MINISTRY OF TRANSPORT
TE MANATŪ WAKA

OC250931

30 October 2025

[redacted]

Tēnā koe [redacted]

I refer to your email dated 30 September, requesting the following under the Official Information Act 1982 (the Act):

> *"I am writing to request information about the government's proposal to shift light petrol vehicles to an electronic road user charges system around 2027.*
>
> - *I was hoping to understand what solutions have been proposed to this by various entities to date, whether commercial or non-commercial.*
> - *I understand an RFI regarding potential solutions to this endeavour was opened in November 2024 here: https://www.gets.govt.nz/MT/ExternalTenderDetails.htm?id=30643902*
> - *I was wondering if it were possible to access any documents and emails that were received as part of this specific request, and anything related subsequently."*

On 1 October you were informed that your request was transferred to the Ministry of Transport. The Ministry of Transport sought clarification of your request, and your amended request of 1 October seeks the following information:

> *"I am writing to request information about the government's proposal to shift light petrol vehicles to an electronic road user charges system around 2027.*
>
> - *I was hoping to understand what solutions have been proposed to this by various entities to date, whether commercial or non-commercial.*
> - *I understand an RFI regarding potential solutions to this endeavour was opened in November 2024 here: https://www.gets.govt.nz/MT/ExternalTenderDetails.htm?id=30643902*
> - *I was wondering if it were possible to access any documents and emails that were received as part of this specific RFI request, and anything related subsequently.*
>   - *In short – what has the Ministry of Transport received as part of this RFI from the 25 submitters? I am interested in understanding the various solutions these parties have proposed as to how eRUC for light petrol vehicles might be implemented."*

The purpose of our 2024 RFI was to understand the level of interest from the private sector in providing road user charges (RUC) services to road users. You can find more information on this, including a list of respondents on our website here: https://www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system

Your request seeks documents and emails the Ministry of Transport received from the 26 RFI submitters. Non-substantive and generally administrative correspondence have been excluded from this response.

Please refer to the schedule which outlines the information within the scope of your request. There are 26 documents that fall within the scope of your request. We are releasing 8 of these to you with redactions.

The following sections of the Act have been used as part of this response:

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 interest that such information should continue to be supplied

With regard to the information that has been withheld under section 9 of the Act, I am satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website **www.ombudsman.parliament.nz**

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry's website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā

Matthew Skinner
Road User Charges Transition

Document Schedule

Doc#	Date	Document	Decision on release
1	28/11/2024	Waitomo RFI response form – RUC retail services	Withheld in full under section 9(2)(ba)(i)
2	05/12/2024	Caura RFI response form – RUC retail services	Withheld in full under section 9(2)(ba)(i)
3	07/12/2024	OptiFleet RFI response form – RUC retail services	Released with some information withheld under section 9(2)(a)
4	11/12/2024	Smartrak RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
5	11/12/2024	GoCarma RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
6	11/12/2024	EMOVIS RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
7	12/12/2024	IntelliTrac RFI response form – RUC retail services	Released with some information withheld under section 9(2)(a)
8	12/12/2024	ClearRoad RFI response form – RUC retail services	Released with some information withheld under sections 9(2)(a) and 9(2)(ba)(i)
9	12/12/2024	VTNZ RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
10	12/12/2024	Compass IOT RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
11	12/12/2024	EROAD RFI response form – RUC retail services	Released with some information withheld under sections 9(2)(a) and 9(2)(b)(ii)
12	12/12/2024	Joint NZ AA and Picobyte RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
13	12/12/2024	Bonnet RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
14	12/12/2024	Kapsch RFI response form – RUC retail services	Released with some information withheld under sections 9(2)(a) and 9(2)(ba)(i)
15	12/12/2024	Teletrac Navman RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)

16	12/12/2024	NZ Post RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
17	12/12/2024	WHG RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
18	12/12/2024	RUconnected RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
19	12/12/2024	Fast Enterprises RFI response form – RUC retail services	Released with some information withheld under section 9(2)(a)
20	12/12/2024	Austroads and Transport Certification Australia RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
21	12/12/2024	V-DAQ RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
22	12/12/2024	Nuonic RFI response form – RUC retail services	Released with some information withheld under sections 9(2)(a) and 9(2)(ba)(i)
23	12/12/2024	Kora RFI response form – RUC retail services	Released with some information withheld under section 9(2)(a)
24	12/12/2024	Power Trip RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
25	16/12/2024	eConsultants RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)
26	19/12/2024	Be-Mobile RFI response form – RUC retail services	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i)

Optimal Fleet Solutions Limited

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: 7th December 2024

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by Optimal Fleet Solutions Limited (the Respondent) to provide information.

Item	Detail
Full legal name:	Optimal Fleet Solutions Limited
Trading name (if different):	OptiFleet
Physical address:	8 St Ives Drive, Camborne, Porirua
Postal address:	8 St Ives Drive, Camborne, Porirua
Registered office:	8 St Ives Drive, Camborne, Porirua
Business website:	https://www.optifleet.co.nz
Type of entity (legal status):	limited liability company
NZBN number:	9429030723467
Country of residence:	New Zealand
GST registration number:	108 887 850 New Zealand
Consent to follow up (Likely to be in week commencing 16 December)	Yes

1.2 Our Point of Contact

Item	Detail
Contact person:	s 9(2)(a)
Position:	
Physical location of contact person	Wellington, New Zealand
Phone number:	s 9(2)(a)
Mobile number:	
Email address:	

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

We are primarily a consultancy practice and data aggregator supporting B2B services for our commercial clients. Currently, we offer RUC monitoring through our app, with the option for automated RUC purchase if we have access to accurate odometer (odo) data. The odo data is collected from various sources, including driver reports, monthly fuel card data, GPS, and Global SIM data from OEMs.

We deal with all types of vehicles and cater to both B2B and B2C clients. While our B2B clients are our primary focus, we also serve B2C clients who utilise our online bid management system, TCO (Total Cost of Ownership) modelling, and Residual Value calculator. Our full suite of services includes, but is not limited to, a Virtual Vehicle Register (VVR), e-commerce bid management (own vs. lease), new car catalogues, composition and optimisation reporting, capital planning, and electric vehicle transition planning.

Although we do not currently provide retail RUC services, we are in the process of developing an offering in this area. Our future service will be API-compatible, which will allow us to integrate seamlessly with other sectors and enable them to include RUC services within their existing billing environments.

We are excited about the opportunity to expand our services into the retail RUC space and believe our extensive experience in data aggregation and fleet management provides a strong foundation for this expansion.

Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. **Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);**
2. **Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);**

3. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);**
4. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);**
5. **Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf); or**
6. **Another business model (or hybrid of the approaches outlined above)?**

We will continue with our current RUC offering and we are also interested in offering the following RUC services:

1. Electronic RUC Management Services: This would involve electronic measurement and reporting of vehicle distance, with automated RUC purchasing directly as an agent of NZTA. This service would streamline the process for our clients, ensuring that RUC is purchased accurately and efficiently based on vehicle usage.

2. Full eRUC or eaRUC Solution: We are also interested in providing a comprehensive eRUC or eaRUC solution as a certified service provider approved by NZTA under the existing code or any revised version of the code. This would enable us to offer a fully compliant and integrated solution for RUC management.

We believe both approaches align with our capabilities and the evolving needs of our clients, allowing us to provide efficient and automated RUC solutions.

Commercial proposition

Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?

As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:

- **fleet management/telematic services**
- **bundling of utility like payments**
- **financial services to bundle and smooth payments**
- **sale of information to advertisers (with the express permission of customers) etc.**
- **efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases**

This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.

Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?

We do not view RUC retail services as a standalone business opportunity. Instead, we believe it should be bundled with other frequently used apps, ideally those related to vehicles, fuel, service, transportation, fleet management and banking. For example, RUC could be integrated into apps from fuel providers (where users can buy fuel, get a car wash, and purchase RUC) or ride-sharing services like Uber (where users can order a ride, get food, and purchase RUC). Similarly, banking apps could offer RUC purchase options while managing accounts.

We would be able to offer these institutions access to our already developed portal via our API, allowing them to surface the RUC functionality within their user experience (UX).

We see the integration of RUC services into these broader ecosystems to enhance customer convenience and increase adoption, while also opening up additional commercial opportunities through bundling with other services such as fleet management, telematics, utility payments, or financial services.

Additionally, we believe the commercial viability of this approach depends on the scale and user base of the partner apps, as well as the ability to seamlessly integrate RUC services into their existing workflows. Lead time for integration and any necessary adjustments to existing legislative or administrative provisions would need to be considered to ensure smooth implementation.

Technology

What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems? If so, can you summarise:

- **how the technology works**
- **what data is collected**
- **What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)**
- **how you ensure the reliability and security of the system**
- **how revenue security is protected**
- **how user privacy is protected**
- **what benefits it offers customers compared to the existing system**
- **whether the technology is stand-alone or integrated into existing devices (cars or phones)**
- **whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles**

Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.

We offer a Saas solution, we have access to NZTA aggregated register data (business tool only) and access to all vehicle data by plate and VIN including all compliance items, licence, WoF, CoF and RUC.

We are not currently collecting revenue for the items, we provide oversight to the status and empower the user to procure directly. We are developing our portal to automate the procurement of licence based on time and RUC based on odo, the owner will be able to tailor the distance before expiry to trigger to procurement and they will be able to tailor the amount of RUC packets based on 1,000km units

The availability will be governed by NZTA uptimes and normal SAAS securities will be deployed such as multi authentications, secure API keys, secure secret keys and random and forced key rollovers.

The procurement or RUC can be automated and to a degree set and forget, in this scenario the owner should never be non-compliant to the extent that labels would not be required as if checked by police or officials compliance would be always be up to date.

The service would be stand alone and could be accessed on phone or desktop.

SaaS service requires no hardware

Our business offers a SaaS solution that utilises data aggregation to support RUC-related services. We have access to NZTA's aggregated register data (business use only), as well as comprehensive vehicle data by plate and VIN, including compliance details such as licences, WoF, CoF, and RUC.

While we currently do not collect revenue directly, our platform provides oversight and empowers users to procure RUC licenses directly. We are actively developing a portal that will automate the procurement of licences based on time, and RUC based on odometer readings. Vehicle owners will be able to tailor the distance before expiry to trigger procurement and specify the RUC packet size (in 1,000km increments).

How the Technology Works:

- The technology collects vehicle data, including odometer readings, via multiple sources (e.g., driver input, fuel card data, GPS, OEM telematics). This data is used to track RUC requirements.
- The system will automatically notify users when RUC is nearing expiry and trigger procurement based on the vehicle's odometer data.

Services Provided with Technology:

- We provide distance measurement, RUC tracking, and automated reminders to purchase RUC based on odometer readings.
- The system empowers users to purchase RUC when needed, helping to ensure compliance with NZTA regulations without manual intervention.

Data Security and Reliability:

- Our data, including backups, is securely housed in New Zealand and Australia within Amazon Web Services (AWS) cloud infrastructure, which is known for its strong security measures and global compliance certifications.

- We implement encryption for all data, both in transit and at rest, and access is tightly controlled with multi-factor authentication (MFA) and role-based access controls (RBAC).

- Our platform is continuously monitored for security threats, and regular security audits are conducted to maintain compliance.

Revenue Security and User Privacy:

- We ensure revenue security by offering automated procurement, ensuring that users are never non-compliant, even if their RUC is checked by authorities.

- User privacy is protected through strong encryption and secure data handling practices, and we ensure compliance with privacy regulations.

Benefits Compared to Existing Systems:

- The key benefits of our solution include seamless automation, reducing the risk of non-compliance and making RUC management more efficient for fleet and vehicle owners.

- Users can set it and forget it, allowing for a more convenient experience compared to the manual RUC management process currently in place.

Technology Integration and Requirements:

- The service is standalone and accessible via both phone and desktop. It does not require any additional hardware, as it integrates with existing devices like smartphones or telematics systems.

- The SaaS solution does not require professional installation and can be used as-is once integrated with vehicle data.

Application in Practice:

- While we are still in the process of developing full revenue collection capabilities, we are building a system that will be capable of automating RUC purchases in a secure and efficient manner, offering a seamless user experience that will help generate actual revenue in the future.

Data Security and Compliance: We take data security and compliance very seriously. Our data is stored securely within the AWS cloud infrastructure in New Zealand and Australia. AWS provides robust security measures and meets global compliance standards, ensuring our clients' data is well protected.

Security Measures:

- Encryption: All data, both in transit and at rest, is encrypted using strong protocols.

- Access Controls: We enforce multi-factor authentication (MFA) and role-based access control (RBAC) to restrict access to sensitive data.

- Monitoring and Audits: Continuous monitoring of our systems for threats, alongside regular security audits.

Incident Response: In the event of a data breach or security incident, we have a well-defined response plan in place:

1. Immediate Containment: We quickly isolate affected systems to prevent further access.
2. Investigation: A thorough investigation will be conducted to understand the cause and impact.
3. Notification: We will notify affected parties according to legal and regulatory requirements.
4. Remediation: After identifying the root cause, corrective actions will be implemented to prevent future breaches.

We are committed to maintaining the highest standards of data security and privacy protection.

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

To effectively invest in and offer RUC retail services, several legal, administrative, and policy barriers would need to be addressed or streamlined:

1. Regulatory Clarity on RUC Retail Services: The current regulatory framework around RUC services is primarily geared toward traditional retail models, and there is limited clarity regarding digital and automated solutions. Clear guidelines or amendments to regulations would be needed to support the use of electronic and automated RUC services, particularly those that involve third-party APIs for RUC procurement.

2. Integration with NZTA's Systems: To provide seamless RUC management and ensure accurate reporting and compliance, integration with NZTA's existing systems needs to be streamlined. Access to the NZTA database and real-time updates of RUC status through secure APIs would help enable automated procurement and RUC monitoring, which could significantly improve efficiency and compliance for users.

3. Consumer Protection and Data Privacy: As RUC services increasingly involve the collection and use of sensitive vehicle data (odometer readings, driving behaviour, etc.), the regulatory environment needs to provide clear standards for data privacy and consumer protection. This would ensure that customers feel secure about their personal data, building trust in electronic RUC services.

4. Incentives for Innovation and Investment: Policies that provide incentives for innovation in the RUC sector, such as grants, tax benefits, or subsidies for technology development, would help reduce the financial risks of developing and deploying new solutions. These incentives could encourage businesses to invest in scalable and efficient systems, which could benefit both providers and consumers.

5. Flexibility in Business Models: RUC services should be allowed to be bundled with other vehicle-related services (such as fleet management or telematics) without being restricted to a single model. This would allow for more flexible and innovative business models that could drive broader adoption.

Addressing these barriers would help enable us to develop and scale an efficient, customer-friendly RUC service that integrates seamlessly with other vehicle-related services, ultimately improving compliance and convenience for users.

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. **Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);**
2. **Providing RUC retail services to customers directly (through its website and App);**
3. **Collecting and administering the RUC revenue; and**
4. **Receiving the statutory fee for RUC transactions.**

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

To ensure NZTA's activities enable and encourage other RUC retailers to participate, the Government should focus on creating an open, competitive environment that allows reputable third-party suppliers to contribute to the collection of road tax. Specifically, the Government could:

1. Promote Fair Competition: By ensuring that NZTA's role remains focused on regulation and oversight, rather than directly competing with third-party providers, the Government can foster a competitive landscape where multiple RUC retailers can offer innovative and customer-centric solutions.

2. Encourage Partnerships: Facilitate collaboration between NZTA and third-party providers, allowing these retailers to integrate their services with NZTA's systems (e.g., via secure APIs). This would enable third-party suppliers to offer RUC services seamlessly, benefiting both the Government and consumers through enhanced choice and efficiency.

3. Support Innovation: The Government could create policies or incentives that encourage third-party innovation, such as providing grants or tax breaks for technology development in the RUC space. This would help attract new players and drive improvements in the service offering.

4. Ensure Transparent and Streamlined Approval Processes: Simplifying the application and approval processes for third-party RUC retailers would reduce barriers to entry and encourage more providers to enter the market, thereby increasing competition and service variety.

By adopting these measures, the Government could ensure NZTA's role complements and supports the broader ecosystem of RUC retailers, contributing to a more diverse and effective system for collecting road tax.

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

Balancing a user-friendly system with revenue security in the RUC retail market requires addressing the risk of non-compliant vehicles—specifically, users who fail to pay for RUC or run non-compliant vehicles. Unlike the fuel tax, which collects revenue regardless of a vehicle's compliance, RUC relies on individuals actively purchasing and renewing their charges.

To mitigate this risk, the following measures could help:

1. Enhanced Enforcement and Monitoring: Prioritising the policing of non-compliant vehicles by authorities would ensure that vehicles which fail to meet RUC obligations are identified and penalised. This could include random checks or the use of automated systems (number plate recognition) to detect non-compliant vehicles in real-time.

2. Automation and Notifications: Implementing automated reminders for vehicle owners, triggered by odometer readings or usage patterns, could help reduce the likelihood of non-compliance. These reminders would encourage timely RUC procurement, creating a user-friendly experience while ensuring compliance.

3. Real-Time Compliance Monitoring: Providing an option for real-time reporting and verification of RUC status (via mobile apps or telematics systems) would give both users and authorities confidence that the appropriate charges are being paid, ensuring that non-compliant vehicles are quickly flagged.

By combining these approaches, the system could remain user-friendly while ensuring the necessary revenue security and compliance.

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

To ensure appropriate protection of consumers, we would implement a clear and accessible process for complaints and remedies. We are committed to continuously improving our services based on user feedback. Any issues or concerns raised by customers would be promptly addressed through a defined resolution process, ensuring a high standard of customer support.

In terms of payment options, we would offer credit card and direct debit payment methods to provide flexibility and convenience for consumers when purchasing RUC. However, we would strongly advise against offering financing options for RUC purchases, as this could introduce unnecessary complexity and potential financial strain for customers.

We would also provide flexibility in terms of the distance before expiry and the volume of RUC that needs to be purchased, allowing customers to tailor their purchases based on their usage patterns. This ensures a personalised, user-friendly experience.

By focusing on customer feedback, clear remedy mechanisms, and flexible payment options, we would aim to maintain a high level of consumer protection and satisfaction.

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

We believe that fostering a competitive and innovative environment for third-party RUC services will benefit both consumers and the broader economy. To enable greater third-party provision, it would be helpful to ensure that:

1. Clear and Flexible Regulatory Frameworks: Regulations should evolve to support new business models and technologies, including electronic and automated RUC services. This would help streamline the approval process for new providers and facilitate their integration into the existing system.

2. Collaboration with Existing Providers: Encouraging collaboration between third-party providers and NZTA would allow for smoother integration of RUC services into existing platforms, leveraging technology to improve both compliance and user experience.

3. Incentivising Innovation: Providing incentives for technological innovation in the RUC space, such as grants or tax breaks for development of new RUC solutions, would drive competition and improve service offerings.

We believe these steps will contribute to creating an environment that encourages the entry of new providers, leading to better services, increased convenience for consumers, and enhanced revenue collection for the government.

2.2 Assumptions

Assumptions
Read the Question Please state any assumptions you have made in relation to the Response.

The following assumptions have been made in relation to our response:

1. Access to Accurate Data: It is assumed that the necessary data, excluding vehicle odometer readings, RUC status, and compliance information, will be accessible and accurate for third-party services to provide automated RUC management and reporting.
2. Regulatory Support: It is assumed that the regulatory environment will evolve to support the inclusion of third-party providers in the RUC retail space, allowing for integration with NZTA systems through secure APIs and ensuring compliance with relevant codes of practice.
3. Consumer Behaviour: It is assumed that consumers are willing to adopt more automated, technology-driven methods for managing their RUC, such as receiving reminders, setting purchase preferences, and automating RUC procurement.

Assumptions

4. Payment Flexibility: It is assumed that the payment methods of credit card and direct debit will be acceptable to consumers and will meet the security requirements of the RUC system.
5. Market Acceptance: It is assumed that there will be demand for third-party RUC services and that consumers and businesses will be open to bundling RUC with other vehicle-related services.
6. NZTA Collaboration: It is assumed that NZTA will be willing to collaborate with third-party providers, particularly in the development and implementation of a seamless process for the reporting, purchasing, and managing of RUC.

These assumptions form the basis of the proposed approach for providing RUC services and may evolve as further insights are gained or new regulatory frameworks are introduced.

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I/we have read and fully understand this RFI, including the RFI-Terms. I/we confirm that the Respondent agrees to be bound by them.	agree
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	agree
Details of conflict of interest:	NIL	

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a)

Full name:

Title/position: s 9(2)(a)

Name of organisation: Optimal Fleet Solutions Limited

Date: 7 December 2024

Checklist for Respondents

Before you submit your Response…	
1. Fill out all sections of the Response Form.	☐
2. Remove all the purple 'Respondent Tip' boxes from this Form.	☐
3. Delete the **PURPLE** instructions from this Form.	☐
4. Un-shade the **BLUE** highlighting where you fill out your answer.	☐
5. Prepare your Response Send a digital copy by email to procurement@transport.govt.nz	☐
6. Arrange for the Response to be submitted electronically before the Deadline for Responses.	☐

IntelliTrac New Zealand Limited

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: 10 December 2024

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by IntelliTrac New Zealand Limited (the Respondent) to provide information.

Item	Detail
Full legal name:	IntelliTrac New Zealand Limited
Trading name (if different):	
Physical address:	14 Mahunga Drive Mangere Bridge 2022 Auckland New Zealand
Postal address:	P.O Box 59102, Mangere Bridge, Auckland 2151
Registered office:	C/o Findex, Level 29, 188 Quay Street, Auckland Central, Auckland 1010 New Zealand
Business website:	https://IntelliTrac .co.nz
Type of entity (legal status):	limited liability
NZBN number:	9429047487079
Country of residence:	New Zealand
GST registration number:	129-537-248
Consent to follow up (Likely to be in week commencing 16 December)	Yes – Available before 20th January and after 6th January

1.2 Our Point of Contact

Item	Detail
Contact person:	s 9(2)(a)
Position:	
Physical location of contact person	Melbourne Australia
Phone number:	s 9(2)(a)
Mobile number:	
Email address:	

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

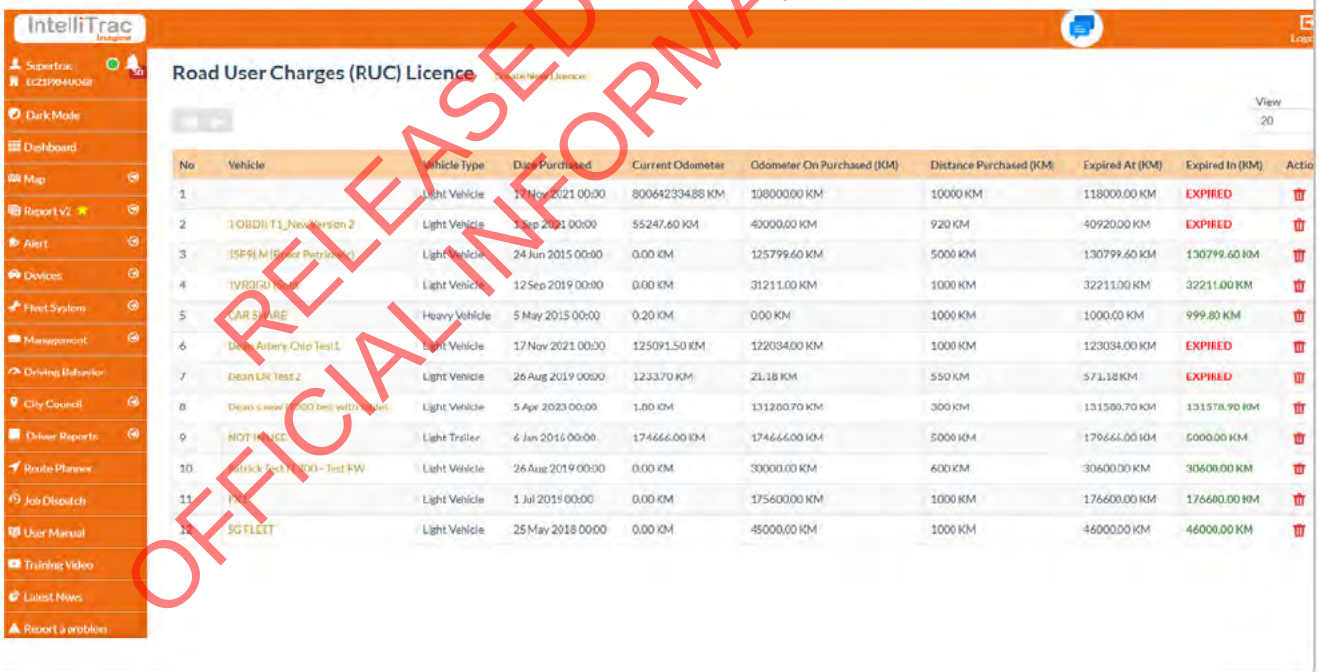
Currently IntelliTrac provide GPS vehicle telematics to monitor vehicle locations and distance travelled etc.

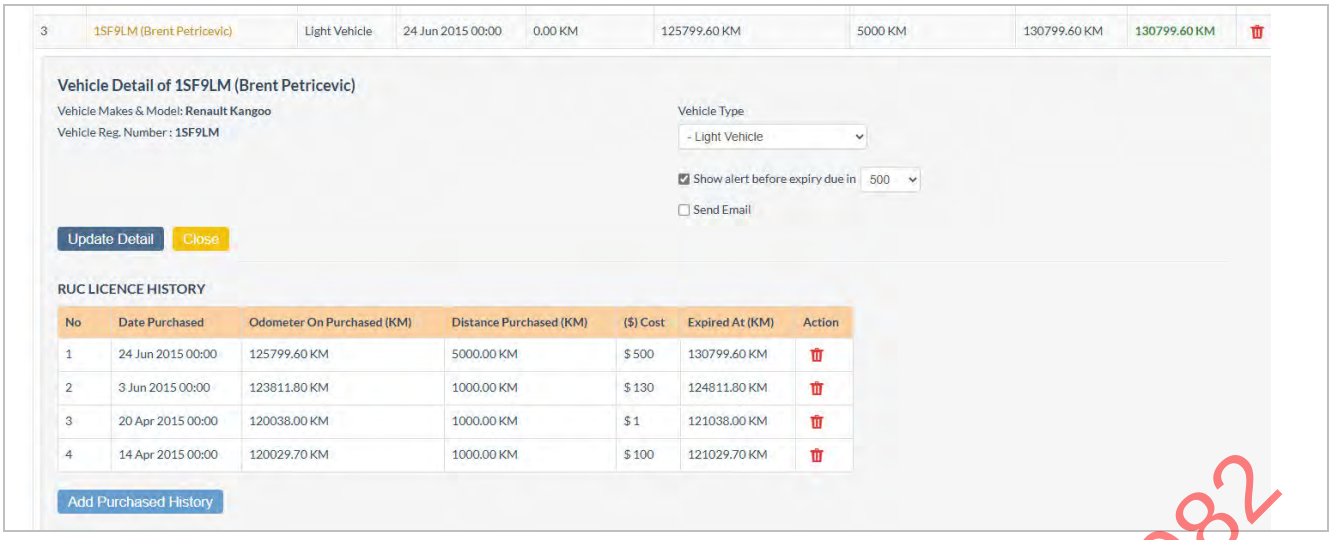
We have a simple RUC reminder and register service within our software, which

- Reminds clients when RUC is due
- Keeps a register of RUC purchases

For each vehicle in their fleet

Please see artifacts below from our internal R&D site (Apologies we cannot provide real data due to privacy)





3	1SF9LM (Brent Petricevic)	Light Vehicle	24 Jun 2015 00:00	0.00 KM	125799.60 KM	5000 KM	130799.60 KM	130799.60 KM

Vehicle Detail of 1SF9LM (Brent Petricevic)

Vehicle Makes & Model: **Renault Kangoo**
Vehicle Reg. Number : **1SF9LM**

Vehicle Type
- Light Vehicle

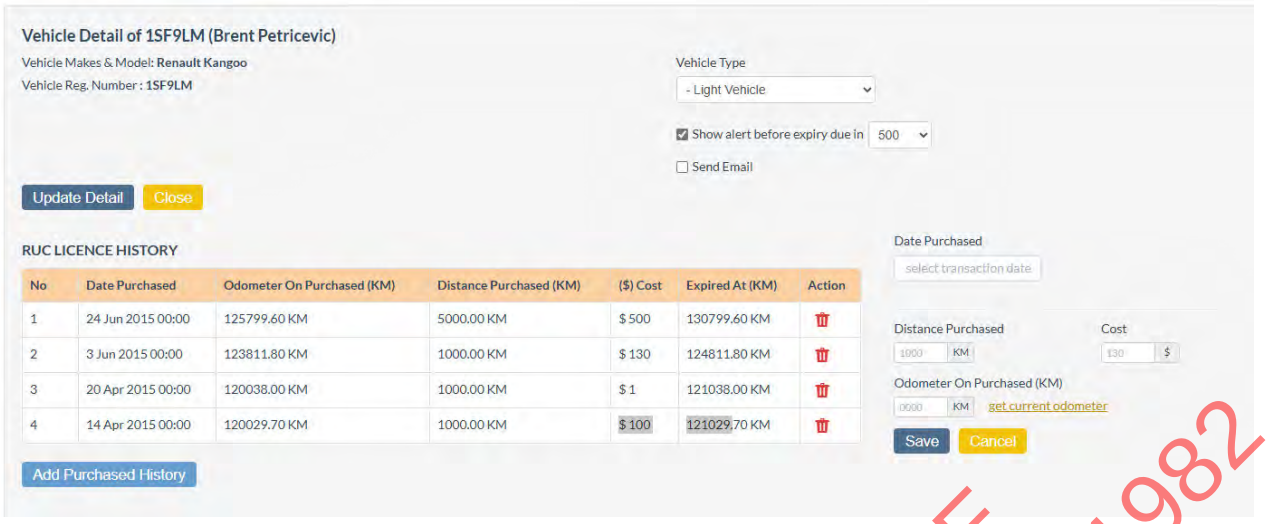
Show alert before expiry due in 500
Send Email

Update Detail | Close

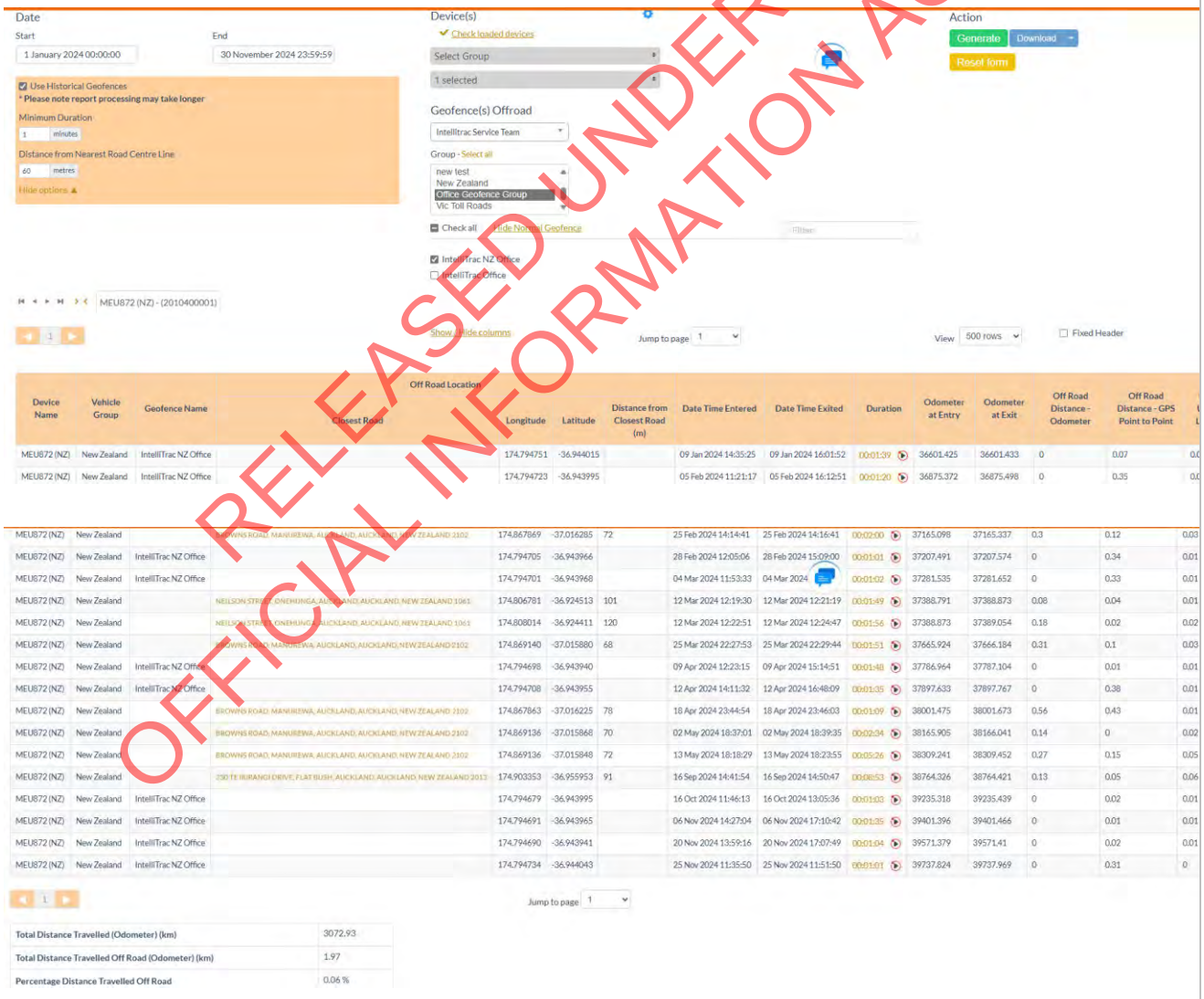
RUC LICENCE HISTORY

No	Date Purchased	Odometer On Purchased (KM)	Distance Purchased (KM)	($) Cost	Expired At (KM)	Action
1	24 Jun 2015 00:00	125799.60 KM	5000.00 KM	$ 500	130799.60 KM	
2	3 Jun 2015 00:00	123811.80 KM	1000.00 KM	$ 130	124811.80 KM	
3	20 Apr 2015 00:00	120038.00 KM	1000.00 KM	$ 1	121038.00 KM	
4	14 Apr 2015 00:00	120029.70 KM	1000.00 KM	$ 100	121029.70 KM	

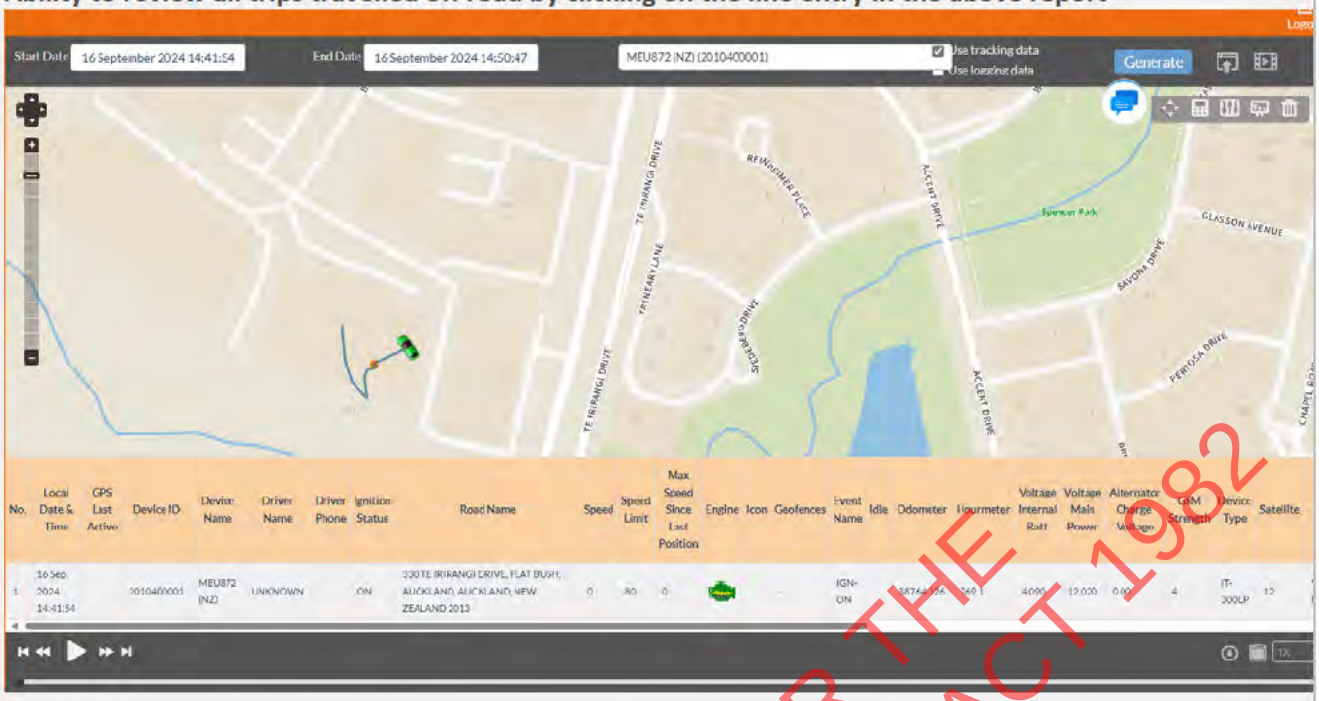
Add Purchased History



RUC Credits (Off Road Geofences) or travelling off a public road – determined by distance from Road Centre Line GIS Data.



Ability to review all trips travelled off road by clicking on the line entry in the above report



Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. **Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);**
2. **Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);**
3. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);**
4. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);**
5. **Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf); or**
6. **Another business model (or hybrid of the approaches outlined above)?**

IntelliTrac's interest lies in the provision of

- GPS Based Electronic RUC management devices and services which provide electronic measurement and reporting of vehicle distance and location.
- Automatic purchasing of RUC (as an agent for NZTA)
- Full eRUC/eaRUC solution as a certified provider approved by NZTA

Commercial proposition

Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?

As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:

- **fleet management/telematic services**
- **bundling of utility like payments**
- **financial services to bundle and smooth payments**
- **sale of information to advertisers (with the express permission of customers) etc.**
- **efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases**

This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.

Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?

IntelliTrac's interest would be as follows:

Consumer Model

1. A consumer model in which IntelliTrac provides an OBDII plug and play GPS Telematics device which reads vehicle odometer from the Can Bus and provide the consumer with an App to view and monitor vehicle location (for security), view distances travelled, view historical RUC purchases and advise how soon additional RUC will need to be purchased.

   In future car manufacturers may have existing OEM telematics devices which may send a feed into IntelliTrac systems, thus not requiring IntelliTrac to provide an GPS Telematics device.

"IntelliTrac Easy"
Winner Canstar Innovation Award

At IntelliTrac we have spent years of research & development with hundreds of vehicles out in the field making the best OBDII Plug & Go GPS Tracking device in the world. Our R&D department was backed by a team of analysts, independent research facilities & major insurance companies to ensure device reliability & the reliability of data produced. We also engaged focus groups to provide feedback on ease of installation & ease of use.
With tens of thousands of the devices now sold, we are confident that we have produced the best product in its class.

Video Link https://youtu.be/GfNtr6tOAqU?si=9ogVyuRBNOQIzEhK

2. The solution will provide an automated payment gateway to top up RUC at various dollar/km levels as selected by the consumer. Eg: when credit runs below $10 top up $76 (or 1000km)

3. The solution will provide a method of manually purchasing RUC or automatic direct debit from a credit card or bank account.

4. The solution will provide SMS and push notifications to alert the driver of

   - Low RUC Balance
   - Failed transactions
   - Credit Card Expiry
   - Zero RUC balance

5. Optionally the app will provide driving behaviour scoring (where data can be fed to insurers to provide pay how you drive insurance based on distance travelled and risk).

Business Commercial Fleet Model

1. With similar functionality to the consumer model, the business model would be integrated into IntelliTrac's Fleet Management GPS Telematics Solution to provide additional features which both the client and NZTA or IRD may require or introduce in the future. These would include:

   - An operational fleet management tool to provide vehicle activity reporting, exception alerts and driving behaviour scoring
   - Route planning and optimisation dispatched to an on board navigation system
   - Delivery and Work order Management
   - Financial Fleet Management (recording all operational costs of fleet)
   - Health and Safety such as
     - Vehicle safety inspection – Start of Day and End of Day
     - Electronic Work Diaries – Fatigue Management
     - On Board Mass Management – Logging weights or reading weights from vehicle scales
   - Logging other compliance such as FBT (Business and Private Use of passenger vehicles)

Technology

What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems? If so, can you summarise:

- **how the technology works**
- **what data is collected**
- **What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)**
- **how you ensure the reliability and security of the system**
- **how revenue security is protected**
- **how user privacy is protected**
- **what benefits it offers customers compared to the existing system**

- **whether the technology is stand-alone or integrated into existing devices (cars or phones)**
- **whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles**

Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.

IntelliTrac would provide a specialised GPS Telematics device which plugs into the vehicle OBDII or Can Bus in order to extract actual vehicle odometer. The solution would be catered for modern vehicles where actual odometer may be read directly from the vehicle. If this is achievable then tampering of the system would not alter any distance readings since once the telematics device is re-instated, it simply reads the odometer value from the vehicle can bus.

Where vehicles are older and odometer cannot be extracted from the canbus, then telematics devices would require seals and would require alerts etc. to be generated if unplugged or tampered with. Since GPS based odometer readings are not exactly displayed as per vehicle odometer, there would need to be an periodic calibration of electronic odometer data as compared to GPS odometer data. Studies and calculations show that the average discrepancy is approximately 3%. For example: At each RUC credit top up the road user would be requested to confirm the vehicle odometer via the RUC App.

Data collected would be GPS Location, Distance, Hours of Operation, Speed. GPS data can be cross referenced to GIS Mapping data to calculate distances travelled off road in order to claim RUC credits.

Data is collected and sent to the IntelliTrac cloud servers which it is processed and RUC reminders are issued to road users via email, SMS and push notifications. We can also issue alerts to drivers via a buzzer in the telematics device. Eg: 1 beep...RUC credit running Low. 2 Beeps RUC payment failed. 10 beeps - Zero RUC Credits. These can be activated upon starting the vehicle.

Our aim would be to integrate into automated payment gateways to collect RUC on behalf of NZTA.

Each vehicle would be provided a QR Code which would be attached to the vehicle windscreen which law enforcement officers may scan and retrieve RUC charges history, vehicle make, model, VIN, registration, odometer and other data etc.

End users will also be provided an App where they can view and manage their RUC and confirm odometer values reported by GPS as compared to what is visible on the odometer.

We currently provide Fuel Tax Credits reporting in Australia

We currently provide payment gateways, automated direct debits etc. for our clients in Australia within our telematics billing platform and our AutotradeOnly vehicle disposal platform in Australia.

Revenue would be protected ideally by NZTA providing a payment gateway API which IntelliTrac would have direct access too. IntelliTrac would be a conduit to the collection and funds would transfer directly between the road user and NZTA.

User privacy is protected via IntelliTrac and NZTA Privacy Policy and certification to ITSM standards such as ISO27001 or SOCII. All staff having access to personally identifiable information should be Police checked. IntelliTrac is the telematics provider to Australian Police and all staff are security cleared.

IntelliTrac's OBDII device for general consumer, passenger vehicles and light commercial vehicles is a DIY installation. Heavy vehicles will require professional installation.

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

Clear requirements specifications, policy and procedures for approval and expedited approvals.

Streamlining compliance requirements with digital tools.

- Introducing a "sandbox" environment for testing new RUC services without regulatory penalties.
- Providing tax incentives or grants for small providers to innovate in the RUC space

NZTA

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. **Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);**
2. **Providing RUC retail services to customers directly (through its website and App);**
3. **Collecting and administering the RUC revenue; and**
4. **Receiving the statutory fee for RUC transactions.**

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

1. NTZA to provide a payment gateway API to all eRUC providers. This will streamline payments and create a uniform service provider solution.
2. eRUC devices will need to be provided to consumers. These would cost approximately $100 in volume. These should be provided to consumers by NZTA free of charge or at a reduced cost
3. eRUC devices will have on going costs due to sim card/connectivity and these costs will need to be borne by the consumer
4. The eRUC service provider when dealing with consumers would make a minimal margin and hence should be paid a small percentage of RUC collected in order to validate a business case.

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

A user-friendly consumer solution would be Web App and Phone App Based which will extract distance information from an on board telematics device and remind road users to pay their RUC. A payment gateway would provide a seamless and secure method for NTZA to collect revenue.

Revenue security would be further emphasised by data collected by the telematics device connecting directly into the vehicle CanBus.

A QR code on the vehicle will allow law enforcement officers to conduct random checks to ensure RUC is paid and up to date.

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

IntelliTrac would provide a RUC support team to handle any customer complaints. It is envisioned that the most common complain would be telematics devices which have been lost or stolen or occasionally faulty. A remedy mechanism would be to send new device to the consumer.

Other complaints may be incorrect odometer displayed. This may be due to devices losing connectivity to vehicle CanBus or OBDII port. Under such cases the device would revert to calculating odometer based on GPS and this would typically by 3% less than the actual vehicle odometer.

Payment options using an electronic method would be based on our recommended methodology for NZTA to provide a payment gateway and offer various methods of payment such as Credit Card, Poli, direct debit etc.

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

None at this stage

2.2 Assumptions

Assumptions
Please state any assumptions you have made in relation to the Response.
Our assumption is that 1. NTZA provide a payment gateway API to all eRUC providers. This will streamline payments and create a uniform service provider solution 2. eRUC devices will need to be provided to consumers. These would cost approximately $100 in volume. These should be provided to consumers by NZTA free of charge or at a reduced cost 3. eRUC devices will have on going costs due to sim card/connectivity and these costs will need to be borne by the consumer. Approximately $15 per month. 4. The eRUC service provider when dealing with consumers would make a minimal margin and hence should be paid a small percentage of RUC collected in order to validate a business case.

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I/we have read and fully understand this RFI, including the RFI-Terms. I/we confirm that the Respondent agrees to be bound by them.	agree
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	agree
Details of conflict of interest:	Not Applicable	

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a) _____

Full name: _____

Title/position: s 9(2)(a) _____

Name of organisation: IntelliTrac New Zealand Limited _____

Date: 10-12-2024 _____

Instructions for Respondents

1. Check that you have all the relevant documents, including:
   - The Request for Information (RFI) which outlines what information is needed.
   - The Response Form (this one) to fill out your response.
   - The RFI-Terms.
2. Before filling out this form, read the RFI carefully, particularly Section 2 (Our Requirements).
3. Please follow the layout of this Response Form:
   - Don't change the section headings and sequence as this needs to be consistent across all Respondents.
   - Insert any extra images or graphs either as part of your answer or in a separate attachment (but make it clear in the Response Form that you have done so).
   - The combined file size including all attachments that can be sent to procurement@transport.govt.nz is 20MB.
4. Everything highlighted in **PURPLE** in this document is information for the Respondent (you). Delete these **PURPLE** parts before sending the Response Form. Everything shaded in BLUE is customisable by you. When you have completed these areas please un-shade them.

   The purple boxes are Respondent Tips. Delete these after reading.

   Write your response in the blue sections. Un-shade the blue once you have filled these out.
5. Remember to make a note of the Deadline for Questions. Feel free to ask us anything if it is unclear.

Checklist for Respondents

Before you submit your Response…	
1. Fill out all sections of the Response Form.	X
2. Remove all the purple 'Respondent Tip' boxes from this Form.	X
3. Delete the **PURPLE** instructions from this Form.	X
4. Un-shade the **BLUE** highlighting where you fill out your answer.	X
5. Prepare your Response Send a digital copy by email to procurement@transport.govt.nz	X
6. Arrange for the Response to be submitted electronically before the Deadline for Responses.	X

ClearRoad, Inc.

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: 12/11/2024

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by **ClearRoad, Inc.** (the Respondent) to provide information.

Item	Detail
Full legal name:	ClearRoad, Inc.
Trading name (if different):	ClearRoad
Physical address:	99 Wall St. Ste 1518 New York, NY 10005
Postal address:	99 Wall St. Ste 1518 New York, NY 10005
Registered office:	16192 Coastal Hwy Lewes, DE 19958
Business website:	www.clearroad.io
Type of entity (legal status):	Corporation
NZBN number:	N/A
Country of residence:	USA
GST registration number:	Overseas
Consent to follow up (Likely to be in week commencing 16 December)	Yes - Available beginning 16 December

1.2 Our Point of Contact

Item	Detail
Contact person:	s 9(2)(a)
Position:	
Physical location of contact person	Montreal (Canada)

Item	Detail
Phone number:	N/A
Mobile number:	s 9(2)(a)
Email address:	

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

ABOUT CLEARROAD

ClearRoad specializes in providing end-to-end solutions for Road User Charging (RUC), with a focus on addressing the unique challenges of a scalable, efficient, and user-friendly implementation. RUC is at the core of ClearRoad's identity and our solutions are purpose-built to support the purchase, management, and administration of RUC programs across jurisdictions.

Our approach is modular and flexible, enabling components to function as part of a fully integrated system or as standalone modules that enhance existing frameworks. This flexibility allows us to tailor our solutions to the specific needs of different regions, partnering with local operators to deliver the greatest value.

ClearRoad's technology-agnostic approach to distance reporting ensures compatibility with a wide range of vehicles and recording methods. This is complemented by robust data handling practices and operational protocols designed to enhance accuracy, minimise fraud and ensure a seamless user experience. By leveraging distance recording technologies already available in vehicles or accessible to drivers, we reduce operational costs while improving user acceptance and promoting program sustainability. Our system supports both automated and manual distance reporting, offering users more options while safeguarding privacy and ensuring compliance.

Being technology-agnostic allows ClearRoad to support all vehicle types and integrate seamlessly with current and future connected vehicle technologies, as well as adjacent industries such as tolling, time-of-use (congestion) charging and other ITS systems. We believe that our open architecture and collaborative approach enhances potential for interoperability and fosters innovation.

Our solutions addresses four key challenges currently faced by RUC: cost-effective distance reporting and operation, scalability to accommodate millions of users, high accuracy and reliability for revenue assurance, and adaptability to support evolving program requirements.

Through years of experience in live RUC programs, extensive pilot projects, and research and development, we have defined best practices, refined our tools, and implemented robust systems. These efforts have ensured that we deliver high-quality solutions and outcomes that meet the needs of both the government and end-users.

OVERVIEW OF SERVICES

ClearRoad's RUC solution offers a comprehensive suite of services to enable full end-to-end RUC implementation including distance reporting, transaction processing, account management and backoffice operations, invoicing, payment collection, data monitoring and reporting, and customer support.

Our modular architecture offers flexible and tailored implementation for diverse program needs. We seamlessly integrate with different third-party providers, existing government systems, and support a variety of distance recording options such as: On-board Devices (OBD), OEM Vehicle Telematics, and our own Smartphone App and Odometer Photo Capture developed by ClearRoad.

Offering different distance recording solutions allows us to give users more options and ensure compatibility across a broad range of vehicle types. Complemented by robust data handling practices, our solution improves accuracy, minimises fraud, and ensures a seamless user experience.

s 9(2)(ba)(i)

Both programs focus on fuel-efficient and zero-emission vehicles.

In these live programs, ClearRoad's distance recording solutions have been rigorously vetted and calibrated for accuracy and reliability. For each recording option, we have developed and implemented protocols to minimise noncompliance and ensure revenue security. Operational practices and system processes, refined through experience, allow us to address high-risk areas effectively.

PILOTS & RELATED EXPERIENCE

Our solutions are designed to integrate seamlessly with adjacent industries such as tolling and ITS, fostering collaboration and delivering cohesive, efficient outcomes. Our pilot projects demonstrate our ability to align with diverse systems and stakeholders.

s 9(2)(ba)(i)

s 9(2)(ba)(i)

These projects highlight our expansive experience with RUC, our dedication to continuous improvement and research, and our ability to connect and align with diverse systems to deliver cohesive and efficient solutions.

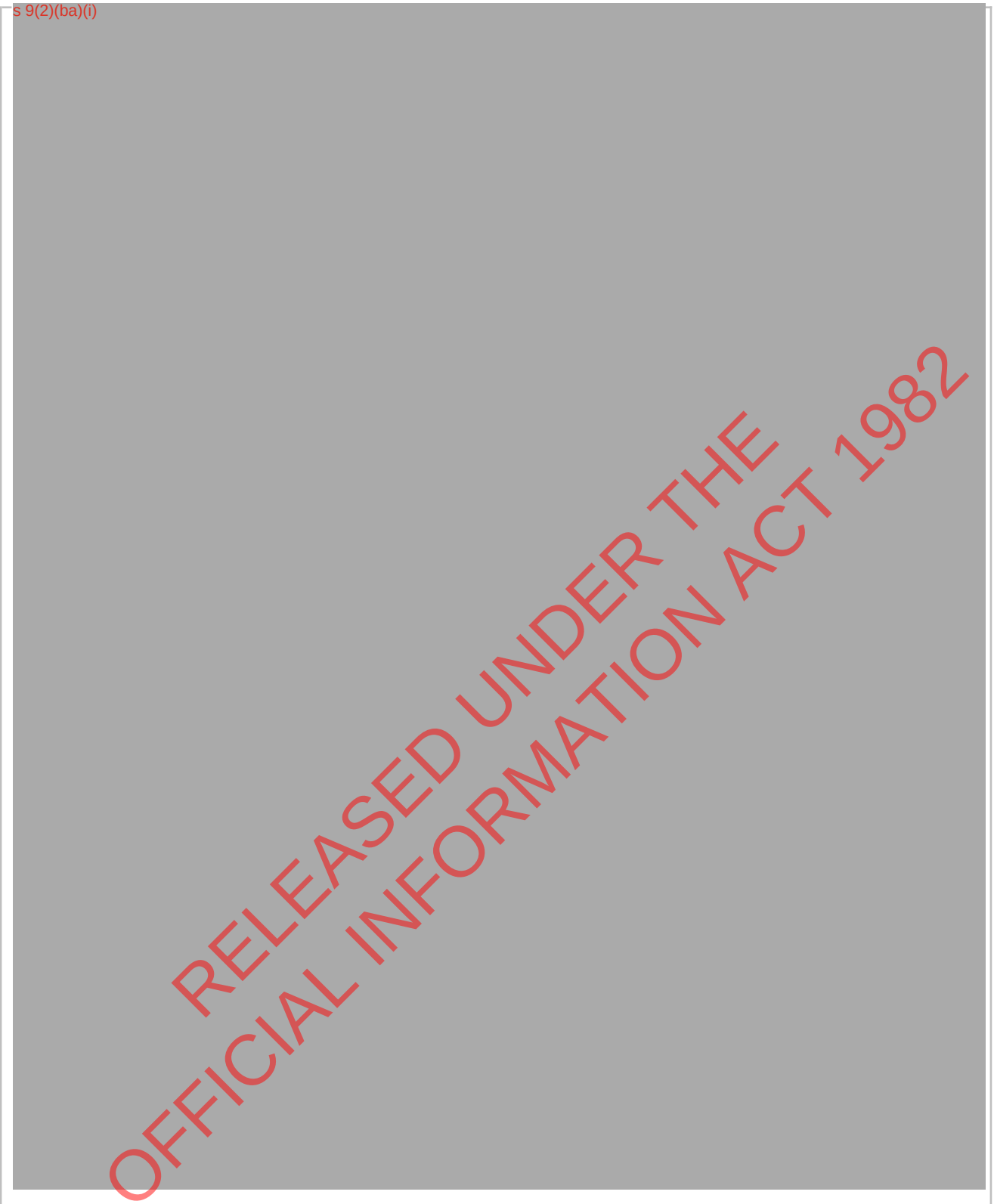
Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);
2. Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);
3. Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);
4. Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);
5. Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf); or
6. Another business model (or hybrid of the approaches outlined above)?

s 9(2)(ba)(i)

s 9(2)(ba)(i)



Commercial proposition

Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?

As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:

- fleet management/telematic services
- bundling of utility like payments
- financial services to bundle and smooth payments
- sale of information to advertisers (with the express permission of customers) etc.
- efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases

This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.

Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?

From our experience, RUC retail services can be a standalone business opportunity under specific conditions. The viability depends on the chosen business model, operational efficiencies, and the integration of value-added services. Below we outline three potential models and their commercial considerations.

A. A COMMISSION-BASED MODEL ON RUC SALES

A commission-based model is a straightforward approach that has proven commercially viable in US RUC programs. In these cases, RUC account managers (CAM) are certified and contracted by the government to manage RUC operations but are standalone businesses. CAMs are incentivized on a commission-based model based on user enrolment in the program.

It is an open, but regulated market that encourages competition among CAMs – encouraging service differentiation and innovation to attract and retain users. By aligning incentives with performance, it ensures high-quality service delivery and creates a standalone business opportunity.

B. AS A STANDALONE BUSINESS WITH ADMINISTRATIVE FEES

This model involves charging an administrative fee for managing RUC accounts and providing end-to-end customer support. It allows for a specialised approach, ensuring a seamless experience for users while promoting innovation in RUC-specific services.

However, one potential challenge is competition from subsidized government alternatives which provide RUC services at a lower cost. If NZTA offers such alternatives, it may limit the competitiveness of private RUC providers. Ensuring a level playing field would be critical for commercial success of this model.

C. BUNDLING RUC WITH NON-RUC SERVICES

Another option is to integrate RUC with complementary services such as fleet management, utility payments or telematics. While this approach may offer added value to users, we have not observed significant success globally for the non-commercial vehicle segment, in bundling RUC with other services to offset costs effectively.

In the tolling industry, we see more and more interest to bundle tolling with other services such as parking, gas purchase and more, but have seen limited adoption with marginal volumes. While possible, this model is complex and may require significant market maturity and user education to succeed.

OPERATIONAL EFFICIENCIES

For any of the models above, commercial viability depends on implementing efficient and cost-effective operational design. Below, we recommend some strategies to help achieve this:

- *Low-Cost Distance Recording Solutions:* Leveraging existing and readily available technologies such as vehicle telematics or phone-based reporting reduces infrastructure and device costs for users, improving acceptance and scalability.
- *Digitised Operations:* Automating billing, licensing, and other administrative functions can minimize overhead and accelerate deployment.
- *Reduced Physical Infrastructure:* Avoiding the need for physical locations, physical license displays, or installation services for recording devices reduces operational complexity and costs.

These measures not only enhance profitability but also reduce lead time for rollout and scale, making RUC services more attractive to users and providers alike. In the 'Barriers' section, we highlight some legislative changes that should be considered in order to support RUC retailers in becoming commercially viable.

MINIMUM SCALE CONSIDERATIONS

Clear guidance for minimum scale is challenging without further financial analysis of the retail market. However, programs like Oregon RUC have shown that government support in covering some initial set-up and certification costs can encourage participation from vendors and help achieve scale.

Technology

What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems? If so, can you summarise:

- how the technology works
- what data is collected
- What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)
- how you ensure the reliability and security of the system
- how revenue security is protected
- how user privacy is protected
- what benefits it offers customers compared to the existing system
- whether the technology is stand-alone or integrated into existing devices (cars or phones)

- whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles

Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.

ClearRoad's technology can support New Zealand in transforming its RUC retail market by addressing the distinct needs of non-commercial vehicles. By leveraging existing technologies for distance recording, ClearRoad reduces program costs and operational expenses, offering a seamless, user-friendly RUC system for the larger population.

Our modular and open architecture system design allows us to integrate with both existing infrastructure and future transportation needs, offering flexibility for program evolution and enabling more complex road pricing models such as variable location-based pricing.

Drawing from our experience, we have found that in these early stages of RUC adoption and setup, it is crucial to implement systems that avoid locking NZTA into restrictive RUC operations. Instead, these systems should be designed as future-proof solutions capable of adapting to changing transportation trends and program evolution.

s 9(2)(ba)(i)

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To further ensure resilience, our team has established strict business continuity and disaster recovery protocols. Over time, we have introduced different measures to prevent and address common risks and adapt to unique use cases. Additionally, each distance recording option is equipped with specific security features, such as fraud detection, tamper alerts, unplug event detection, and frequent connection checks, to further enhance system integrity and reliability.

PRIVACY PROTECTION

ClearRoad safeguards user privacy by collecting only the information necessary to meet program requirements, particularly if RUC is offered as a standalone service. Our solution complies with consumer privacy protection laws, such as GDPR and similar frameworks such as OCPA in the US State of Oregon.

We employ data anonymization protocols when sharing information with third parties (e.g. payment platforms, other retailers) and enforce strict data access protocols based on administrative roles. Additionally, we have implemented data purging protocols aligned with program requirements, such as automated removal of trip data and location data after a certain period of time (e.g. RUC program in Oregon), and support full deletion of user data on-demand (right to be forgotten).

s 9(2)(ba)(i)

s 9(2)(ba)(i)

STAND-ALONE OR INTEGRATED TECHNOLOGY

ClearRoad's data processing module is agnostic to distance recording devices. We leverage existing devices and technologies, while adding RUC specific enhancements. We are able to integrate with additional distance recording options and third-party providers if needed to offer

more user choice. With some of our proprietary distance recording options (e.g. odometer photo capture) we are able to operate our system as a standalone.

Our solution can be applied standalone or integrated with a variety of services. The modular design and open architecture is built with the future in mind, allowing smooth integration with existing infrastructure and capable of adapting to evolving transportation trends and program evolution.

PROFESSIONAL INSTALLATIONS OR MODIFICATIONS

All of the distance recording options we currently offer are straightforward and easy for drivers to use or install on their own. They do not require professional installation or modifications, thus reducing operational expenses or additional financial burden to customers. However, some distance recording options are inherently more cost-effective than others: OBD devices are particularly costly to scale as they require the purchase of additional hardware, while utilising smartphones and OEM vehicle telematics are low cost options that are readily widely available.

s 9(2)(ba)(i)

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

We have identified two primary barriers that could partially hinder our ability to provide RUC services under the current NZTA RUC program:

1. RESTRICTIONS ON THE DISTANCE RECORDING TECHNOLOGIES

Many sections of Code of practice for electronic road user charges management systems are geared towards the use of an onboard unit provided by ESPs. This approach limits the commercialization of alternative, widely adopted distance recording technologies for light vehicle users, such as smartphone or OEM telematics.

Examples of restrictive provisions include:

- Section 3.4. - “ESPs will need to provide at least three electronic distance recorders of the type and model for which they seek approval.” *This requirement implies that the ESP can actually provide some sort of device which would be hard to do if the device is already in the vehicle or if the device is a smartphone.*
- Section 5.2 - “The distance recorded must be derived from at least two independent sources and cross referenced against each other. The sources may include, but are not limited to; wheel revolutions, GNSS and inertia subsystems.“ *There are some limitations for other distance recording technologies to provide 2 independent sources for each trip. For some of them, odometer readings as a single source should be enough on its own.*
- Section 5.2 - “display the electronic distance licence and distance travelled in accordance with section 19 of the Act and in the form prescribed in Schedule 2 of the Regulations (either as an integrated part of the electronic distance recorder, or on one or more separate electronic display panels)”. *This requirement implies that the ESP can customize the device and the display of the information in the vehicle.*
- Section 5.4 - Electronic distance recorders should operate normally in the face of drops, shocks, vibration, humidity, altitude, rain, dust, sand, temperature extremes (-30°C to +80°C) and thermal shock. Testing to SAE J1455 is highly recommended. In cab mounted EDR’s should comply with IP code rating IP54, the housing of externally mounted electronic distance recorders should comply with IP66 rating.*This requirement implies that the ESP will provide specific type of after-market telematics devices.*
- …

The RUC Act defines a ‘distance recorder’ broadly as “any other kind of distance recorder approved by the RUC collector”. However, the definition of an ‘electronic distance recorder’ is more restrictive, referring specifically to “a distance recorder provided by an electronic system provider.” (RUC Act 2012, pt 1, s 5, ss 1). This can create and potentially limit leveraging existing recording technologies already built into vehicles or in the hands of the vehicle owner.

COMPARISON WITH OREGON DOT

We encountered a similar situation with one of our clients, Oregon DOT, who initially prescribed only OBUs for distance recording. Over time, Oregon expanded to other distance recording technologies and solutions. Oregon now offers three options for distance recording. This has successfully increased adoption by accommodating a wider range of vehicles and offering user more choices. A similar approach in New Zealand could enhance accessibility and user acceptance.

2. EXPANDING RUC BEYOND THE CURRENT RUC LICENSE MODEL

Ref: RUC Act 2012. pt 2, s 9, ss 3
The RUC Act 2012. pt 2, s 9, ss 3 states that “subsection (1) does not apply if there is evidence that the RUC vehicle is registered under an appropriate alternative payment scheme.”

While this suggests that RUC licenses are not the sole method of payment, greater legislative clarity is needed to explore and implement alternative payment models, such as pre-payment, post-payment pay-as-you-go.

Limiting RUC payments to pre-purchased licenses restricts users’ flexibility and may discourage the adoption of certain distance recording methods.

SPECIFIC LEGISLATIVE CHALLENGES:
The Act provides provisions for alternative payment schemes under specific circumstances:

- Part 89, Section 1 (i) “prescribing alternative payment schemes for paying road user charges for RUC vehicles issued with an electronic distance recorder, including prescribing different alternative payment schemes for different RUC vehicles”
- Part 89, Section 1 (j) “specifying forms of evidence of registration under an alternative payment scheme for RUC vehicles fitted with an electronic distance recorder:”

However, these provisions explicitly apply to vehicles fitted with electronic distance recorders as currently defined, potentially excluding newer technologies like OEM telematics and smartphones. Expanding the scope of ’electronic distance recorders’ to include these technologies would facilitate broader adoption and allow for innovative payment schemes.

s 9(2)(ba)(i)

By addressing these barriers, NZTA can foster a more inclusive, user-friendly, and technologically advanced RUC system that encourages broader participation while benefiting from future technological advancements.

NZTA

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);
2. Providing RUC retail services to customers directly (through its website and App);
3. Collecting and administering the RUC revenue; and
4. Receiving the statutory fee for RUC transactions.

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

We suggest the following considerations for NZTA's current responsibilities and propose additional areas where NZTA can further encourage RUC retailer participation:

s 9(2)(ba)(i)

[redacted]

s 9(2)(ba)(i)

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

Based on our experience in both RUC and tolling, we have made the following observations:

- Emphasis on user choice. By having a variety of RUC retail options, users have the opportunity to select their providers based on their preferences and specific needs. Users can change providers if they are unsatisfied with a provider's service. Word-of-mouth and vendor ratings can be critical to RUC retailer success. This incentivizes providers to enhance the user experience.
- Create a fair but competitive RUC retail environment. This includes implementing standards and requirements to ensure revenue security and program compliance across all RUC retailers, while leveraging a program model (ex. commission-based, KPIs) that

incentivises providers to improve their offerings and services, differentiate from competition, and innovate different aspects of their product and operations. With some of the business models and standards mentioned in earlier sections of this response, RUC retailers are also incentivized to implement effective RUC revenue collection approaches, diversify payment options and billing methods, while providing friendly customer service and comprehensive terms and conditions.

- Collaborative approach. As a RUC provider, we have worked closely with state governments to suggest programmatic improvements based on actual customer feedback, performance reporting, and on-the-ground experience.
- Best practices. Best practices promoted by NZTA or recommended by the market can provide baseline operational improvements across all RUC retailers.

Alongside some considerations mentioned in other parts of this response, the above are initial suggestions that can assist to balance a user-friendly system with revenue security.

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

As a third-party RUC service provider, we are committed to ensuring robust consumer protection and support. Drawing from best practices in our global RUC projects, we propose the following measures:

CUSTOMER SERVICE

- Close monitoring of customer service metrics to identify and address areas for improvement;
- Establishing standard operating procedures for complaints management, privacy and data handling, and various use case workflows;
- Collaborating with the NZTA help desks to address consumer concerns and questions efficiently.

TRANSPARENCY AND ACCOUNTABILITY

- Ensuring NZTA reviews and approves our terms and conditions and privacy policies to align with local regulations and standards;
- Maintaining transparency with users by obtaining proper permissions and agreements and agreements and providing clear visibility of terms, conditions and privacy policies.

PAYMENT OPTIONS

- Offering multiple payment options to provide flexibility and choice for consumers, including pre-paid, post-paid, and pay-as-you-go models, along with support for various payment platforms such as credit cards and mobile wallets (e.g., Google Pay, Apple Pay).

These measures will ensure consumers have a reliable, transparent, and user-friendly experience while maintaining compliance with regulatory and privacy standards.

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

We have attached with our RFI response a short summary of lessons learned from our experience with the Utah and Oregon live RUC programs. Although both programs do not yet mandate all non-commercial passenger vehicles to be enrolled in RUC, we believe they still provide a wealth of information and lessons that can help inform other RUC program designs. We also provide some insight on the different distance recording options we mention in our response. The attached file is marked as 'commercial in-confidence'

2.2 Assumptions

Assumptions
Please state any assumptions you have made in relation to the Response.
None

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I/we have read and fully understand this RFI, including the RFI-Terms. I/we confirm that the Respondent agrees to be bound by them.	Agree
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	Agree
Details of conflict of interest:	not applicable	

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a)

Full name: s 9(2)(a)

Title/position: s 9(2)(a)

Name of organisation: ClearRoad, Inc.

Date: 12/11/2024

Instructions for Respondents

1. Check that you have all the relevant documents, including:
   - The Request for Information (RFI) which outlines what information is needed.
   - The Response Form (this one) to fill out your response.
   - The RFI-Terms.
2. Before filling out this form, read the RFI carefully, particularly Section 2 (Our Requirements).
3. Please follow the layout of this Response Form:
   - Don't change the section headings and sequence as this needs to be consistent across all Respondents.
   - Insert any extra images or graphs either as part of your answer or in a separate attachment (but make it clear in the Response Form that you have done so).
   - The combined file size including all attachments that can be sent to procurement@transport.govt.nz is 20MB.
4. Everything highlighted in **PURPLE** in this document is information for the Respondent (you). Delete these **PURPLE** parts before sending the Response Form. Everything shaded in BLUE is customisable by you. When you have completed these areas please un-shade them.

   ☐ The purple boxes are Respondent Tips. Delete these after reading.

   ☐ Write your response in the blue sections. Un-shade the blue once you have filled these out.

5. Remember to make a note of the Deadline for Questions. Feel free to ask us anything if it is unclear.

Checklist for Respondents

Before you submit your Response…	
1. Fill out all sections of the Response Form.	☐
2. Remove all the purple 'Respondent Tip' boxes from this Form.	☐
3. Delete the **PURPLE** instructions from this Form.	☐
4. Un-shade the **BLUE** highlighting where you fill out your answer.	☐
5. Prepare your Response Send a digital copy by email to procurement@transport.govt.nz	☐
6. Arrange for the Response to be submitted electronically before the Deadline for Responses.	☐

EROAD Ltd

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: 12 December 2024

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by EROAD Ltd (the Respondent) to provide information.

Item	Detail
Full legal name:	EROAD Ltd
Trading name (if different):	Not applicable
Physical address:	260 Oteha Valley Roads, Albany, Auckland 0632
Postal address:	PO Box 305394, Triton Plaza, Auckland 0757
Registered office:	260 Oteha Valley Roads, Albany, Auckland 0632
Business website:	www.eroad.com
Type of entity (legal status):	NZ Listed Company
NZBN number:	9429037254377
Country of residence:	New Zealand
GST registration number:	077-383-824
Consent to follow up (Likely to be in week commencing 16 December)	Consent to officials following up on any material contained in this response: Yes. Confirm your availability in week beginning 16 December: Yes. Also available from 13 January.

1.2 Our Point of Contact

Item	Detail
Contact person:	Peter Carr
Position:	Director Regulatory
Physical location of contact person	Auckland, New Zealand
Phone number:	s 9(2)(a)
Mobile number:	s 9(2)(a)
Email address:	peter.carr@eroad.com

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

A1. Extent of EROAD's experience with RUC

EROAD Ltd is an Electronic System Provider for eRUC services, approved by the New Zealand Transport Agency under section 43 Road User Charges Act to provide Electronic Distance Recorders (EDRs) and issue electronic RUC licences. EROAD also collects the associated tax and fees revenues and recovers any associated RUC debt. EROAD supports customers with automating RUC purchasing to enhance compliance, and with creating reliable evidence of off-road journeys to support claiming back excess RUC. EROAD provides comprehensive customer support to support the proper set-up and operation of our eRUC services, including through the change of hubodometer process.

EROAD has been operating as an ESP for eRUC purposes in New Zealand since January 2010.

EROAD also provides an electronic Weight Mile Tax service for heavy vehicles in Oregon, USA, which is based on the eRUC service we provide in New Zealand.

A2. Scope of current offering

As of 30 September 2024, EROAD provides:

- Electronic Distance Recorders and eRUC services to 63,000 heavy RUC powered vehicles and trailers
- Electronic assisted RUC services to an estimated 20,000 light RUC vehicles, that use our devices to receive and display electronic RUC licences
- Support with purchasing and distributing paper RUC licences to up to 20,000 further heavy and light, powered and unpowered RUC vehicles.
- In total, over 120,000 vehicles in more than 5,500 New Zealand companies, Crown entities, and local and central government agencies, with telematics-based services.

In the twelve months to 30 September 2024, NZTA data indicates that EROAD:

- Collected over $904 million in RUC fees and revenue for the government
- Issued over 1.4 million licences, accounting for over 41% of all RUC licence transactions.

EROAD's services are used by road transport heavy vehicle fleets, mixed fleets of heavy and light, general purpose and specialist vehicles, and government light vehicle fleets. Customers range in size from small businesses, through medium sized entities, up to and including some of the largest enterprise fleets in the country.

The variety of RUC services we provide are a core feature of the range of fleet, business and driver management services we offer our customers. However, they are not the sum of the value we offer, and our customers expect more than just RUC in return for what they pay.

A3. Related service offerings

EROAD has also supplied account management type RUC services in support of heavy vehicle RUC trials in California, by The Eastern Transport Coalition (TETC) of jurisdictions along the I-95 corridor in the U.S., to the South Australian government, and to the Australian federal government for phase I of their heavy vehicle RUC trials.

Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. **Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);**
2. **Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);**
3. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);**
4. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);**
5. **Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf); or**
6. **Another business model (or hybrid of the approaches outlined above)?**

B1. Framing the question

The model presented in the question depicts a retailer being progressively more deeply involved in the RUC system, ranging from providing a messaging service through to providing a full eRUC service.

With reference to the diagram provided on page 4 of the Information Memorandum accompanying the RFI, there is an embedded assumption that a hard divide exists between the functions performed by the NZTA core and the functions performed at the level of the retail layer.

This is not necessarily true.

There will be certain fundamental capabilities and functions that are reserved to the Public Sector, possibly vested with the NZTA, but not necessarily. E.g.:

- Setting system standards and protocols, and monitoring and enforcing these
- Maintaining the 'single source of truth' data repository (currently LANData) that would support governance, auditing and auditing (GAA) functions like system performance monitoring, and consumer account recovery should a retail provider fail in some way.

However, there are functions currently performed by the NZTA, that provide immediate support to the day-to-day operations of the retail, compliance and enforcement (RCE) functions, that might perform better or more cost effectively if delivered by the retail layer. Currently, the NZTA generates the unique licence issued upon successful completion of a RUC transaction:

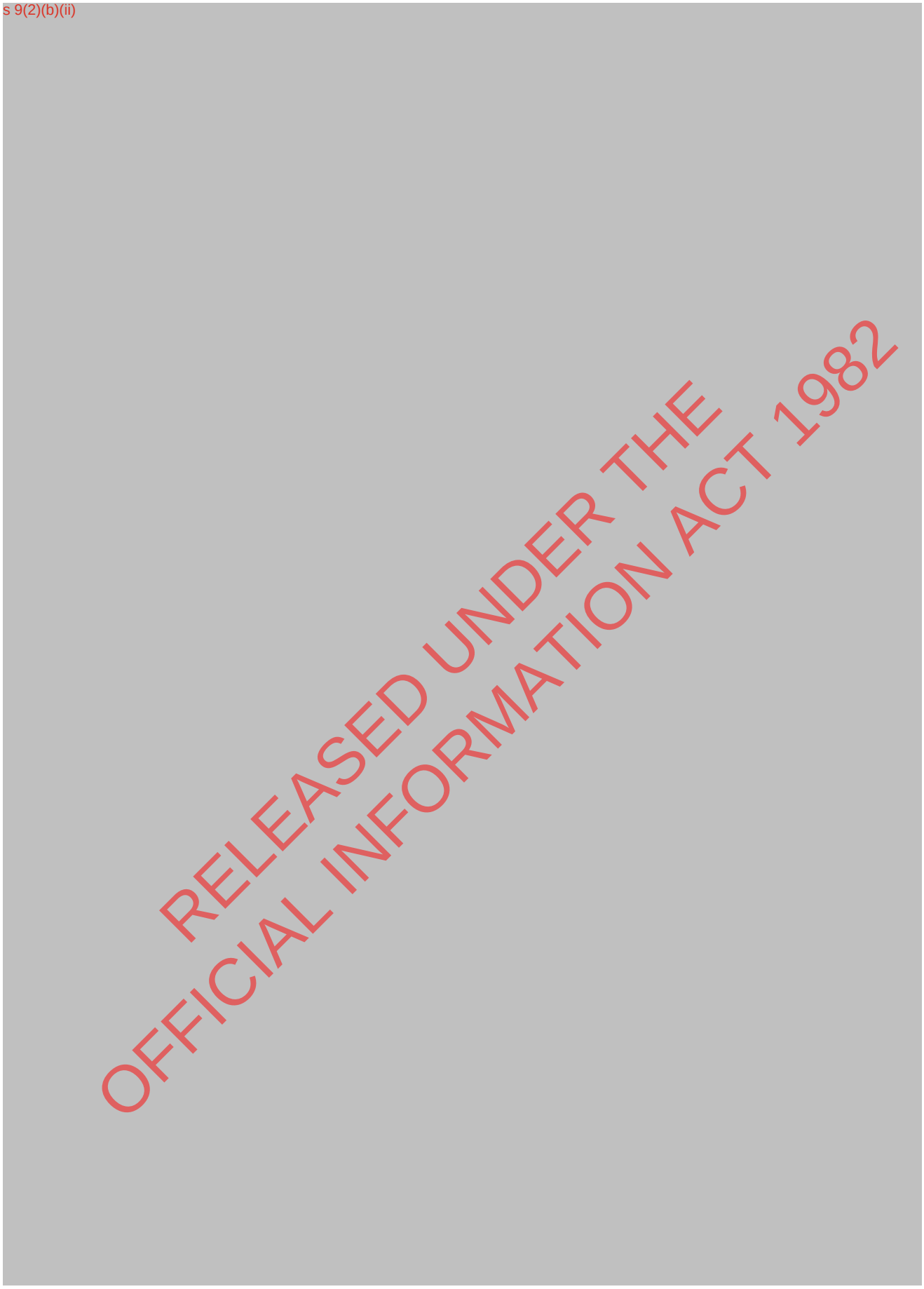
- It may be possible and preferable to have RCE platform agents that generate unique licence records in their own systems and only engage with LANData, off peak, to provide the updated records and retrieve relevant updates to vehicle records et al.
- This way the faster and more frequent demands of day-to-day transactions could be handled by systems purpose built to do so economically, while LANData is preserved for operations better fit to its functional constraints.

The current eRUC example illustrates the wide range of functions able to be performed at the retail layer.

- Even so, the RCE platform that supports eRUC is still actual held within the NZTA in combination with the governance and assurance platform and regulatory databases. It is only for historical reasons that the RCE platform is located more inside NZTA and further away from the retail layer, and it is not a given that it needs to remain there.
- It is not axiomatic that the full range of functions must all be delivered in a unitary stack. There are providers of analogous functionalities (e.g. OEM and after-market suppliers of distance recorders) whose products underpin the so-called manual and electronic-assisted RUC service models.

s 9(2)(b)(ii)

s 9(2)(b)(ii)



B4. A business-to-consumer (B2C) retail functionality

If current customer demand evolves to also want a B2C offering, we would look to provide a service with the following design principles and functionalities.

B4.1 Design Principles

Convenient and easy-to-use: Available on the platforms that customers expect it – web, mobile, and phone.

Best-in-class UX: Adhering to best-in-class accessibility principles, it must be built for all users, from first car owning young people to first-smartphone owning retirees.

Privacy by design: With privacy at its core, users trust their data is safe and used transparently. Users must be able to choose how their data is used outside of delivering core RUC services.

Secure, reliable and accurate: With security by design embedded, consumers know that they are complaint when they are an EROAD customer.

Low-cost service delivery: Ultimately consumers' appetite to pay for RUC services will be relatively low, so service delivery must be very low cost.

B4.2 Key Features

Easy secure authentication: Leverages modern authentication technology such as passkeys, biometric ID, and multi-factor authentication.

Intelligent automation: Automated payments based on intelligent estimations of distance travelled

Flexible distance tracking: Supports different users having different distance sources – from telematics, OEM data, or periodic odometer

Proactive notifications: Users need to be proactively alerted through the channel of their choosing about upcoming payments, discrepancies, true-ups etc.

Self-service: Highly scalable digital first, AI enabled self-service support system

Real-time compliance monitoring: Provides live compliance status updates to users, ensuring they always know their RUC standing.

Multi-vehicle management: Provides a self-service platform for managing one or hundreds of vehicles – supporting individuals and families through to small businesses.

Supports multiple payment options: pre-pay, post-pay, smooth-pay – and common payment methods like direct debit, digital wallets etc.

Auditable: Users are able to access their full payment and compliance history – and key activities are logged for security and auditability purposes.

Commercial proposition

Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?

As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:

- **fleet management/telematic services**
- **bundling of utility like payments**
- **financial services to bundle and smooth payments**
- **sale of information to advertisers (with the express permission of customers) etc.**
- **efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases**

This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.

Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?

C1. Commercial viability

RUC retail services are only commercially viable if part of an integrated offering rather than a standalone business opportunity. As the RFI notes, there is no scope for differentiation or margin on RUC itself, so retail service providers must generate additional revenue streams through complementary offerings to achieve commercial viability. Consumers and businesses will gravitate to RUC services that are part of a broader value-added package that simplifies operations or enhances convenience. Standalone RUC services will be a commodity: their value to the retailer will be the foot traffic they attract that enables upselling; their value to the consumer will be the convenience of being able to deal with one more thing in a single place.

NZ experience demonstrates the importance of RUC services being delivered as part of a wider bundle of complementary services that leverage a common platform or system(s). All current RUC retailing benefits in some way from the economies of scale that come with bundling RUC servicing in with other transactions and services. Experience from trials in the U.S. reinforce these observations.

C2. Possible other service offerings

EROAD provides a range of fleet, vehicle and driver management services. The potential exists to also provide ACC and other insurance related services, especially if these are prepared and able to recognise and reward risk minimising behaviours by drivers and operators.

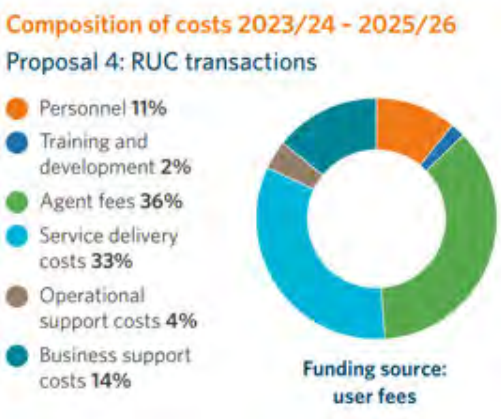
C3. Regulated return on RUC transactions

A further means of drawing a commercial return is through a guaranteed statutory fee equal to a percentage of the tax gathered, over direct cost recovery. The current total cost to deliver RUC is the equivalent of, and additional to, 3-6% of the revenue gathered. This total cost comprises: the cost of administering the RUC system, paid for through administration fees*; and the compliance cost to the payer relating to gathering the necessary information and performing the transaction**. A set commercial return could be pegged at an amount less than the real level of the time and cost savings generated, to incentivise and reward real efficiency gains.

* Estimated at $22.5 million, made up of personnel, training, operational, business support, service delivery, and agent fees. NZTA (April 2022). *Updated Proposed changes to land transport regulatory fees, charges and funding*. Consultation document. New Zealand Government. https://www.nzta.govt.nz/assets/regulatory/funding-and-fees/fees-and-funding-consultation-document-april-2022.pdf pp35-36, 74.

Average costs per year 2023/24 - 2025/26

Regulatory activity	Total cost per year ($m)
Personnel	$2.56
Training and development	$0.52
Agent fees	$8.02
Service delivery costs	$7.35
Operational support costs	$1.02
Business support costs	$3.08
Total	**$22.55**



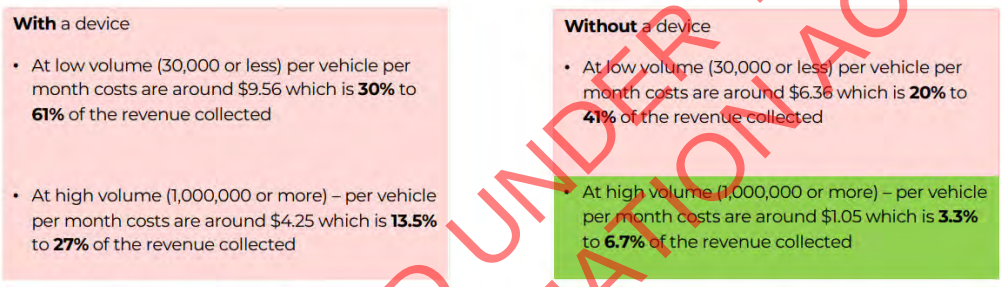
** The 2008-09 independent review of New Zealand's RUC program estimated the manual RUC transaction as taking a total of 30 minutes effort to complete, and is considered relatively complex. RUC Review Group. (March 2009). *An Independent Review of the New Zealand Road User Charging System*. New Zealand Government. Wellington. https://www.transport.govt.nz/assets/Uploads/Report/RUC-Final-Report.pdf page 54.

Private light vehicle users are far less likely to seek value-added services. As such, the returns for retail service providers are lower and less dependable that from commercial vehicle users. A statutory fee will provide some degree of cushioning for services that achieve reasonable scale. The guaranteed income stream may also be attractive for investors looking for opportunities for longer-term and more predictable returns. However:

- Margins from RUC alone will be tight – and costs will change over time, potentially very rapidly e.g. in a highly inflationary environment. The existence of a base fee should not preclude retailers from charging additional fees, noting that there will likely be significant competitive constraints on these variable price components.
- If there is also a statutory return/fee or similar, there needs to be a regular and fair mechanism to review and adjust this.

C4. Scale

U.S. experience with light vehicle RUC programs for private consumers provides useful benchmark data relating to RUC specifically for the private light fleet:



Bryer N. (February 2023). *Costs of a RUC Program*. Paper to IBTTA. WSP. https://www.ibtta.org/sites/default/files/documents/2024/Baltimore/Nate_Bryer.pdf page 14.

To the extent a RUC program might require a dedicated device, basic costs are higher and the ability to spread these over value-added services is critical to cost effectiveness.

The current NZ eRUC regime is probably operating at an efficient scale despite being well under the vehicle volumes indicated above. It is important to note that this is likely entirely attributable to the current eRUC service being taken up by heavy commercial vehicles, which generate much higher transaction volumes and revenue per transaction that private light passenger vehicles.

s 9(2)(b)(ii)

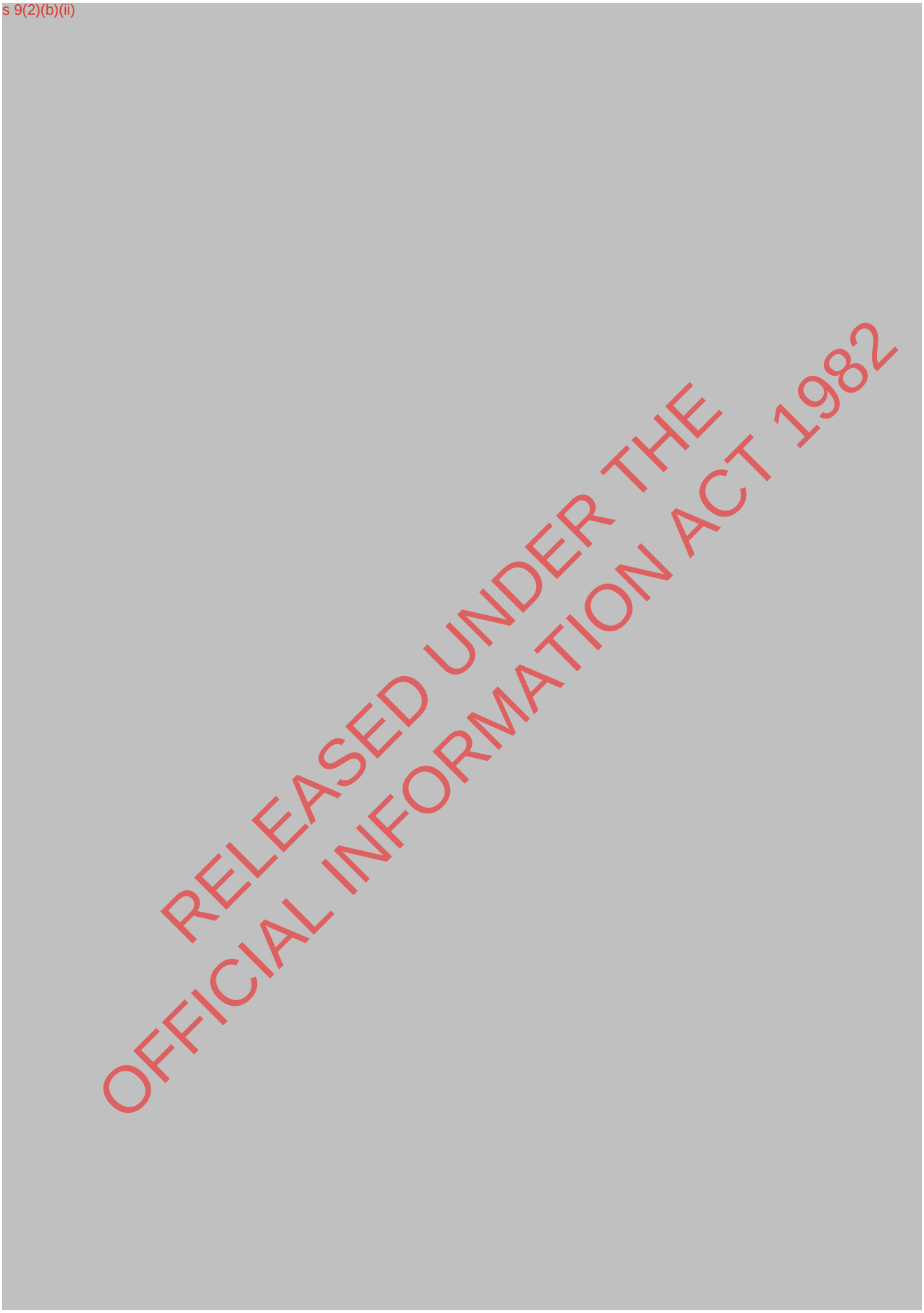
s 9(2)(b)(ii)

Technology

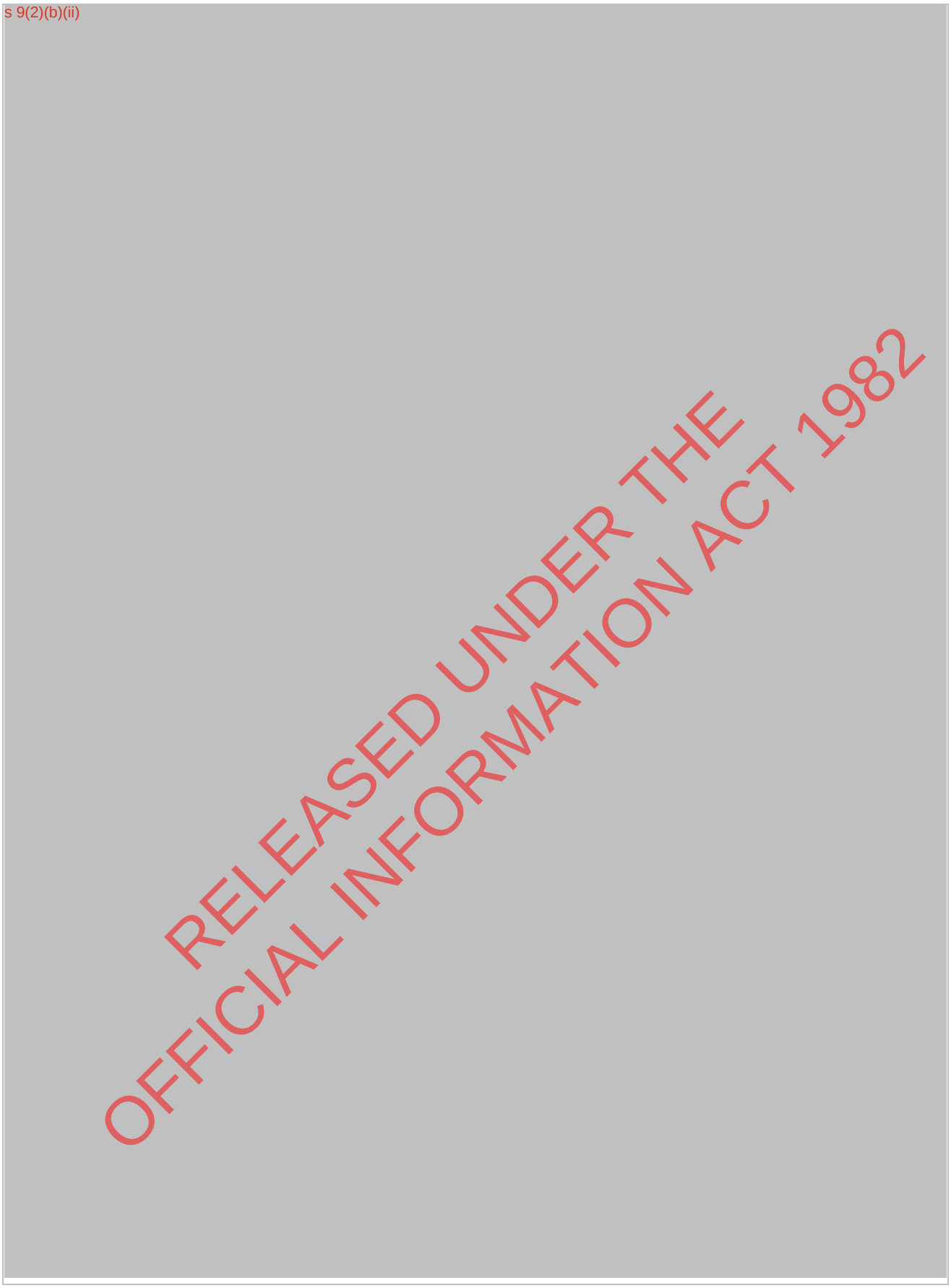
What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems)? If so, can you summarise:

1. **how the technology works**
2. **what data is collected**
3. **What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)**
4. **how you ensure the reliability and security of the system**
5. **how revenue security is protected**
6. **how user privacy is protected**
7. **what benefits it offers customers compared to the existing system**
8. **whether the technology is stand-alone or integrated into existing devices (cars or phones)**
9. **whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles**
10. **Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.**

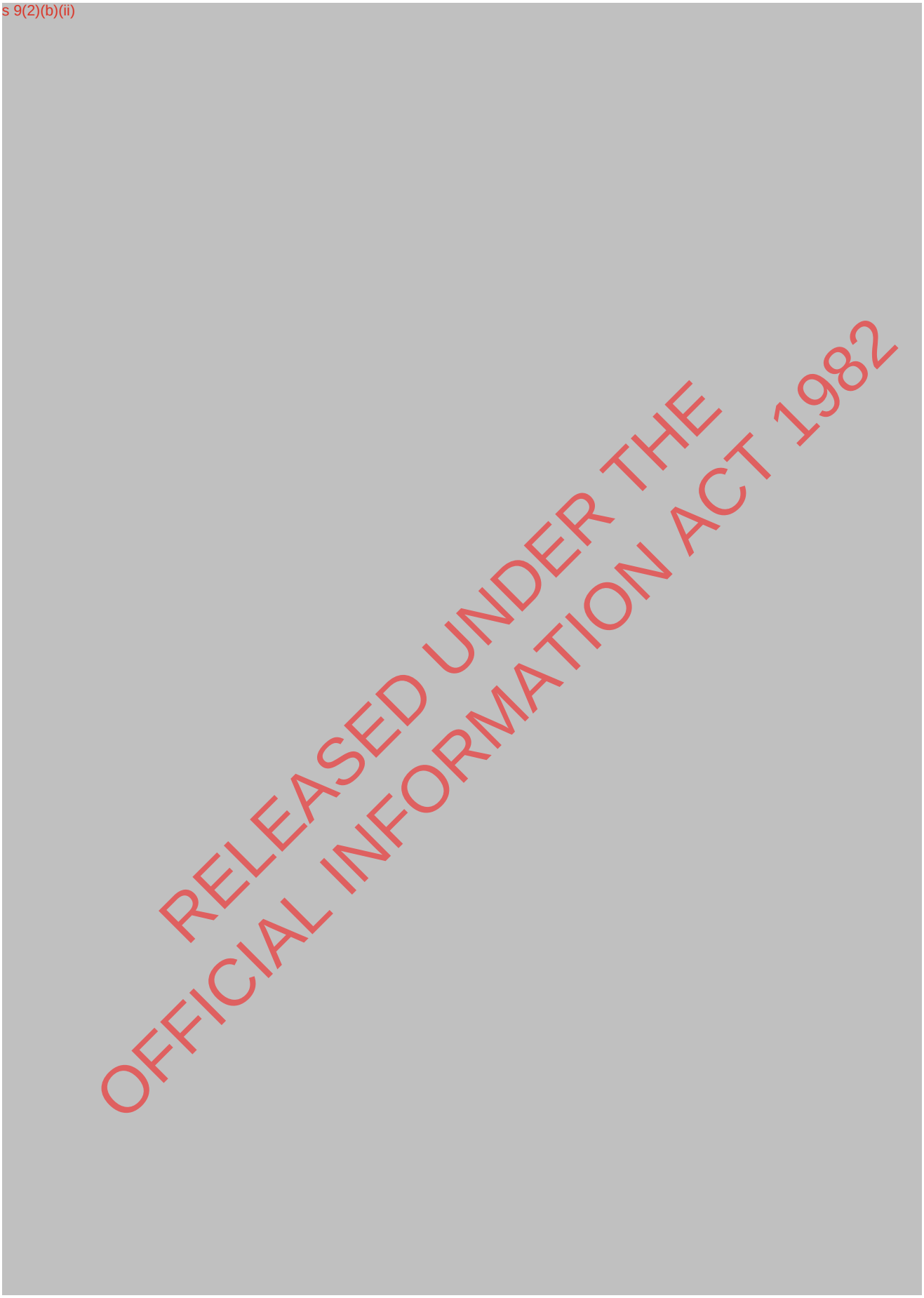
s 9(2)(b)(ii)



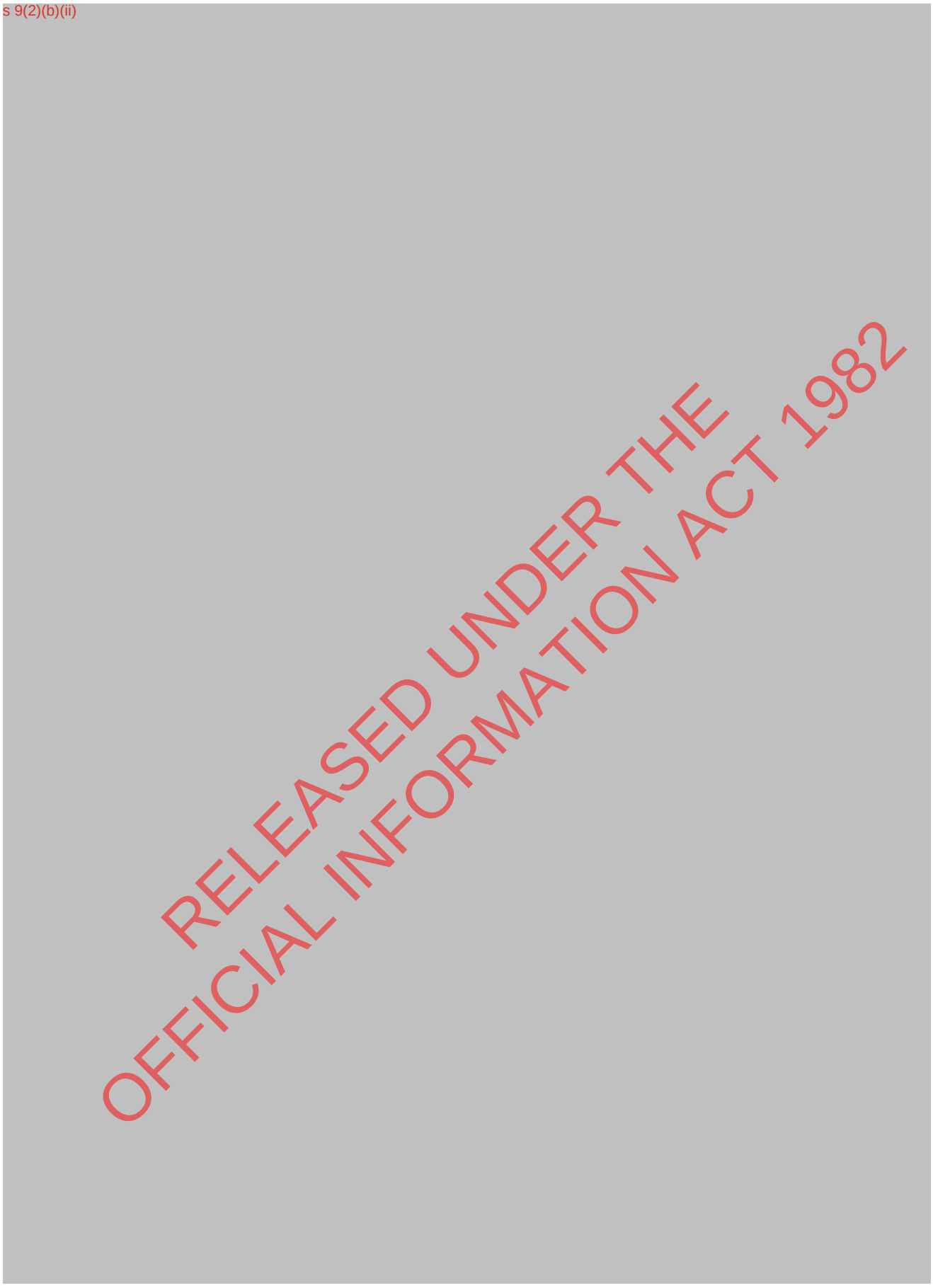
s 9(2)(b)(ii)



s 9(2)(b)(ii)



s 9(2)(b)(ii)



s 9(2)(b)(ii)

D2. Current eRUC solution

EROAD's current eRUC solution adheres to the requirements in the current Code of Practice that govern electronic distance recorders (EDRs), back-end systems, and communications.

1. As per the COP, our eRUC system comprises a proprietary EDR that collects GPS, speed, accelerometer and ignition data to calculate distances travelled. Data is returned from the EDR to the back-end via secure cellular communications. Users can access and monitor data via an internet connection. Licences are purchased through the back-end, either manually or automatically based on customer-set rules, and sent on to the relevant unit.
2. The data gathered is time, location and critical event data, and the distance elapsed/accrued per report. Location data is gathered continuously by the unit, but reported periodically to the back-end (every ~6 seconds).
3. Current requirements and NZTA capabilities limit the additional regulatory services to supporting automated RUC refund claims and change of hubodometer applications. Geo-fencing tools support

customers in denoting off-road areas. A diverse suite of fleet and driver management services, including speed and driving quality monitors/measures, are also supported.

4. The system is subject to continuous monitoring of its performance and of the threat environment, with issues being responded to and learnt from as they arise. The system design adheres to relevant international standards of best practice and NZTA-set requirements. Periodic independent auditing is undertaken as per NZTA-set requirements; however, security in particular is managed on a continuous improvement basis allowing for the continuously evolving nature of the threat-scape.
5. All financial arrangements are as per the NZTA-set requirements under-pinned by banking-grade systems. As required, these involve weekly reconciliation between NZTA and EROAD transaction records, independent auditing of procedures and records, and verification of the required set-ups by the relevant bank.
6. The RUC Act and Privacy Act provide a robust, effective and fit-for-purpose framework for the management of data and the maintenance of customer privacy. In addition to the security provisions, there are explicit and enforceable internal expectations and controls on staff access to customer data/PPI.
7. The current system is designed to meet the needs of commercial (including public) fleets. It provides a marginally lower cost per transaction means of consolidating fleet monitoring and management, it significantly decreases the transactional cost of purchasing a licence, and greatly enhances the ability to identify and claim back RUC paid in respect of off-road travel. Customer benefits include reduced cost, improved cashflow management, and improved claiming of refunds owed. Public benefits include improved compliance, better record keeping, and greater certainty of revenue.
8. The COP currently requires the EDR to be a complete stand-alone in-vehicle solution.
9. The legislation currently requires the eRUC EDR to be installed only by representatives of the electronic system provider. The devices themselves require varying levels of technical expertise, with the most modern being suitable for self-installation (plug-and-play, with installation validated at the back-end).
10. As of 30 September 2024, since going live in January 2010, the system has supported 11,164,711 RUC licence transactions, and has gathered a total of $6,340,798,954 in actual revenue on behalf of the NZ government.

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

E1. Issues in consequence of NZTA system capabilities and constraints

The NZTA's current automated enforcement process is unable to recognise an alternative device to the odometer (the odometer is one of the approved distance recorders for light vehicles). This limits the ability of light vehicles users to seek out and use more efficient or accurate systems. Currently, if an alternative distance recorder is assigned to a light vehicle, then it will create a failure/incorrect notice of non-compliance at the next WOF inspection.

- If a driver or operator wishes to use a more accurate device or one that supports autoRUC, they must calibrate (and periodically re-calibrate) the device so that it mimics the inaccuracy of the odometer. This is a compliance fail point and also a waste of the technology's potential.
- The process needs to be modified to cope with light vehicles being assigned alternative distance recorders.

The current requirement on ESPs, when removing an Electronic Distance Recorder from a vehicle, to return it to a factory and reserialise it before assigning it to another vehicle (even if in the same customer's fleet), also adds unnecessary cost and complexity. It creates logistical problems for even well organised businesses and would almost certainly lead to confusion and accidental non-compliance if extended across private light vehicles. The system can be approved by:

- The process of assigning a distance recorder to a vehicle already generates a time stamp; this can be used to distinguish when a distance recorder is assigned to different vehicles and ensure there is only ever a 1:1 relationship of vehicles to distance recorders at any given point in time.
- The automated enforcement checking process also relies solely on the distance recorder serial number and also does not triangulate against the assignment date or registered vehicle I.D. to properly understand the *vehicle's* licence history, and this would also need to be corrected.

E2. Financial obligations in edge cases

The current contractual requirement that commercial providers act as guarantors of all the fees and revenues owed by RUC payers to the NZTA is unsustainable in general, and especially if private light passenger vehicles are to be served because of the lower returns achievable from them, due to the lower demand for value-added services.

- It lacks a mechanism to reverse or write-down unrecoverable debt against the NLTF, even after all reasonable measures to recover the funds have been exhausted.
- It is aggravated by a lack of tools available to commercial providers may use to manage late or reluctant RUC payers, e.g. an ability to reverse a licence for failure to make good on payment.

E3. Cost and pointlessness of human readable (paper and electronic) licences

The requirement to have and be able to present a human-readable token of compliance (the licence) imposes unnecessary costs regardless of purchase channel. It is not needed – in either paper or electronic format – for enforcement purposes. Public education can be addressed through other media/aspects of the user interface (e.g. app-based prompts).

E4. Inability to bundle together related transactions

The inability of a RUC services customer to also monitor and manage their other transport documents through the same service provider imposes unnecessary additional transactional costs on them while also reducing the potential return-on-investment for them of using an eRUC, eaRUC, or other service provider.

NZTA

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. **Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);**
2. **Providing RUC retail services to customers directly (through its website and App);**
3. **Collecting and administering the RUC revenue; and**
4. **Receiving the statutory fee for RUC transactions.**

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

F1. Framing the issue

We believe the range of relevant roles performed by the NZTA is wider than the description above allows. We also believe that these roles compete for attention and also pull away from each other to some degree. This leads the NZTA to make less than optimal choices so far as the operation of the current and proposed future RUC retail market is concerned.

Of relevance, the NZTA performs the following roles:

1. Land transport regulator, which includes being the owner of the regulatory back-office (GAA/RCE) platform and systems and beneficiary of the receipt of statutory fees
2. RUC Collector
3. RUC market regulator, responsible for setting standards and monitoring the performance of market participants
4. RUC retailer.
5. Also, although the Ministry of Transport is the Government's principal advisor on transport matters and responsible for vetting and advising on all proposed and actual legislative changes, the NZTA is also the de facto lead advisor on statutory fees and charges.

F2. Preferred market structure

We consider that private sector provision of a white label RCE platform layer, separated out from the current integrated GAA/RCE layer supported on LANData, should reduce the cost to entry for retail players, enabling a wider range of entities to offer RUC retail services as part of their product and service bundles.

In terms of consumer-facing retailing, a properly functioning market requires that:

F2.1 The NZTA divest itself of its retail responsibilities

The NZTA does not need to be the direct provider of services of last resort. Service delivery costs* account for 33% of the NZTA's total RUC administration costs, but there is a risk that the NZTA may innovate and seek efficiencies at a lower level than the private sector due to the guaranteed funding for NZTA from statutory fees, cross-subsidisation, and government top-ups. This insulation from cost pressures appears to be heightened by an estimated 34.44% of the NZTA's service delivery costs actually being met through the fees charged against persons using the CDI and Agent channels**. (However, see also point F2.7, below).

* "Direct costs to deliver a service that isn't staff time or agent fees. Includes postage and printing, the manufacture of registration plates, credit card and Poli fees etc." NZTA (2022) page 34.

**Ibid. pp.74-76.

F2.2 Either the NZTA not fund retail agents for retailing RUC, or it fund all retail agents according to the same formula

Counter agents should recover their own costs through a service fee they charge in addition to a de minimis statutory fee, as is already the case for commercial agents. Agent fees account for 36% of the NZTA's RUC administration costs, but are insulated from the impulse to innovate and seek efficiencies due to the guaranteed funding from statutory fees, cross-subsidisation, and government top-ups.*

*Ibid. pp.74-76.

F2.3 The NZTA recognises that the compliance, investigation and enforcement activities it requires of eRUC providers (and similar) come at a cost that needs to be compensated

These are currently treated by the NZTA as free goods, the demand constrained only by the level of resource the NZTA puts into its own audit and enforcement activities.

F2.4 The law not impose on commercial retail channel obligations that exceed those imposed on other retail channels

This was a principle informing the eRUC regime as provided for in the 2012 legislation. However, the emergence of electronic assisted RUC is revealing a gap in the current regulatory framework that, in effect, allows the supply of 'virtual' eRUC systems outside the eRUC framework. As such, eRUC services are being held to higher (more expensive) standard and are subject to a quality and volume of regulatory demand for information that future eaRUC suppliers will be hidden from, if the regulatory framework remains as is.

F2.5 If there is no mandatory requirement for location services

Then the NZTA app is the most logical method for satisfying basic consumer RUC needs – e.g. confirming current RUC status and purchasing additional RUC. It also makes sense for all transport document transactions (driver licencing, vehicle licencing, WOF/COF) to be served through that app. This implies that the commercial opportunity only really exists to the extent that:

- A consumer wants some form of value-add service or services
- The NZTA is prohibited from delivering value-add services beyond the transport document services
- The NZTA makes the suite of transport document services available for value-add services providers to also deliver, to reduce duplication of platforms and efforts for customers.

F2.6 If the NZTA retains a role as a retail supplier

Then that service should be operationally separated from the core regulatory functions (i.e. roles #1-#3, above) to provide greater transparency around the fair allocation of costs across retail channels and to reduce the conflict of interest inherent in NZTA acting as market regulator and market participant.

- This conflict is a real problem in current practice and is anti-competitive in its effects.
- The data provided by the NZTA for the last fee review* indicate that:
    - looking at RUC licence fee revenues alone, the new (current) licence fees and expected volumes will deliver 153% of total required revenue for *all* RUC administration costs, with commercial RUC retailers meeting 196% of their cost share of this inflated amount (300% of apparent budgeted share by value).
    - There is currently a flat $3.02 cent surcharge applied to all transactions that is over and above current cost recovery, presumably to recover historic costs. Those historic costs would have accrued in the same proportion as current costs, i.e. a flat charge is not a fair approach according to cost recovery principles. The data provided suggests that a proportionate share for CDI transactions would be only $0.96.

*Ibid. pp. 74-76.

F2.7 If the NZTA accepts payment methods that attract merchant fees in any ongoing a role as a retail supplier

Then it must stop spreading the cost of credit card merchant fees across all purchasers and other channels, and instead make the necessary system changes to ensure credit card users who purchase through the NZTA each meet their own merchant fee costs.

- The NZTA's current approach currently means all other RUC purchasers are subsidising the credit costs of large buyers, and the NZTA risks either under- or over-collecting against forecast merchant fee costs. The data provided by the NZTA in support of the recent changes to statutory

fees suggests that $0.64 of every transaction through every channel goes towards subsidising the credit card merchant fees of NZTA's retail services' customers.*

*Ibid. pp. 74-76.

- The statutory enablement of this was provided for in 2017 amendments to the Road User Charges Act and Land Transport Act.
- NZTA's current practice also pushes costs onto eRUC providers because of the behaviours it induces among eRUC users. People are incentivised to make any bulk purchases through the NZTA, breaking their autoRUC settings, which then requires re-work by the eRUC provider to fix.

F2.8 Whether or not the NZTA retains a role as a retail supplier

Then its contribution to role #5 needs to be reduced, for all the reasons detailed above. Greater scrutiny and ownership of price-setting should be provided by an independent and informed 3rd party (e.g. MOT).

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

G1. Current provisions to carry over and apply consistently

Current eRUC procedures create parallel, independent records of transaction numbers, types and details that are used to compare, contrast, and reconcile the shared understanding of what monies are owed.

Current eRUC providers are required, by the NZTA via the Service Agreement, to have insurance, and must also have specific banking controls and checks in place for the protection/security of revenue specifically relating to completed transactions. The details of the Service Agreements can be sourced from the NZTA.

There is also a de facto and poorly calibrated bonding arrangement in place, where eRUC providers guarantee the availability of the correct funds at clearance, in the event that these do not equal the funds actually collected from payers (see also Barriers; see also MOT response to question title Revenue Security RFx ID: 30643902).

s 9(2)(b)(ii)

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

H1. Consumer protection

The RCE platform would be a B2B offer, subject to guarantees of defined minimum performance standards, as per service level agreements. We would be operating the RCE platform as an agent of the NZTA and would expect, therefore, to be subject to various expectations, tailored to the RCE platform provider role, relating to system standards, ongoing performance, and assurance reporting, including periodic auditing. These would be distinct from and additional to the analogous requirements we already meet as a RUC retail agent and eRUC electronic service provider.

Our current RUC services-related consumer guarantees are publicly available for scrutiny here: https://www.eroad.co.nz/wp-content/uploads/2023/06/EROAD-NZ-Standard-Terms-April-2022.pdf

H2. Consumer flexibility and choice

The RCE platform would be designed to be agnostic as to the retail-level payment mechanism.

A core aspect of the RCE platform's value proposition is the ability to push down the absolute cost of a RUC transaction, making micro-payments a cost-effective option for consumers.

The provision of an RCE platform should enhance consumer flexibility and choice by enabling a larger and more diverse range of retailers to enter the market.

The size of the NZ fleet is likely sufficient to sustain more than one RCE platform.

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

I1. Retailer business risks from tolling and time-of-use charging services

The RFI does not comment on the relationship, if any, between extending RUC across the light petrol fleet and any future move to requiring location services (eRUC) to support wider-spread application of tolls, for any purpose. In fact, the RFI appears to encourage consideration of RUC retail methods that are incompatible with satisfying any later location services requirements.

Ideally, to provide certainty to prospective retailers and to reduce regretful;/stranded investments, the policy will clearly identify the timeframes over which:

- Any decisions around requiring location services will occur
- Any implementation of a location services mandate will commence.

I2. Integration opportunities with tolling and time-of-use charging services

In our experience, customers want to be able to manage all their fleet vehicle and driver matters through a single interface. They dislike the idea of having to change away from a platform, or adopt a duplicate platform, for marginal gains in functionality.

While it makes absolute good sense for the NZTA to provide for a single integrated national tolling platform, this platform could also become the foundation for a de facto monopoly retail service. Careful thought should be given to the degree to which the tolling platform will be allowed to house and deliver value-added services/services above and beyond those necessary and sufficient to complete its regulatory functions.

As/when tolling and time-of-use charging services begin to proliferate, the policy framing should provide for the necessity of retail services (agents) being able to support their existing customers with monitoring and managing their toll transactions, e.g. through API feeds to and from tolling service providers or similar.

I3. Proper recognition and remuneration of compliance and enforcement activities

Contrary to the general policy intent stated by the government when passing the RUC Act 2012, the current eRUC model places higher expectations of activity to support compliance and enforcement across the eRUC fleet than on the rest of the RUC fleet.

As OEMs and OEM data aggregators take on greater prominence in the value chain, expectations on them should be put on par with those applied to eRUC providers, e.g. (without limitation) around ensuring odometer accuracy and reliability, and maintaining and furnishing records. The government needs to form a view about the value of this information, the nature and scale of the access it wishes to achieve, and what might constitute a fair price to support this access.

2.2 Assumptions

Assumptions
Please state any assumptions you have made in relation to the Response.
We assume that the eRUC regime for heavy (commercial) RUC powered and unpowered vehicles remains fit-for-purpose, and that the information sought is in the context of how best to deliver RUC services for light vehicles generally, but especially for light private passenger vehicles. We assume that, in the interests of affordability and economic efficiency, an eRUC or eaRUC regime for light private passenger vehicles will have less stringent requirements and tolerances than those currently applied to eRUC, but no worse than currently/de facto applies to light diesel, electric and hybrid vehicles. We also assume, therefore, that there will be scope to consider which standards regime best applies to significant sub-groups like light vehicles in commercial use (whether in a transport service or registered to a business), and heavy vehicles in private use (like private motor homes).

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I/we have read and fully understand this RFI, including the RFI-Terms. I/we confirm that the Respondent agrees to be bound by them.	Agree
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	Agree
Details of conflict of interest:	Not applicable	

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a) _____

Full name: Peter Tutehanga Carr _____

Title/position: Director Regulatory _____

Name of organisation: EROAD Ltd _____

Date: 12 December 2024 _____

Instructions for Respondents

1. Check that you have all the relevant documents, including:
   - The Request for Information (RFI) which outlines what information is needed.
   - The Response Form (this one) to fill out your response.
   - The RFI-Terms.
2. Before filling out this form, read the RFI carefully, particularly Section 2 (Our Requirements).
3. Please follow the layout of this Response Form:
   - Don't change the section headings and sequence as this needs to be consistent across all Respondents.
   - Insert any extra images or graphs either as part of your answer or in a separate attachment (but make it clear in the Response Form that you have done so).
   - The combined file size including all attachments that can be sent to procurement@transport.govt.nz is 20MB.
4. Everything highlighted in **PURPLE** in this document is information for the Respondent (you). Delete these **PURPLE** parts before sending the Response Form. Everything shaded in BLUE is customisable by you. When you have completed these areas please un-shade them.

   ☐ The purple boxes are Respondent Tips. Delete these after reading.

   ☐ Write your response in the blue sections. Un-shade the blue once you have filled these out.
5. Remember to make a note of the Deadline for Questions. Feel free to ask us anything if it is unclear.

Checklist for Respondents

Before you submit your Response…	
1. Fill out all sections of the Response Form.	☒
2. Remove all the purple 'Respondent Tip' boxes from this Form.	☒
3. Delete the **PURPLE** instructions from this Form.	☒
4. Un-shade the **BLUE** highlighting where you fill out your answer.	☒
5. Prepare your Response Send a digital copy by email to procurement@transport.govt.nz	☒
6. Arrange for the Response to be submitted electronically before the Deadline for Responses.	☒

Fast NZ Limited

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: **December 12, 2024**

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by **Fast NZ Limited** (the Respondent) to provide information.

Item	Detail
Full legal name:	Fast NZ Limited
Trading name (if different):	Fast Enterprises/Fast NZ
Physical address:	C/-21 Richmond Hill, Glenside, Wellington, 6037, New Zealand
Postal address:	C/-21 Richmond Hill, Glenside, Wellington, 6037, New Zealand
Registered office:	C/-21 Richmond Hill, Glenside, Wellington, 6037, New Zealand
Business website:	www.fastenterprises.com
Type of entity (legal status):	NZ Unlimited Company
NZBN number:	5724589
Country of residence:	New Zealand
GST registration number:	117-068-129
Consent to follow up (Likely to be in week commencing 16 December)	**Yes**. We expect any follow up would happen in the week beginning 16 December. Confirm your availability in week beginning 16 December: **Yes**

1.2 Our Point of Contact

Item	Detail
Contact person:	s 9(2)(a)
Position:	
Physical location of contact person	
Phone number:	
Mobile number:	
Email address:	

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

Fast Enterprises (FAST) develops and implements enterprise software that serves as the single solution and system of record for the administration of government programmes. Our FastCore™ government software platform, the foundation for our line of programme-specific software solutions, is in production for the administration of thousands of programmes, services, and schemes managed by over 100 agencies worldwide. These agencies include New Zealand Inland Revenue Department, which implemented our FastCore software as the basis for its Business Transformation Programme, the largest and most complex system-modernization project in the agency's history.

FastCore is also in production (or is being implemented) for the administration of vehicle and driver programmes and schemes for 24 U.S. state motor vehicle agencies. These motor vehicle agencies use their modern FastCore solutions as the system of record for administering vehicle services (through use of our FastVS software solution), driver services (with our FastDS solution), or as a single and seamlessly integrated system for both driver and vehicle services (with our FastDS-VS solution).

The 21 U.S. state agencies that use FastCore for the administration of vehicle programmes and schemes manage many of the same functions and services as NZ Transport Agency Waka Kotahi (NZTA), including vehicle registration, licensing, certification, plating, and additional compliance, safety, and enforcement regulations and fees for light and heavy vehicles and vessels. Agencies that represent 19 U.S. states and three Canadian provinces also use FastCore for administering their International Fuel Tax Agreement (IFTA) schemes. IFTA simplifies interstate motor carriers' reporting of fuel-use taxes, allowing them to establish and maintain a single fuel tax license for multiple vehicles and file a single consolidated fuel tax return in their base jurisdiction. Like New Zealand's Road User Charges (RUC) scheme, IFTA involves vehicle mileage tracking. Carriers monitor and record the distance traveled by their vehicles across jurisdictions and report these distances as part of their quarterly tax returns. FastCore's built-in interface integration layer, which enables data exchange with external systems and eliminates need for middleware, also allows U.S. state agencies to obtain commercial vehicle mileage and safety information from federal agencies, like the U.S. Federal Motor Carrier Safety Administration.

Our FastCore solution for vehicle services administration, FastVS, was designed specifically for transport agencies. Its flexible baseline features and functions for vehicle services, which are operable

upon installation, can be rapidly configured to provide complete functionality for agency-specific programmes and schemes, like vehicle registration, licensing, permitting, inspections, certifications, and RUC. With FastCore as an agency's centralized solution, system transactions and updates to vehicle and customer information are applied immediately across all agency programmes and schemes. This accurate, real-time vehicle and customer information supports staff in efficiently and effectively conducting tasks and services throughout all agency business areas, provides law enforcement personnel with certainty in compliance and enforcement actions, and presents customers with clear and current information for complying with their vehicle regulations and financial obligations.

In addition to features and functions designed specifically for the administration of vehicle services, schemes, and programmes, FastVS also contains FastCore functionality that is built into all our software solutions. This includes the same FastCore financial engine used by Inland Revenue to successfully process over $115 billion in 2023-24 tax and revenue, as well as additional built-in components and capabilities for business rules, reporting, workflow, task management, online self-services, billing, payments, and more. This fully featured functionality provides agency users, partners, and customers with a consistent and comprehensive user experience across all agency services and schemes. It also significantly reduces an agency's IT footprint and associated maintenance and support burden by eliminating need for the complex mix of third-party applications, point solutions, plugins, and other ancillary systems and licensing agreements required by alternative systems.

While FastVS contains complete functionality for serving as the single solution for all agency services and schemes, like RUC, its built-in enterprise service bus and interface management functions also enable agencies to easily exchange data with external technologies and retail services. With FastVS as NZTA's system of record, the agency can process real-time customer and vehicle information through multiple retail service channels, both with FastCore's built-in web portal features and through interface with virtually any external third-party retail service and technology that helps customers purchase, measure, or manage their RUC. This approach provides the agency with a single source of truth for all vehicle and scheme information without restricting the agency or customers to select technologies and retail service channels. To expedite interface development, authorized interface partners and external retail service providers can access published interface definitions and documentation within FastVS to establish, test, deploy, and manage their Application Programming Interface (API) connections with the solution.

Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. **Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);**
2. **Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);**
3. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);**
4. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);**
5. **Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-**

guidelines/docs/ERUC-code-of-practice.pdf); or

6. **Another business model (or hybrid of the approaches outlined above)?**

Our business model is based on the implementation of FastVS—our prebuilt and production-proven solution designed specifically for transport agencies—as NZTA's single and modern system of record for RUC and other agency programmes and schemes. While FastVS can be used solely for RUC scheme administration, combining RUC with vehicle registration in the same modern system provides your agency and interface partners with a single source of truth that eliminates need for the multiple interfaces (and third-party applications) in use today. In addition, FastVS can be fully implemented as the system of record for complete vehicle programme and scheme administration in just 18 months. This 18-month schedule has been successfully achieved on every one of our FastVS system-modernization projects for 21 U.S. state transport/motor vehicle agencies.

FastVS enables a more effective foundation for RUC that simplifies and streamlines interfaces with, and acceptance of, a wide variety of retail services, electronic distance recorder (EDR) solutions, and additional private-sector technologies. As the single and centralized source for vehicle and customer information, FastVS will enable options for expanding services beyond on-demand RUC retail services. For example, data exchange between FastVS and electronic distance recorder (EDR) solutions can enable service providers to offer customers the convenience of automated monthly RUC billing. As the single source of truth, FastVS also provides law enforcement with consolidated and accurate real-time information during traffic stops and roadside inspections.

Commercial proposition

Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?

As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:

- **fleet management/telematic services**
- **bundling of utility like payments**
- **financial services to bundle and smooth payments**
- **sale of information to advertisers (with the express permission of customers) etc.**
- **efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases**

This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.

Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?

Use of FastVS as NZTA's modern system of record will provide a flexible foundation for RUC, and other agency services and schemes, that enables a broad and diverse range of retail services, commercial solutions, and additional offerings and options. As the agency's single source of truth and centralized system for all financial functions, FastVS will allow service providers to offer their agency-approved services and solutions through a single interface for exchanging real-time customer and vehicle information with the system. FastVS' built-in enterprise service bus and interface-management

functions provide robust API management and services that simplify, streamline, and expedite the development of interfaces for integration with third-party services and solutions, without the cost, complexity, risk, and overhead of third-party middleware.

FastVS has built-in functionality for managing and maintaining all interfaces, including modern, real-time, web-service interfaces, like Representational State Transfer (REST) web services with JavaScript Object Notation (JSON) payloads, as well as batch interfaces and file transmissions from older systems and communication protocols. Agencies can also provide external interface partners and third-parties with access to FastVS' API developer portal, which is in production for Inland Revenue. The portal supports third-party retail service and solution providers in streamlining and expediting their development, testing, and deployment of interfaces for data transfer with FastVS. Some of the portal's primary features include:

- An API catalogue and online development documentation.
- Functions for web-services development and testing.
- Tracking for required testing scenarios, including completion of agency-required authorization steps.
- Approval and certification functionality for specific approval of interface-partner APIs, as well as IP address whitelisting.
- Self-service API credential maintenance (certificates, API keys, username/password).
- Open API (Swagger) support.
- Cross-Origin Resource Sharing (CORS) support, for integration with front-end java-script clients (such as cell phones, web browsers, and tablets).

Technology

What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems? If so, can you summarise:

- **how the technology works**
- **what data is collected**
- **What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)**
- **how you ensure the reliability and security of the system**
- **how revenue security is protected**
- **how user privacy is protected**
- **what benefits it offers customers compared to the existing system**
- **whether the technology is stand-alone or integrated into existing devices (cars or phones)**
- **whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles**

Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.

FastVS operates as a single solution and touch point that enables service providers to offer customers the convenience of fully automated set-it-and-forget-it services for paying charges for RUC, vehicle registration, tolls, and other charges through a direct debit/credit model and associated customer

payment agreements. It also expedites customer interactions and transactions by requiring minimal customer-identifiable information for accurately calculating charges, generating one-time fees, and providing routine consolidated billing for RUC and other charges, like toll fees. As the system of record for all agency programme and scheme information, FastVS automates the association of verified customer information with applicable vehicle information (like vehicle type, weight, and VIN) within the solution. As a single source of real-time vehicle and customer account information that can provide system access to a variety of authorized service and solution providers, FastVS promotes a diverse mix of customer-based services and technical solutions. In the United States, for example, third-party businesses are frequently used to manage vehicle registration and regulatory compliance on behalf of companies that operate vehicle fleets.

FastVS' built-in financial functions automatically calculate charges for customers (or transmit charge information to third-party retail services and solutions) and provide complete functionality for associated billing, correspondence, payment receipt processing, refunds, collections, and account reconciliation functions. Like all system events, financial transactions are applied immediately to customer accounts and vehicle information, providing real-time updates across all applicable agency services and schemes. Use of FastVS financial functions for all agency services and schemes provides a consistent and unified framework for calculating and generating fees, automating bill statements, processing payment receipts, issuing refunds, conducting agencywide accounting, and providing scheduled and on-demand financial reporting.

Inland Revenue's FastCore system of record provides similar financial functions and real-time information updates for the agency's multiple tax, revenue, and social services schemes. It provides customers with a summary of important information, including compliance and financial obligations, and generates statements of consolidated bill items for all applicable tax, revenue, and social schemes. FastVS can provide the same functionality for NZTA, enabling consolidation and true integration of all agency schemes for RUC, vehicle licensing and registration, and, potentially, other services for road toll fees, vehicle certifications, and more. Use of FastVS financial functions for all agency services and schemes will provide a consistent and unified framework for calculating and generating fees, automating bill statements, processing payment receipts, issuing refunds, conducting agencywide accounting, and providing scheduled and on-demand financial reporting.

Role-based security tools and functions built into FastVS provide system and security administrators with built-in functionality for defining application security controls, maintaining security groups, designating and protecting customer and financial data, managing and recording user access and activities, and performing many other security-related activities. FastVS also contains built-in security and privacy controls for protecting the confidentiality, integrity, and availability of sensitive information and data. It encrypts all data at rest and in motion, enables masking/tokenization of sensitive information, and has robust security, data management, and privacy safeguards based on security best practices and controls that comply with multiple compliance regimes.

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

While implementation of the FastCore-based FastVS solution as NZTA's modernized system of record would not require major legal, administrative, or policy changes, it would entail a larger project undertaking that involves some business-process-reengineering activities. These activities, including

organizational change management, would enable the agency to take full advantage of streamlined business processes made available by the solution's seamlessly integrated functionality, system automation, modern user interface, online customer self-service channels, and prevailing business and technical best practices.

Although implementation of FastVS should not require significant policy changes, FastVS supports efficient and effective policy agility through its configurable architecture and built-in business-rules engine. Its flexible configuration allows agencies to respond quickly to changes resulting from new legislation, policy adjustments, operational improvements, new functionality, and other factors. FastVS also provides full functionality for the lifecycle management of business rules, from rules creation and simulation to testing, deployment, and retirement. The FastVS business-rules engine supports the rapid implementation of most changes and configurations, without need for reprogramming, code modification, or complicated adjustments. Workflow, task management business processes, financial calculations, searches, screen navigation, forms, correspondence, Help content, security settings, and online portal functionality are just a few examples of the FastVS features and functions that can be implemented, modified, and maintained through configuration.

NZTA

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. **Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);**
2. **Providing RUC retail services to customers directly (through its website and App);**
3. **Collecting and administering the RUC revenue; and**
4. **Receiving the statutory fee for RUC transactions.**

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

Rather than crowding out third parties, we believe that the ease of access to a single system of record for RUC and other NZTA schemes will increase third-party participation by simplifying means to provide, maintain, and expand retail services and solutions. FastVS eliminates many of the technical roadblocks that third-party providers and solutions can experience when required to interface with a complex mix of agency systems and technology touchpoints. With single-interface access to accurate, real-time information for all customer and vehicle information, service and solution providers can focus more on providing convenience and value to customers and less on technical integration issues. Inland Revenue has achieved full integration with hundreds of accounting and payroll software providers that directly integrate into the agency's FastCore platform for the purposes of reporting tax, payroll, and social policy information.

In addition, since FastVS provides full functionality for administering virtually all aspects of vehicle programmes and schemes, like RUC, authorized retail service and solution providers can rely on the system to provide accurate real-time information, calculate all applicable fees, and manage financials and accounting, including billing and payment details. For example, providers of technology solutions, like EDRs, can interface with FastVS to offer integrated and convenient RUC payment options to their customers. Service providers can similarly interface with FastVS to obtain RUC billing information for inclusion in routine billing statements.

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

Although pre-payment of RUC largely guarantees revenue security, a modern system that can manage real-time accounting of RUC usage, conduct automated scheduled billing, and accept multiple forms of payments can increase acceptance by consumers and offer them greater convenience without significantly impacting revenue. Use-based payments for RUC can also provide a more equitable system by not requiring users to pre-pay government charges before they are consumed.

In addition, monthly billing of RUC can incentivise vehicle owners to embrace modern solutions that automate distance reporting. While consumers who don't want to use EDRs or GPS-based solutions can continue to pre-pay RUC through retail services, vehicle owners who opt-in to the use of electronic solutions for recording and reporting distance would be eligible for pay-as-you-go billing. These owners would remain eligible as long as their real-time reporting and autopay source stays active. NZTA could also offer reduced rates or fees to further incentivise vehicle owners who embrace automated electronic reporting. Although dynamic fee structures can be difficult to manage across multiple systems, use of FastVS as NZTA's single and fully featured system of record for all programmes and schemes will allow your agency to easily set up and change fee-based business rules.

For consumers who do not want to change their current third-party RUC purchasing provider, the FASTVS solution can still maintain interfaces to the e-RUC providers so that there is no interruption of RUC revenue via purchasing from existing users that do not want to migrate to one of the new alternative billing models.

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

FastVS' comprehensive features and functions enable agencies to provide consumers with multiple options for accessing modern services, support, and remedies for RUC purchases and compliance. We have found that compliance increases, and complaints are reduced, when consumers can choose the service channels and payment options that best meet their needs for complying with vehicle schemes, like RUC. In addition to providing consumers with online customer self-service features and payment options, FastVS also supports ease of interface with retail service providers, EDRs, and other RUC-related solutions.

Beyond traditional phone calls, mailed correspondence, and in-person visits, FastVS allows agencies to offer consumers multiple modern communication channels for addressing and resolving complaints and issues. The solution has built-in functionality for live and automated chat sessions, online intake forms for customer complaints and appeals, secure webmail within customers' online accounts, and additional electronic communication features. FastVS can use these channels to provide customers with status updates, activity reminders, submission confirmations, and other pertinent information. FastVS also supports full integration with agency interactive voice response (IVR) systems, as well as virtual communication platforms, like Zoom and Microsoft Teams, for conducting virtual meetings with customers and their representatives.

To support efficient and effective customer service and issue resolution, FastVS' Call Center functionality provides agency users with centralized access to all current and historical customer

communications. From a single screen within FastVS, agency users have access to customer information from a variety of communication channels, including transcribed phone calls, e-mail and web messages, chat sessions, and other communication channels. This centralized access to all customer communications, coupled with workflow and task management functions used for tracking and managing customer issues and complaints, supports increased agency effectiveness in quickly remedying customer issues and complaints. The ability to track customer calls, emails, chat logs, and other communication channels is integrated into the customer record in FAST. This means when someone calls to get clarification on their account, dispute charges, or file a complaint against an e-RUC vendor, the NZTA call centre can quickly access customer and vehicle records to see previous information recorded on the account. This expedites problem resolution and can be configured to support consumer protection laws in each individual jurisdiction.

FastVS supports traditional and electronic payment methods and can accept virtually any form of payment accepted by an agency. It integrates with third-party payment hardware and systems to support multiple payment types, including debit and credit cards, electronic funds transfer (EFT), cash, paper and electronic checks, and digital payment options, like ApplePay, PayPal, Venmo, and GooglePay. For security purposes, our FastCore solutions, including FastVS, do not store or directly process any credit card or debit card information. Rather, FastVS integrates with third-party PCI-DSS payment-processing systems for behind-the-scenes payment processing. FastVS then processes the resulting payment transaction receipts and applies real-time updates to financials and customer accounts. FAST has successfully integrated with multiple New Zealand providers of PCI-DSS payment processing, including WorldLine and Windcave.

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

A myth perpetuated by many system integration and technology consultants is that government system modernization can only be achieved through projects in which select functionality is implemented in individual point solutions in multiple stages that are gradually undertaken. These small, individual solutions are then interconnected, like Lego blocks, to form a larger system based on a patchwork of function-based solutions. While this sounds like a safe, low-risk approach for delivery enterprise-level government systems, it rarely works. There are countless examples of government system-modernization projects in which agencies work with vendors to execute the first few stages of these types of systems. It is nearly impossible to find examples of these projects completing later stages successfully, because they typically don't make it that far. The complexity of integrating, deploying, managing, and upgrading a patchwork of disparate applications and general-purpose point solutions for enterprise-level government programme administration is simply too daunting.

The reality is that only major, substantive change can happen between government agencies when a fully featured and built-for-purpose solution for government is implemented by a competent vendor. This is why we recommend use of our FastVS solution not just for the administration of RUC, but for all NZTA programmes and schemes that support vehicle registration and tracking. The proof that this work can be completed successfully—and will make a significant and positive impact for New Zealand's citizens—can be seen in the FastCore system-modernization project that we successfully completed for Inland Revenue. This system-modernization project involved much more than just the implementation of one or two tax types in FastCore—dozens of tax, revenue, and social programmes were modernized through implementation into our single FastCore solution and system of record, on time and on budget.

The advantage of doing full system replacement, rather than piecemeal function-based projects, is that it eliminates the large amount of technical debt that agencies acquire through decades of use of multiple applications and solutions. Agencies often feel their hands are tied because so many interdependencies exist between the many one-off systems required by their technical environment, and they are not sure which system to fix first. We often find that many of an agency's legacy systems were used as a quick fix for addressing problems or shortcomings resulting from other parts of the system. By implementing our single and proven platform designed exclusively for government programme administration, we have eliminated massive amounts of agency technical debt by decommissioning dozens, and even hundreds, of legacy subsystems. The result is a single and fully modernized system that can be supported by a single team of IT personnel that use built-in tools for successful production operation and ongoing improvement and enhancement.

2.2 Assumptions

Assumptions
Please state any assumptions you have made in relation to the Response.
We have made no assumptions related to the information provided in this response.

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I/we have read and fully understand this RFI, including the RFI-Terms. I/we confirm that the Respondent agrees to be bound by them.	**Agree**
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	**Agree**
Details of conflict of interest:		**Not applicable**

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a)

Full name:

Title/position: s 9(2)(a)

Name of organisation: Fast Enterprises

Date: December 12, 2024

Nuonic Pty Ltd

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: 12th December 2024

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by Nuonic Pty Ltd (the Respondent) to provide information.

Item	Detail
Full legal name:	Nuonic Pty Ltd
Trading name (if different):	
Physical address:	Suite 12 Level 11, 458 Brunswick Street, Fortitude Valley, QLD 4006
Postal address:	Suite 12 Level 11, 458 Brunswick Street, Fortitude Valley, QLD 4006
Registered office:	Suite 12 Level 11, 458 Brunswick Street, Fortitude Valley, QLD 4006
Business website:	https://nuonic.com.au/
Type of entity (legal status):	Limited liability company (registered in Australia)
NZBN number:	Not applicable
Country of residence:	Australia
GST registration number:	Australian Business Number 76 613 269 364
Consent to follow up (Likely to be in week commencing 16 December)	Yes For the week beginning 16 December we are available each day other than 17th between 1pm and 7pm NZDT After 6 January we are fully available.

1.2 Our Point of Contact

Item	Detail
Contact person:	s 9(2)(a)
Position:	
Physical location of contact person	
Phone number:	
Mobile number:	

Item	Detail
Email address:	s 9(2)(a)

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

Nuonic is an Australian owned and based software company that specialises in developing GPS tracking enabled or enhanced solutions for connected vehicle operators. Our interest in the commercial opportunities presented by the New Zealand RUC expansion relates to enabling greater use of GPS-enabled solutions and developing new user-friendly software and app-based solutions for calculating, paying and managing RUC. s 9(2)(ba)(i) [redacted]

Our direct experience with RUC relates primarily to our involvement as the provider of calculation software for the Australian Federal Government's Large-Scale Heavy Vehicle Road User Charging Trial, a project conducted during 2023 and 2024 that utilised live GPS tracking data from multiple industry participants to calculate potential RUC charges for heavy vehicles under various proposed models and to compare those charges to the current Australian charging regime based on fuel excise and registration charges. The Trial involved over 1,000 vehicles operated by 22 participants using 8 different telematics services, for which Road User Charging 'mock' invoices were produced and delivered for a period of 12 months. For more information about the Trial see https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-strategy-policy/heavy-vehicle-road-reform/national-heavy-vehicle-charging-pilot.

Our indirect experience s 9(2)(ba)(i) [redacted] relates to the provision of a commercial service for automating Fuel Tax Credit (FTC) apportionment calculations using GPS data from telematics devices installed in commercial vehicles. FTC has many similarities to RUC as it involves calculations relating to vehicle activity, on and off road apportionment and financial charges (in fact, a component of the fuel excise in Australia that can be claimed as a tax credit under certain conditions is explicitly called the 'Road User Charge'). This service, called Prism (www.prismapp.com.au), is used by over 350 customers operating tens of thousands of connected vehicles to support their FTC claims.

s 9(2)(a) [redacted] Prism has been operating commercially since 2017 and in 2023 achieved an Australian Tax Office (ATO) Class Ruling for apportioning vehicle activity.

Through the development of Prism, the RUC Trial and other products, such as our recently-launched telematics data integration platform PathStack (www.pathstack.io), Nuonic has developed a unique combination of technology, experience and relationships that enable it to provide robust and innovative solutions to connected vehicle operators. Nuonic services customers ranging from single-vehicle family businesses to multi-nationals with fleets of thousands.

s 9(2)(a) [redacted]

We are excited by the opportunities to provide or support RUC services in New Zealand, supporting the largest operational scheme globally. We believe that RUC based on direct and accurate measurement of vehicle activity is a profoundly superior approach for generating revenue

to fund infrastructure operation and development compared to the regimes currently operating in most other developed nations. Unlike fuel taxes, which are an indirect proxy for vehicle activity, RUC not only offers a simpler and more transparent charging mechanism bus also enormous potential to provide impactful road usage insights to drive smarter infrastructure decisions and potentially influence road user choices. In our view it is only a matter of time before the RUC approach pioneered by New Zealand is adopted in Australia and globally. Our goal is to develop high-quality solutions that support this transition and provide the most accurate, cost effective and user-friendly experience possible.

Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. **Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);**
2. **Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);**
3. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);**
4. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);**
5. **Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf); or**
6. **Another business model (or hybrid of the approaches outlined above)?**

Our interest is in offering RUC retail services that utilise technology to provide users and government with accurate and high-quality RUC management services that deliver more insight and value to all parties.

We have identified two categories of service where we believe we are ideally placed to offer new, high-quality solutions:

1 – A single app to provide multiple electronic RUC purchasing and management options with easy upgrades to more advanced options.

This service provides a single point for users to access all manual and electronic RUC options, including direct purchase, RUC management services, EARUC and ERUC. This would be manifested as an app that allows users to select the approach they wish to take, with all required supporting tools in the platform and optional integrated hardware options for those methods requiring physical devices (including in-cab displays and tracking devices).

For customers who prefer traditional methods, the app would offer a modern suite of RUC management tools including scheduled RUC licence purchases and recharge reminders. We would seek to enable direct RUC purchase through the app as an agent of NTZA.

For customer seeking more automated solutions, the app would offer ERUC services that allow customers to connect approved telematics devices to the platform for automatic distance measurement, off-public road apportionment and RUC purchase. We would seek to provide these services for a range of telematics devices, using the concepts outlined in the second service category detailed further on in this section.

Users of both solutions would also be able to optionally add connected in-cab screens to display their RUC licences and we would actively include integrations with any new or emerging technologies relevant to RUC management, such as Co-Operative Intelligent Transport Systems (C-ITS) or Vehicle to Vehicle (V2V) integrations to support RUC data access to relevant authorities or agents.

By offering both manual and electronic RUC services, we allow the user to right approach for the with the option to easily upgrade should they choose to. Intelligent use of data would also be a key focus, providing more value to users and, privacy rules permitting, government with respect to optimising the use of vehicles and road infrastructure.

s 9(2)(ba)(i)

uonic has the experience and tools to analyse large volumes of complex vehicle activity data efficiently, yet make the process and results accessible to end users. Bringing this all together into an accurate and user-friendly app will offer a new option for New Zealand road users that will increase value and save time for all parties.

2 – A telematics service add-on to provide RUC services with any accredited telematics device via data integration.

This solution is similar to the FTC service we provide in Australia, by enabling telematics service providers to offer RUC as an optional add-on service using a third-party provider (Nuonic) that specialises in the process.

Developing an ERUC solution under the current framework is a significant undertaking for telematics providers, requiring capital investment and local knowledge to develop a solution that is not (currently) transferable to other regions. This presents a barrier to many globally recognised telematics providers entering the New Zealand market however, the devices offered by these global providers are just as accurate and advanced as those provided by the existing ERUC providers (in fact, many used shared components or manufacturers).

Our proposal is to work with NZTA to establish an accredited set of telematics device standards, relating to accuracy, reliability and any other aspects relevant to assuring the correct measurement of RUC-related factors. This may be considered similar to the Transport Certification Australia (TCA) Type Approval process for accrediting telematics devices. We would then seek accreditation for RUC calculation and management software using the data recorded for accredited telematics devices.

With these two components established, the New Zealand ERUC market could be served by any telematics provider that achieved accreditation for their device(s) and integrated them with our ERUC service. We expect this would result in the following benefits:

- Increased competition in the telematics market by allowing new entrants to participant that do not have the ability to build a highlight localised feature in a global platform, potentially lowering costs and offering new technology options for road users.

- Less 'lock-in' to specific telematics vendors for road users, as they would have more options to switch providers while keeping the same RUC (system) account, with all their history.

- Clear delineation of responsibility between vehicle activity measurement and RUC management. This allows each side to specialise in their area of expertise. We have seen the benefits of this approach with FTC where our focus on this area and experiences working with data from many device providers has allowed us to gain insights and develop solutions that may not be visible to vertically-integrated providers.

- Increased control of the application RUC rules for government, such as the classification of specific locations or the treatment of device errors, across different providers.

- Greater insights available to government through access to the RUC outputs of multiple parties using different devices connected to a single RUC calculation platform.

While this solution would require modifications to NZTA's assessment and regulatory approach, we believe these changes would represent a natural evolution of the existing processes.

For both RUC services outlined in this section, our approach would be founded in being highly responsive to customer needs, regulatory guidance and technology evolution. Like with Prism we would remain telematics-agnostic, providing objective high-quality results founded on the principles of accuracy and transparency for all stakeholders.

s 9(2)(ba)(i) [redacted]

Commercial proposition

Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?

As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:

- **fleet management/telematic services**
- **bundling of utility like payments**
- **financial services to bundle and smooth payments**
- **sale of information to advertisers (with the express permission of customers) etc.**
- **efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases**

This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.

Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?

Nuonic's current view is that RUC retail services are likely to be commercially viable as a standalone business for both of the service proposals outlines in our answer to the previous question.

Service 1 – Electronic RUC purchase and management app

Providing RUC services via a mobile app under a low per-user cost and revenue model is likely to be viable if the number of monthly active users using a paid component of the service reaches scale in the order of 10's of thousands of users. s 9(2)(ba)(i) [redacted]

There are various options for generating revenue from apps of this type including subscription charges for providing efficient RUC management tools or service fees added to RUC purchases. s 9(2)(ba)(i) [redacted]

For users that select advanced ERUC options in the app using digital hardware devices, additional revenue could be generated from the device sales, or referrals to device sellers, and other value-adding data services such as analytical dashboards and reports.

Service 2 – Electronic RUC add-on service for telematics providers

This service proposal offers two pathways for commercialisation, either (1) charging the telematics providers fees to offer the integrated solution to their customers as part of a package or (2) charging the end user directly for using the ERUC service.

s 9(2)(ba)(i) [redacted]

For both service proposals we also see the potential to assist users in optimising RUC costs through smart financing and bulk RUC purchasing. s 9(2)(ba)(i) [redacted] evenue could be generated through a combination of RUC admin fee differentials for bulk and retail purchases, subscription fees for optimised services and possibly financing options to offer 'pay as you travel' rather than 'pay in advance' to users.

Technology

What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems? If so, can you summarise:

- how the technology works
- what data is collected
- What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)
- how you ensure the reliability and security of the system
- how revenue security is protected
- how user privacy is protected
- what benefits it offers customers compared to the existing system
- whether the technology is stand-alone or integrated into existing devices (cars or phones)
- whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles

Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.

Our current operating technology, used in our Prism and PathStack products, is a collection of data processing and analysis modules specifically designed for working with detailed vehicle activity data recorded by telematics devices. These modules include components related to the extraction of location, state and specification data from our partner and integrated telematics providers and components related to standardisation and temporal and spatial analysis of that data. s 9(2)(ba)(i) [redacted] All our technology is fully developed in house and fully owned IP.

Our telematics integration technology works with existing devices, including aftermarket telematics tracking units and OEM vehicle tracking services which are built in to the vehicle by the manufacturer. We are continuously expanding our integrations and partnerships, with the aim to include as many providers as possible.

The specific data collected and used by the technology is documented on the relevant product websites. For Prism, our FTC solution, the telematics input data specification is available on the public help centre here: https://help.prismapp.com.au/Home/data-input-specification. For PathStack, our newer general-purpose telematics integration platform, details of data used is available here: https://docs.pathstack.io/api-reference/introduction. Both of these products are actively developed and we continually add new data and devices as they become available.

By monitoring location, movement, and operational data, these systems can calculate and validate distance measurement using various inputs (including GPS positions and Odometer readings) and distinguish between on-road and off-road travel, allowing precise, reliable and auditable RUC/FTC calculations.

Nuonic takes user privacy and security seriously, all our software development considers these requirements as a fundamental component of our product and code design. Our public statements regarding these matter are available here:

- https://docs.pathstack.io/legal/privacy-statement
- https://docs.pathstack.io/legal/security-statement

Having originated from a financial service licensed parent entity with ISO 27001 certification, Nuonic has adopted many of the practices required to hold these accreditations. Each product we offer is considered individually from security and privacy perspectives, with appropriate terms, design and risk management and recovery plans developed to support it. To date Nuonic has not experienced any security breaches or exposure of confidential customer data.

For the proposed RUC services outlined in previous answers, revenue security would form a core component of the solution design. As RUC licence purchase would require integration with NZTA systems, we would expect to complete a comprehensive testing sequence together with NZTA to validate the correct handling of the processes, including financial transactions and errors, and obtain the required approvals and verification from NZTA well prior to making any solution available in production to end users.

s 9(2)(ba)(i) [redacted]

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

Investing in the development and delivery of new RUC retail market services could be made more attractive by simplifying, clarifying and opening several of the requirements stated in the current administrative and policy settings. We have identified the following items as being potential detractors that could be changed without adverse impact on the RUC scheme:

- Remove the requirement to display physical RUC licenses in favour of linking RUC electronically to registrations records and/or showing your RUC licence on a handheld device upon request by an authorised agent or officer.

- Permit, simplify and clarify processes to enable RUC agents to bulk purchase RUC KM for distribution to end users using new models (e.g. 'pay as you travel'). The intent would be to lower the administrative costs of RUC purchases by delegating more of the work to approved technology-enabled retailers.

- Separate approval processes and requirements for hardware devices used to record distance from the calculation and management software used for RUC. More specific recommendations on this point are provided in the answers to the next question relating specifically to NZTA's role.

- Update section 9.1 of the Code of practice for ERUC management systems to allow approvals for ERUC, EARUC and other to be given to companies incorporated in New Zealand with a director residing in Australia.

These items are non-exhaustive and we expect that there are other measures which could reduce the barriers in providing RUC retail services without detracting from revenue security or user experience. We would seek to work collaboratively with NZTA through the product and service development cycle for our proposed RUC service options to identify other items which may be addressed to expedite the delivery of new RUC retail services to road users.

NZTA

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. **Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);**
2. **Providing RUC retail services to customers directly (through its website and App);**
3. **Collecting and administering the RUC revenue; and**
4. **Receiving the statutory fee for RUC transactions.**

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

As Nuonic does not currently participate in the New Zealand RUC market, our view is based on our current understanding of the requirements for RUC agents and service providers. Based on this, we think that NZTA may be able to reduce the risk of crowding out private RUC retailers and encourage participation by taking the following actions:

- Clearly delineate the role of NZTA and private companies in the RUC retail market so that they avoid direct competition or provide greater third-party developer access via modern APIs to Government RUC systems on which to build new solutions.

- Separate approval of distance measurement devices from approval of RUC charging and management services using distance measurement data.

- Build on section 5 of the Code of practice for ERUC management systems to move from a set of recommendations to a solidified general set of standards for approval of electronic distance recorders for use in RUC.

- Allow telematics service providers to obtain approval for their electronic distance recorder as suitable for use in RUC, in isolation of the other components required for a full ERUC service.

- Build on section 7 of the Code of practice for ERUC management systems to move from a set of recommendations to a solidified general set of standards for RUC calculation and management software.

- Allow software companies to obtain approval for their RUC calculation and management software, in isolation of any devices used to record the distance required as an input to the RUC calculations.

- Work towards providing standardised data sets for common elements used in RUC calculations, such as an approved complete set of off-public road geofences, available to all approved providers.

- Consider offering grants or other incentives for business that can offer, and deliver, innovative solutions in the RUC retail market that clearly meet one or more of NZTA's and the Governments strategic objectives for the scheme.

We believe the items listed above would help to provide a level playing field so that third-party RUC service providers would compete on service quality and value-adding innovations. Providing transparent governance and compliance frameworks based on explicit criteria and simplifying the processes to gain and commissions would provide clarity to all market participants and improve commercial outcomes for all stakeholders.

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

We believe that new RUC retail services outlined in this response can assist with ensuring revenue security while balancing user experience through the following factors:

- Making the RUC purchasing process easier and less costly through app-based solutions. While some of these already exist, there appears to be significant scope to increase user friendliness through intelligent design and value-adding data analysis tools at very low cost.

- Allowing more competition in the ERUC-approved telematics space through general approval of devices and separation of RUC management software. This would offer new options to fleet users, lowering their costs and potentially increasing the user base choosing to use automated ERUC through telematics. Automated ERUC should offer the greatest revenue security and the best user experience for this cohort of users.

- Allowing more flexibility in the purchase of RUC capacity by agents, to offer retail users more choice related to payment options and timing of purchases.

- Working with vehicle manufacturers and technology providers to develop in-vehicle RUC solutions that do not require the purchase of additional hardware (such as telematics devices) to utilise advance ERUC methods with off-public road concessions.

Generally, increased user friendliness is driven by increased accessibility to markets as more entrants can compete on the experience offered to users rather than on acquiring the approvals needed to enter the market. Any actions taken that increases accessibility, while maintaining compliance, is likely to see more user experience options being offered and the users can then select their preferred option.

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

Our approach to ensuring appropriate protection of consumers for any service we provide starts with employing highly knowledgeable staff that are available for customers to speak with and who genuinely care about the service they provide. There is no substitute for direct engagement with a person who understands the domain and has the ability to take action to resolve an issue.

Supporting our people serving our customers, we also ensure that the following measures are taken:

- All data is transmitted and stored securely, anonymously where appropriate, and in compliance with all applicable laws.
- Provide clear and complete details on how our system works and how to use it, so that it is transparent to the user on what data is collected and how it is processed. Our current platforms have extensive online documentation and in addition to this we aim to provide hints in our application so that the user can be guided as they use the platform.
- Work closely with the relevant external stakeholders, such as the ATO and NZTA, to achieve the required knowledge, approvals or accreditations needed to provide a fit-for-purpose service.
- Promote customer knowledge and self-validation of any outputs we provide through the use of rich dashboards, reports and auditing tools using the data processed on their account.
- Providing clear feedback channels so that customers can raise any issues quickly.
- Implementing manual and automated internal processes to find identify any discrepancies or errors across all customer accounts as early as possible.

s 9(2)(ba)(i) [redacted]

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

2.2 Assumptions

Assumptions
Please state any assumptions you have made in relation to the Response.

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I have read and fully understand this RFI, including the RFI-Terms. I confirm that the Respondent agrees to be bound by them.	agree
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	agree
Details of conflict of interest:	None identified	

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a) _____

Full name: _____

Title/position: s 9(2)(a) _____

Name of organisation: Nuonic Pty Ltd _____

Date: 12 December 2024 _____

Instructions for Respondents

1. Check that you have all the relevant documents, including:
   - The Request for Information (RFI) which outlines what information is needed.
   - The Response Form (this one) to fill out your response.
   - The RFI-Terms.
2. Before filling out this form, read the RFI carefully, particularly Section 2 (Our Requirements).
3. Please follow the layout of this Response Form:
   - Don't change the section headings and sequence as this needs to be consistent across all Respondents.
   - Insert any extra images or graphs either as part of your answer or in a separate attachment (but make it clear in the Response Form that you have done so).
   - The combined file size including all attachments that can be sent to procurement@transport.govt.nz is 20MB.
4. Everything highlighted in **PURPLE** in this document is information for the Respondent (you). Delete these **PURPLE** parts before sending the Response Form. Everything shaded in BLUE is customisable by you. When you have completed these areas please un-shade them.

   ☐ The purple boxes are Respondent Tips. Delete these after reading.

   ☐ Write your response in the blue sections. Un-shade the blue once you have filled these out.
5. Remember to make a note of the Deadline for Questions. Feel free to ask us anything if it is unclear.

Checklist for Respondents

Before you submit your Response…	
1. Fill out all sections of the Response Form.	☐
2. Remove all the purple 'Respondent Tip' boxes from this Form.	☐
3. Delete the **PURPLE** instructions from this Form.	☐
4. Un-shade the **BLUE** highlighting where you fill out your answer.	☐
5. Prepare your Response Send a digital copy by email to procurement@transport.govt.nz	☐
6. Arrange for the Response to be submitted electronically before the Deadline for Responses.	☐

Kora New Zealand Limited

Request for Information (RFI) Response Form

Road User Charges – Retail Services

In response to the Request for Information

by: Ministry of Transport

Date of this Response: 12 December 2024

SECTION 1: About the Respondent

1.1 Our profile

This is a Response by Kora New Zealand Limited (the Respondent) to provide information.

Item	Detail
Full legal name:	Kora New Zealand Limited
Trading name (if different):	Kora Fuel Cards
Physical address:	118 Carbine Road, Mt Wellington Auckland 1060
Postal address:	P O Box 51542 Pakuranga Auckland 2140
Registered office:	15 Ellis Street, Frankton, Hamilton
Business website:	www.kora.co.nz
Type of entity (legal status):	Limited liability company
NZBN number:	9429048871716
Country of residence:	NZ
GST registration number:	133-218-440
Consent to follow up (Likely to be in week commencing 16 December)	Yes

1.2 Our Point of Contact

Item	Detail
Contact person:	s 9(2)(a)
Position:	
Physical location of contact person	118 Carbine Road, Mt Wellington, Auckland
Phone number:	0800 567 269
Mobile number:	s 9(2)(a)
Email address:	

SECTION 2: Our Requirements

2.1 Responses

This document should be reviewed alongside the Information Memorandum and the RFI document (see GETS notice for all documents). Please increase the size of the answer box to fit your answers.

About you

To what extent is the provision of RUC retail services (ie. Providing services that support the purchase and management of RUC) something you currently do in New Zealand or another jurisdiction?

What is the scope of your current offering (i.e. types of vehicles, vehicle owners, and services)?

If you currently do not provide RUC retail services but are interested in the opportunity, include any current service offering in a similar sector, your level of experience in delivering that service, and why you are interested in the opportunity to deliver RUC retail services.

We currently deliver aggregated fuel card services to our 13,500 customers. Our value proposition is about making it easy for people to save money on fuel by purchasing fuel on account – like a utility bill – for fuel. 85% of our customers are individuals. We see we are uniquely positioned to offer additional services such as a RUC to our customers as we can offer the convenience of 1 invoice for managing their vehicle everyday costs. From a technology standpoint we are well versed in API connectivity for being able to manage the services we offer. From a capability standpoint, we our team have been invoiced in fuel cards for over 10 years, and some staff have also worked in vehicle leasing before now and have experience with RUC and Rego issuance.

Level of interest in RUC services

What is the nature of the RUC retail service you are interested in offering:

1. **Manual RUC management service (but not direct purchase of RUC). This could include a reminder service to purchase RUC and outline or link directly to where RUC can be purchased (online and in physical locations);**
2. **Manual RUC management service including direct purchase of RUC –as an Agent of NZTA. So that customers are reminded of the need to check and purchase RUC and when new licences are required, they can be purchased (either instore or online);**
3. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and providing reminders to purchase RUC licences (but not direct purchase of RUC);**
4. **Electronic RUC management services enabled by electronic measurement and reporting of vehicle distance and automatically purchasing RUC directly (as an agent of NZTA);**
5. **Full eRUC or eaRUC solution as a certified service provider approved by NZTA under the code or a revised version of the code (https://www.nzta.govt.nz/assets/resources/road-user-charges/eruc-guidelines/docs/ERUC-code-of-practice.pdf); or**
6. **Another business model (or hybrid of the approaches outlined above)?**

Manual RUC management service including direct purchase of RUC as an Agent of NZTA
Commercial proposition **Do you think the commercial proposition of RUC retail services is a standalone business opportunity or one that is integrated with a range of other activities?** **As the underlying cost of RUC is fixed, retail service providers will need to make a commercial return on activities other than the sale of underlying RUC. This would mean selling RUC as part of a broader offering, such as:** • **fleet management/telematic services** • **bundling of utility like payments** • **financial services to bundle and smooth payments** • **sale of information to advertisers (with the express permission of customers) etc.** • **efficiency of service offering enabling margin to be made on the administrative fees charged for RUC purchases** **This list is non-exhaustive, and any other commercial propositions you may suggest will be welcome, along with any description of what, if any, changes to existing legislative or administrative provisions would be needed to facilitate this.** **Are there minimum scale factors that impact commercial viability? Is there a lead time that needs to be considered? What other factors should we consider regarding commercial viability?**

We do not see a commercially viable business for solely RUC unless they become the one stop shop for RUC only. It feels like a service that can dovetail nicely off existing services.

We are a fuel card vendor offering fuel purchases on account – much like a utility bill, but for fuel – so we see RUC purchases as a natural extension of our fuelling service. We would only offer RUC purchasing to our existing customer base – access to RUC purchases would become an add value feature.

There has to be a minimum value of return for anyone providing this service for the admin required. Whilst we envisage the process of buying RUC to be via an online service – administration is still required in the event of an error or for someone fraudulently charging RUC to an account that is not theirs - for us to manage non-payment by our customer is also an admin consideration.

Commercially – the purchase of the RUC needs to be instantaneous and immediately available for any person investigating RUC validity to see via a portal that indeed RUC is paid even if the label is out of date. And any labelling requirements need to be considered. If the delivery of a RUC label is to be via post – the costs associated with post need to be added to the cost of the RUC label as these costs continue to rise. Ongoing RUC purchases will not necessarily co-incide with an service that provides an economy of scale of the postage of the label.

In an ideal world – a RUC should be attached/linked to a vehicle rego and it should be managed electronically so that labels are not required. You can set similar limitations to registration issuing – where no valid RUC no Rego – just like no valid WOF no rego. If you remove the need to display RUV via a label you will inevitably save consumers on costs which can only be a good thing.

Technology

What role might technology offered by your business play in the future RUC retail market? Does your (current or planned) provision of RUC retail services use technology that you supply to measure and report distance, or support the reporting of distance from existing equipment (e.g. odometers or OEM telematics systems? If so, can you summarise:

- **how the technology works**
- **what data is collected**
- **What services you provide with the technology in connection with revenue collection (e.g. distance measurement, tolling, congestion charging, refunds)**
- **how you ensure the reliability and security of the system**
- **how revenue security is protected**
- **how user privacy is protected**
- **what benefits it offers customers compared to the existing system**
- **whether the technology is stand-alone or integrated into existing devices (cars or phones)**
- **whether it requires professional installation (if it is not integrated) and whether it requires any modifications to be fitted for the purpose of providing RUC retail services for light vehicles**

Please describe any examples of where and when this technology has been applied in practice for RUC or similar purposes, to generate actual revenue.

Our technology solution will not relate to telematics and vehicle tracking – we will focus on manual RUC purchase on account via an online process. There will be secure login and identity verification to allow for a purchase to occur. It will be a convenient, self service 24/7 user friendly experience for our customers.

Barriers

To inform the policy, legislative and regulatory settings, we are interested in your view about the barriers to you achieving your commercial aspirations as a RUC retail services provider. What legal, administrative or policy setting would need to change or be made easier to enable you to invest in offering RUC retail services?

The barriers we see are ease of use of API access to enable the manual RUC purchase process, and how easily we can integrate the service and effectively be "accredited" to provide the service. If you have hundreds of new operators, then this process could be cumbersome if under resourced. We would expect an audit process to ensure integrity is being maintained around the process but again the complexity of this may put undue pressure and cost on the provider. We would also see commercials around the payment of the RUC to NZTA as very important as it would need to align with the income stream from our customers so that the debt is not being carried by us.

NZTA

NZTA plays an important role in RUC services as the Government's RUC collector.

Under current arrangements NZTA is responsible for:

1. **Approving (or declining) any RUC retailer application and appointing and contract managing Agents (some of whom operate under a contract and are paid a commission for RUC sales);**
2. **Providing RUC retail services to customers directly (through its website and App);**
3. **Collecting and administering the RUC revenue; and**
4. **Receiving the statutory fee for RUC transactions.**

The Government is keen to ensure NZTA's activities don't crowd out the role of third parties in the provision of RUC services. Are there measures that the Government should take to ensure NZTA's activities enable and encourage other RUC retailers to participate?

RUC retailers will participate if there is an opportunity to receive fair compensation for the work associated with providing the RUC service. Keep a level playing field and KPI's that relevant to all Third Parties as well as NZTA themselves – and consistency will be the key to a service being reliable and with integrity. If you structure the provision of service where there is a discount or other benefit when using solely NZTA managed services then this will naturally skew behaviour. So when the government is serious about allowing a third party to participate in the service – keep the playing field level for all.

Revenue security

How can the RUC retail market assist with balancing a user-friendly system with ensuring revenue security?

The RUC service in the retail market will be a shift in consumer behaviour – communication about the change how the vehicle users are not being unfairly "taxed" will be vital. Education will be paramount when you consider the revenue implications if the message is wrong. So the key in our view is strong communication on the why, explaining the how, and allowing options for people so that its not onerous, it is easy and the costs is not so prohibitive that people will try to find loop holes around it to avoid paying.

Consumer protection and support

Do you have any initial views on how you might ensure appropriate protection of consumers (e.g. complaints, remedy mechanisms)? Would you offer different payment options to enable consumer flexibility and choice in RUC purchases?

Our current product allows flexibility around payment so that we can align our invoicing with a customers pay day. We have weekly, fortnightly and monthly options. We would see our ability to also offer RUC service as a great inclusion to this service and we see it resonating with our client base. If there is a complaint on RUC – we can assist the process as they are already a customer with whom we have a relationship. Our services are also able to be viewed on an app – which shows the customers account, and we could set up a link to send a contact message to the RUC team at NZTA in the event of any issue that is specific to the RUC team, and therefore bypass a middle man so to speak. It will be an important consideration for the RUC team at NZTA to have robust processes to answer questions in a timely manner.

[Optional] Additional information

If there is other material you would like to make us aware of in considering the policy, regulatory and legislative settings to enable greater third-party provision of RUC services, please feel free to include it below. Avoid attaching company brochures and other advertising material. We can only receive 20MB via email.

Nothing further

2.2 Assumptions

Assumptions
Please state any assumptions you have made in relation to the Response.
We assume that we will validate our customer's identity so the transaction is approved and that there will be a way to validate the rego being used for the RUC purchase.

SECTION 3: Respondent's declaration

Topic	Declaration	Respondent's declaration
RFI-Terms:	I/we have read and fully understand this RFI, including the RFI-Terms. I/we confirm that the Respondent agrees to be bound by them.	agree
Conflict of Interest declaration:	The Respondent warrants that it has no actual, potential or perceived Conflict of Interest in submitting this Response. Where a Conflict of Interest arises during the RFI process the Respondent will report it immediately to the Buyer's Point of Contact.	agree
Details of conflict of interest:		

DECLARATION BY THE RESPONDENT

I/we declare that in submitting the Response and this declaration:

- **the information provided is true, accurate and complete and not misleading in any material respect**
- **the Response does not contain any material that will infringe a third party's intellectual property rights**
- **I/we have secured all appropriate authorisations to submit this Response, and to make the statements and to provide the information in the Response.**

I/we understand that the falsification of information, supplying misleading information or the suppression of material information in this declaration and the Response may result in the Respondent being eliminated from further participation in any procurement process flowing out of the RFI, and may be grounds for termination of any Contract awarded as a result of such a procurement process.

By signing this declaration the signatory below represents, warrants and agrees that they have been authorised by the Respondent to make this declaration on its/their behalf.

Signature: s 9(2)(a) _____

Full name: _____

Title/position: s 9(2)(a)

Name of organisation: Kora New Zealand Limited _____

Date: 12 December 2024 _____