport was authorised by Cabinet to make further decisions on tolling that are consistent with the overall policy, provided that those decisions are confirmed by Cabinet when the Bill is considered for introduction [ECO-24-MIN-0289 refers];
- 4 **agree** that the Parliamentary Counsel Office can continue to make minor and technical changes to the Bill consistent with policy decisions up until introduction of the Bill;
- 5 **approve** the following policy matters for inclusion in the Bill, related to tolling:
 - 5.1 that the Minister of Transport determines the level of benefits necessary to allow an existing road on the same 'corridor' to be tolled, and to not define 'corridor' to enable flexibility;
 - 5.2 to create a new infringement offence for heavy vehicles that use an alternative route where they have been restricted from that route by a notice issued by the Minister of Transport, set at \$150, and the liability provisions be aligned with the existing failure to pay a toll offence;
 - 5.3 that toll rates be required to update annually by the Consumers Price Index (CPI);
 - 5.4 that toll rates are enabled to be rounded up to the next ten cents when adjusting by CPI;
 - 5.5 to exempt schemes from a CPI adjustment when they open 12 months or less prior to an adjustment date;
 - 5.6 that if CPI has been negative over the year, toll rates are enabled, but not required, to reduce; and

- 5.7 to expand delegation and leasing powers in the Land Transport Management Act 2003 to include existing roads that are, or will be, toll roads, as well as existing roads that form a link between new or existing toll roads, where those roads are subject to the same concession arrangement;

Road user charges

- 6 **note** that the Minister of Transport was authorised by Cabinet to make further policy decisions on road user charges, provided that those decisions are confirmed by Cabinet when the Bill is considered for introduction [ECO-25-MIN-0118 refers];
- 7 **approve** the following policy matters for inclusion in the Bill, related to road user charges:
- 7.1 broaden an existing offence for electronic system providers (failure to report certain matters, or knowingly providing false or misleading information to, the RUC collector) so it applies to all RUC providers

The Bill

- 8 **approve** the Land Transport (Revenue) Amendment Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 9 **agree** that the Bill be introduced on 11 November 2025;
- 10 **agree** that the government propose that the Bill be:
- 10.1 referred to the Transport and Infrastructure Committee for consideration;
- 10.2 enacted by July 2026.

Authorised for lodgement

Hon Chris Bishop

Minister of Transport



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Land Transport (Revenue) Amendment Bill: Approval for Introduction

Portfolio **Transport**

On 6 November 2025, the Cabinet Legislation Committee:

- 1 **noted** that the Land Transport (Revenue) Amendment Bill (the Bill) holds a category 5 priority on the 2025 Legislation Programme (to proceed to select committee by the end of 2025);
- 2 **noted** that the Bill is an omnibus Bill that will reform the land transport revenue system to ensure that key revenue tools effectively support a user-pays basis for funding land transport;

Tolling

- 3 **noted** that in December 2024, the Cabinet Economic Policy Committee (ECO) took policy decisions on tolling, and authorised the Minister of Transport to make further decisions that are consistent with the overall policy, provided that those decisions are confirmed by Cabinet when the Bill is considered for introduction [ECO-24-MIN-0289];
- 4 **agreed** that the Parliamentary Counsel Office can continue to make minor and technical changes to the Bill, consistent with policy decisions, up until introduction of the Bill;
- 5 **approved** the following policy matters for inclusion in the Bill, related to tolling:
 - 5.1 that the Minister of Transport determines the level of benefits necessary to allow an existing road on the same 'corridor' to be tolled, and to not define 'corridor' to enable flexibility;
 - 5.2 to create a new infringement offence for heavy vehicles that use an alternative route where they have been restricted from that route by a notice issued by the Minister of Transport, set at \$150, and the liability provisions be aligned with the existing failure to pay a toll offence;
 - 5.3 that toll rates be required to update annually by the Consumers Price Index (CPI);
 - 5.4 that toll rates are able to be rounded up to the next ten cents when adjusting by CPI;
 - 5.5 to exempt schemes from a CPI adjustment when they open 12 months or less prior to an adjustment date;

- 5.6 that if CPI has been negative over the year, toll rates are able, but not required, to be reduced; and
- 5.7 to expand delegation and leasing powers in the Land Transport Management Act 2003 to include existing roads that are, or will be, toll roads, as well as existing roads that form a link between new or existing toll roads, where those roads are subject to the same concession arrangement;

Road user charges

- 6 **noted** that in July 2025, ECO took policy decisions on road user charges, and authorised the Minister of Transport to make further policy decisions, provided that those decisions are confirmed by Cabinet when the Bill is considered for introduction [ECO-25-MIN-0118];
- 7 **agreed** to broaden an existing offence for electronic system providers (failure to report certain matters, or knowingly providing false or misleading information to, the RUC collector) so it applies to all RUC providers;

The Bill

- 8 **approved** the Land Transport (Revenue) Amendment Bill [PCO 26243/16.0] for introduction;
- 9 **agreed** that the Bill be introduced by 11 November 2025;
- 10 **agreed** that the Government propose that the Bill be:
- 10.1 referred to the Transport and Infrastructure Committee for consideration;
- 10.2 enacted by July 2026.

Tom Kelly
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Chris Bishop (Chair)
Hon Paul Goldsmith
Hon Casey Costello
Hon Penny Simmonds
Hon James Meager
Stuart Smith, MP
Jamie Arbuckle, MP

Officials present from:

Officials Committee for LEG
Office of the Minister for the Environment



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Legislation Committee: Period Ended 7 November 2025

On 10 November 2025, Cabinet made the following decisions on the work of the Cabinet Legislation Committee for the period ended 7 November 2025:

LEG-25-MIN-0215 **Land Transport (Revenue) Amendment Bill: Approval for Introduction** CONFIRMED
Portfolio: Transport

Out of Scope

Rachel Hayward
Secretary of the Cabinet