MINISTRY OF TRANSPORT
TE MANATŪ WAKA

OC250749

15 September 2025

[redacted]

Tēnā koe [redacted]

I refer to your email dated 12 August 2025, requesting the following under the Official Information Act 1982 (the Act):

> *"copies of any correspondence (including emails, text / instant messages, letters, meeting notes, and attachments) between your respective offices/organisations and any electronic Road User Charges (e-RUC) provider or their representatives, from 27 November 2023 to today.*
>
> *For clarity, this includes but is not limited to:*
> - *Eroad*
> - *Picobyte Solutions (RUC Monkey / myRUC)*
> - *Teletrac Navman*
> - *BONNET*
> - *Argus Tracking*
> - *Cartrack NZ*
> - *Vehicle Technologies*
> - *Datacom Group (Timpani)*
> - *FleetPartners"*

On 5 September 2025, we advised you of an extension to the time period for responding to your request. The extension was due to consultations necessary to make a decision on your request being such that a proper response could not reasonably be made within the original time limit. We have now completed the necessary consultations.

Your request is for correspondence between the Ministry of Transport (the Ministry) and electronic Road User Charges (eRUC) providers. There are four approved eRUC providers. These are noted on New Zealand Transport Agency's website as Eroad, Cortex (who are a subsidiary of Eroad), Picobyte Solutions and Teletrac Navman.

Therefore, I have interpreted the scope of your request to be for correspondence between the Ministry and approved eRUC providers and the listed companies.

The Ministry have not had any correspondence with Argus Tracking Vehicle Technologies, Datacom Group (Timpani) and FleetPartners. I am therefore refusing the parts of your request related to correspondence with these companies under section 18(g) of the Act, as the information requested is not held by the Ministry, and it has no grounds to believe that the information is held by another department.

There are 18 documents within the scope of your request. Of these:

- Three are released in full
- Twelve are released with some information withheld or refused
- Three are withheld in full

The document schedule attached as Annex 1 outlines how the documents have been treated under the Act. Certain information is withheld or refused under the following sections of the Act:

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
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities
18(d)	the information requested is or will soon be publicly available
18(g)	that the information requested is not held by the Ministry, and it has no grounds to believe that the information is held by another department

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
Manager, RUC Transition

Annex 1: Document schedule

Doc #	Date	Title of Document	Decision on request
ERoad			
1	13/02/2024	Email from: Peter Carr to the Ministry Subject: eRUC dishonours	Released with some information withheld under section 9(2)(i). Some information has been marked out of scope.
2	1/03/2024	Email from: Peter Carr to the Ministry Subject: Bringing Light EVs and PHEVs onto RUC	Released with some information withheld under section 9(2)(b)(ii). Some information has been marked out of scope.
3	23/05/2024	Email from: Peter Carr to Matthew Skinner Subject: DON'T MISS OUT - Register for the IBTTA Finance and Road Usage Charging Summit - June 9-11 - Baltimore, MD	Released with some information withheld under section 9(2)(a). Some information has been marked out of scope.
4	26/03/2024	Email from: Peter Carr to Audrey Sonerson Subject: Meeting request CEO EROAD limited Attachment: Meeting between Hon Simeon Brown, Minister of Transport, and Mark Heine, CEO EROAD Ltd	Released with some information withheld under section 9(2)(b)(ii).
5	1/05/2024	Email from: Peter Carr to the Ministry and NZTA Subject: EROAD letter to Hon Brown re simple reg's changes Attachment: 2024-04-29 Letter to Hon Simeon Brown re RUC Regs proposals.pdf	Released in full.
6	17/06/2024	Email from: Peter Carr to the Ministry Subject: Information on how eRUC capabilities can deliver lower cost tolling and time-of-use charging Attachment 1: 2024-06-17 Funding reform - Cover note - Adapting eRUC to Time-of-use charging.pdf Attachment 2: 2024-06-17 Funding reform - Discussion document - Adapting eRUC to time-of-use charging.pdf	Released with some information refused under section 18(d). Attachment 2 can be found here: https://www.parliament.nz/resource/en-NZ/54SCTIN_EVI_0580baa4-9e7b-4bf6-6cf8-08dd1e07a2b1_TIN6970/a1524c6709da8cecdb2c836906538ed6a912f140
7	12/12/2024	Email from: Peter Carr to the Ministry Subject: EROAD response to RUC Retail Services - RFI Attachment: EROAD RFI Response Form - Road User Charges Retail Services - 2024-12-12.pdf	Released with some information withheld under sections 9(2)(a) and 9(2)(b)(ii).

Doc #	Date	Title of Document	Decision on request
8	14/04/2025	Email from: Natalia Waiker to ERoad Subject: EROAD | MOT meeting	Released with some information withheld under section 9(2)(a).
9	11/06/2025	Email from: Peter Carr to Anna Wilson-Farrell Subject: Further to meeting with you (and Ruth) in May Attachment: 2024-11-05 eRUC for NZ - through the lens of tax assurance.pdf	Released with some information withheld under sections 9(2)(a) and 9(2)(b)(ii).
10	23/07/2025	Email from: Peter Carr to Anna Wilson-Farrell Subject: Checking in regarding tomorrow	Released with some information withheld under section 9(2)(a).
11	6/08/2025	Email from: Peter Carr to the Ministry Subject: Announcements on the New Zealand road user charges system	Released with some information withheld under section 9(2)(a).
Picobyte Solutions (RUC Monkey / myRUC)			
12	12/12/2024	Subject: Road User Charges RFI	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i).
Teletrac Navman			
13	12/12/2024	Email from: Richard Stanton to the Ministry Subject: Retail RUC RFI Attachment: RFI Response Form – RUC Retail Services Teletrac Navman.pdf	Withheld in full under sections 9(2)(b)(ii) and 9(2)(ba)(i).
BONNET			
14	25/06/2024	Email from: Steph Kennard to Matthew Skinner Subject: Ministry of Transport review of RUC	Released with some information withheld under sections 9(2)(a) and 9(2)(b)(ii).
15	15/11/2024	Email from: Steph Kennard to the Ministry Subject: Request for Information - Road user Charges Retail Services	Released in full
16	12/12/2024	Email from: Steph Kennard to the Ministry Subject: RFI Response - RUC Retail Services - BONNET Attachment: RFI Response Form – RUC Retail Services - BONNET	Released with some information withheld under sections 9(2)(b)(ii) and 9(2)(ba)(i).
17	11/08/2025	Email from: Steph Kennard to the Ministry Subject: Request for RFI accesses	Released in full.
Cartrack NZ			
18		Email from: CarTrack to the Ministry Subject: Selective enforcement of laws	Withheld in full under section 9(2)(b)(ii).

Doc #	Date	Title of Document	Decision on request
			A summary of the correspondence can be found below: On 5 July 2025, CarTrack reached out to the Ministry to discuss some commercially sensitive matters and the regulations for the display of RUC distance licences. Specifically, the outward display of RUC distance licences on the windscreen of light vehicles, and the enforcement of this requirement set out in in Section 15A of the Road User Charges Regulations 2012. The chain then moves on to discuss public consultation undertaken on the RUC system and proposals for the removal of this requirement (pages 43-44 of the Driving Change: Reviewing the Road User Charges System), noting that the Ministry will continue to review transport legislation to ensure it enables a modern RUC System.

Grace McKibbin

Out of Scope

[redacted]

From: Peter Carr
Sent: Tuesday, February 13, 2024 1:20 PM
To: john.freeman@nzta.govt.nz; Bryan Talbot ; Matt French ; James McDevitt
Subject: eRUC dishonours

Kia ora koutou

Thank you for yesterday's meeting and for considering our question around eRUC dishonours.

Just FYI, our Finance team want to circle around on this, which may take a couple of weeks, so we likely won't be ready for a proper conversation until March.

While acknowledging that this would be an exploration for both of us, we suggest taking as a starting point the idea that:

- if certain 'due diligence conditions'* are satisfied by EROAD/the ESP
- then NZTA would:
  - reimburse the ESP the value of the dishonoured transaction
  - take on that debt/pursuit of the debtor
  - in the specific case, receive from the ESP whatever 'handover information'* would be needed
  - in general, receive whatever 'regular general assurance reporting'* is needed to confirm the escalation thresholds are being met and managed with integrity by the ESP.

(* all details and definitions tbc)

@James McDevitt, I've looped you in because, even if we decide not to progress anything, this issue will only become more pressing in a compulsory eRUC environment. That approach would push a lot of bad customers onto ESP's doorsteps. As a further alternative to s 9(2)(i) [redacted] s 9(2)(i) one might want to allocate these customers and provide means of relief for ESPs given the known heightened risk they pose.

Cheers

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PC

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com

EROAD
Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 **TOLL FREE** 0800 4 EROAD
www.eroad.co.nz - Twitter - LinkedIn

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Grace McKibbin

Out of Scope

From: Peter Carr
Sent: Friday, March 1, 2024 10:45 AM
To: Carolina Durrant ; James McDevitt ; Matthew Skinner
Cc: Bryan Talbot
Subject: Bringing Light EVs and PHEVs onto RUC

Kia ora koutou

I've been reading with interest the advice to the government from December last year. Nice work.

TL;DR:

I'd like to talk with you about evaluating the onboarding of LEVs and PHEVs and what you might want/hope to hear about from EROAD.

Looking back

Just some context, though, as there was a bit of a gap in your data and analysis, from an EROAD perspective, anyway:

s 9(2)(b)(ii)

No guarantees that any or all of these customers and vehicles may take up our (e)RUC services, but fyi since we are a direct communication channel to these orgs and we are receiving a lot of queries. We may end up seeing other vehicles added to what we (ironically) call our 'virtual fleet', i.e. vehicles put in our system to manage RUC and rego monitoring, but without having an e-box installed.

The Post Shop transaction volumes were interesting to see. In terms of our volumes, by way of comparison, we processed:

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- 1.38 million RUC transactions last year, which is not unusual
    - average of 40.6% of **all** transactions, **all** weights, per month

- including 343,000 light vehicle RUC transactions, which I think is something that you probably weren't aware of, not front of mind, certainly, when you think of us:
    - average of 20.4% of all LV RUC transactions per month
    - something like one license per vehicle per month of two units of RUC at a time
    - more than the entire Post Shop network, just with our services for LVs.

Those volume shares may be slightly exaggerated because of the wobbles experienced last year with the discounts going and coming and going, and the hike in admin fees, but the nominal counts are pretty consistent with long-run trends.

Looking forward

At his point, we don't really know how things will play out from 1 April. We've done our system testing et al and are confident about the operational side, but don't have a feel for the likely market response. This could be great for us, or a total fizzer, but either outcome should be of interest to you given our weight in this system.

As such, I wonder what your evaluation plans are, if any, and how you might want to involve us in them? Given the stated intent to move everyone onto RUC at some point over the next however many years, there's going to be a need for lessons learned.

Data gathering has a cost, even if 'only' time, so it would be good to know ahead of time what sorts of questions you might want answered so we can assess if we are placed to capture the right data and/or generate answers, whether in real time or later on down the path. I'd love to have a talk about this some time over the next month, earlier rather than later given we might need to have internal discussions about what we can support

Cheers

PC

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com

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EROAD
Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 **TOLL FREE** 0800 4 EROAD
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Grace McKibbin

Out of Scope

[redacted]

From: Peter Carr
Sent: Thursday, May 23, 2024 12:38 PM
To: Matthew Skinner
Subject: Fwd: DON'T MISS OUT - Register for the IBTTA Finance and Road Usage Charging Summit - June 9-11 - Baltimore, MD

Hi Matt

Under the circumstances, this could be v good one for you. If you can go, I can make some virtual introductions for you.

Alas, I'll be staying here. 😞

Cheers

PC

Get Outlook for Android

From: Mark Muriello <mmuriello@ibtta.org>
Sent: Thursday, May 23, 2024 9:28:06 am
To: Mark Muriello <mmuriello@ibtta.org>
Cc: s 9(2)(a) [redacted]
Subject: DON'T MISS OUT - Register for the IBTTA Finance and Road Usage Charging Summit - June 9-11 - Baltimore, MD

EROAD: Pause, think, act: This email originated from outside the organisation. If it looks suspicious, check the sender's address and hover over any link before acting. If in doubt, use the report button

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If you haven't registered already, don't miss out on this year's IBTTA Finance and Road Usage Charging (RUC) Summit in Baltimore, MD from June 9-11. It is the best opportunity for industry professionals to discuss and learn about finance, policy, and new transportation revenue opportunities. To register and learn more about the program visit: www.ibtta.org/baltimore.

This year's program offers a combination of General Sessions and Breakout Tracks on Finance and Road Usage Charging. You'll find opportunities to dig into big infrastructure project delivery, alternative finance, toll revenue assurance, data and analytics applications, risk management, best financial management practices, and much more. The RUC breakout track offers a fresh look into new technology trends, implementation hurdles, RUC program enrollment growth, vehicle telematics, institutional roles, and procurement and vendor engagement strategies. The Summit will be highly interactive, encouraging discussion with all in attendance. So come prepared to join the conversation. Also get ready for lots of time for networking and fun activities with old and new friends.

Highlights you won't want to miss:

What History Can Teach Us About the Future of Big Infrastructure Project Delivery will be a fascinating conversation about how the history of US transportation financial and fiscal policy shaped the American highway system and how communications played into the delivery of Boston's Big Dig Central Artery project. This thoughtful look back will point forward to how to be successful in delivering big infrastructure projects in the future.

Hurdles for RUC Program Delivery will move the conversation to the challenges that have not yet been well addressed -- cost of collection and administration, out-of-state mileage reporting, interoperability, enforcement and compliance, privacy, and equity. This discussion with leading experts will shape our industry's objectives for the upcoming national VMT-fee pilot and reauthorization of the federal program.

RUC Procurement Workshop will be the first-ever session focused exclusively on strategies and approaches for effective procurement and vendor engagement for distance-based road charging programs. We're aiming for outcomes on attracting best-in-class teams, competitive bids, and solutions that are scalable, interoperable, and flexible to changing technology and business innovation.

Toll Revenue Assurance Using Data and Analytics will show how data from operations, systems, and business processes can advance revenue assurance and collection effectiveness. We'll also explore the analytics that are addressing risks and mitigating the negative consequences of today's cashless toll operations.

The Summit is planned with a variety of partners organizations who share an interest in moving solutions forward. You can count on in-depth conversations on a broad variety of finance and policy topics, with fresh perspectives and viewpoints. Register today at: www.ibtta.org/baltimore. Don't miss the chance to be a part of this blockbuster event.

Kind Regards,
Mark

Mark F. Muriello
Director of Policy & Government Affairs

Mobile: 201-249-3982
Email: mmuriello@ibtta.org

www.ibtta.org

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Suite 625
Washington, DC 20005

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Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Tuesday, March 26, 2024 9:32 AM
To: Audrey Sonerson <A.Sonerson@transport.govt.nz>
Subject: Meeting request CEO EROAD limited

Kia ora Audrey

I am writing on behalf of Mark Heine, CEO of EROAD Ltd.

Mark will be in Wellington on 11 April 2024 for a meeting with Hon Brown at 10am and was hoping to be able to catch up with you and/or your relevant managers separately to this for introductions.

Mark is also currently seeking meetings with other Party transport and infrastructure spokespersons, so perhaps a time during Parliamentary Question time might be suitable (2-3.30pm), or perhaps for half an hour at 9am that morning?

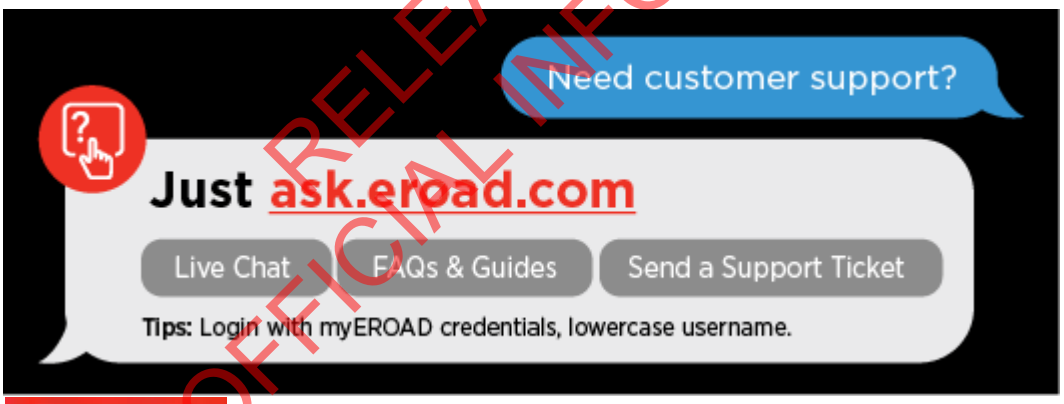
I have attached the note we provided Hon Brown's office for our meeting with him, for some background on EROAD.

Thank you for your consideration. I look forward to your reply.

Naku noa, na

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com



EROAD
Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 **TOLL FREE** 0800 4 EROAD
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19 March 2024

Meeting between Hon Simeon Brown, Minister of Transport, and Mark Heine, CEO EROAD Ltd

Meeting date: Thursday, 11 April 2024, 10.00am-10.30am
EROAD attendees: Mark Heine (CEO), Peter Carr (Director Regulatory)

Proposed agenda

1. Introductions (All)
2. Brief introduction to EROAD (Mark)
3. Overview of how we think EROAD can help the Government (Mark)
4. Minister's questions and open discussion (All)

EROAD representatives

Mark Heine, Co-Chief Executive Officer

Mark began his tenure as CEO in June 2022. Mark joined EROAD in 2015 after establishing himself as a highly regarded lawyer in New Zealand and Australia.

Mark has experience across a range of legal areas including corporate, commercial, mergers and acquisitions, litigation, privacy, intellectual property, and antitrust.

Direct line: +64 27 9732106

Peter Carr, Director Regulatory

Peter joined EROAD in 2018 after a 22-year career in the New Zealand Public Service.

Peter is experienced in matters of road funding and revenue policy and practice, from his time in the Ministry of Transport, as an instructor on the topics with the International Road Federation, and his involvement with EROAD's eRUC services and overseas RUC pilots.

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About EROAD

In 2023:

- **We facilitated 40% of all RUC transactions in NZ**: 1.38 million individual RUC transactions, both electronic and paper.
- **The value of these transactions to the Government was $725 million**, up from $18 million in our first full year of operation (2010).
- **We have collected a total of $5.67 billion in RUC** over the last 14 years **at no cost to government.**

EROAD is a fully integrated technology, tolling and services provider, based in Auckland, New Zealand. EROAD is listed on the New Zealand Stock Exchange (NZX) and Australian Stock Exchange (ASX) under the stock symbol of ERD.

We were the first company in the world to implement a GNSS/cellular-based road charging solution across an entire country. We design and manufacture in-vehicle hardware, operate secure payment and merchant gateways and offer web-based value-added services.

EROAD modernises road charging and compliance for road transport by replacing paper-based systems with easy-to-use electronic systems. We are the largest provider of road user charges (RUC) compliance in New Zealand, and a leading provider of health and safety compliance and fleet management solutions. Today we support over 123,000 connected vehicles in New Zealand, and an additional 127,000 vehicles across Australia and North America.

Our technology was funded solely through private capital. Unlike counter agents EROAD and other eRUC providers meet the full cost to deliver RUC services without payment from the Government.

s 9(2)(b)(ii)

From its inception, eRUC has recognised and been designed to manage privacy concerns surrounding location data and the wide range of other personal and commercially sensitive information we gather for and from our customers. At EROAD we recognise that the general public's privacy concerns are, in some ways, the opposite of those of commercial enterprises. Nonetheless, we have extensive experience and a strong track record of high performance in assuring the security and privacy of data and its responsible use.

We have global experience. We have leveraged our RUC services to introduce electronic Weight Mile tax service in Oregon, USA, and to support heavy vehicle RUC trials in South Australia, as part of the Australian national RUC pilot, in California, and in support of

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multiple phases of the Eastern Transport Coalition multi-state RUC pilot along the eastern seaboard of the US.

There are many examples of other significant benefits that result from our technologies:

- **eRUC is saving the economy at least $6.6m per annum** (in 2020 terms) in administration dead-weight costs, an estimated saving of 23.8%.
- EROAD's technology has helped make New Zealand's roads safer. The reductions in excessive speeding alone are worth an estimated **$13 million per annum to New Zealand in avoided road harm and trauma**.
- EROAD customers report meaningful savings in fuel costs derived from adopting telematics, through reduced idling, better vehicle tasking, and even right-sizing their fleets.

How we think EROAD can help

We know where the current controls on eRUC stand in the way of cost effective light vehicle solutions

Current eRUC requirements were designed with the operational demands and revenue risks of the heavy commercial sector in mind. The light fleet poses different risks and, historically, successive governments have been comfortable tolerating greater risk from both the petrol and non-petrol light fleets. An affordable eRUC solution is likely possible by adopting more permissive controls on eRUC systems for private light passenger vehicles.

We know many areas where there is still public value to be gained from further evolving eRUC

In many ways, the current controls attempt to mimic the paper-based system rather than fully utilise the capabilities of an electronic system. Requirements to carry and display licences are the clearest example, as everything already exists for compliance and enforcement to happen without relying on a visible token.

We know what GNSS/GPS is capable of and how to work with it

GNSS (GPS) is a very mature technology that we understand well. Our direct collaboration with our customers has allowed us to realise holistic solutions that deliver industry-leading health and safety and sustainability outcomes on top of the efficiency improvements it has enabled with regulatory systems like electronic logbooks and eRUC.

Our customers already use GNSS-enabled tools like geo-fencing with a precision and fidelity that well demonstrates the technology's ability to deliver time and location-based charging with a finesse and scalability not available to traditional e-tolling systems.

We know we don't have 'the' answer

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eRUC and other road tax systems around the world have a common logic at their core but vary in their specific designs. Our involvement in overseas RUC pilots, along with our familiarity with charging schemes in the United Kingdom, Europe and Singapore, has revealed time and again both 'what works' in general, and that the specific solutions need to be tailored to fit the context.

We recognise that we have been fit into a box – eRUC for heavy commercial vehicles. We have not been invited to engage in road pricing or even light vehicle RUC discussions. For example, we already provide electronic systems for 60,000 light commercial vehicles, with another 10,000 in our system using our service module; last year we serviced over 340,000 RUC transactions, or 20% of all light vehicle RUC. This omission concerns us because it suggests a lack of longer-term vision guiding previous road pricing discussions, and a lack of awareness of our demonstrated capabilities.

We can see the appeal of using existing tolling capabilities for short-term or small-scale pricing experiments. But these systems are not scalable. They are expensive to install and operate, especially in locations of limited daily traffic flows (under 20,000 vehicles per day). Globally, governments have shown greater willingness to open these issues to greater private sector involvement and competition. eRUC type systems lend themselves to this far more than traditional tolling approaches.

We would welcome the opportunity to contribute to thinking about more cost-effective medium to long-term solutions which provide the Government with greater optionality around the outcomes it might pursue.

The potential challenges to navigate

Updating the revenue system will require many questions to be answered:

- How to really allow the private sector to assist in delivery
- How to avoid sub-optimal public investment and ensure optionality and futureproofing
- How best to minimise the impact of the transition from Fuel Excise to RUC
- How to ensure a RUC regime is as equitable as possible
- How to ensure compliance and revenue collection is as seamless as possible
- How to take the public along on the journey and assuage their concerns over cost, equity and privacy.

We are keen to understand what you want to solve for, what the bottom-line requirements are and why, and what your risk tolerances are.

END

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Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Wednesday, 1 May 2024 8:38 am
To: liz.maguire@nzta.govt.nz; john.freeman@nzta.govt.nz; Matthew Skinner; James McDevitt
Subject: EROAD letter to Hon Brown re simple reg's changes
Attachments: 2024-04-29 Letter to Hon Simeon Brown re RUC Regs proposals.pdf

Kia ora koutou

Please find attached a copy of the letter from Mark Heine to Hon Brown, further to our meeting with him of three weeks ago.

Just to confirm, we are doing up a short paper on doing time and location variable charging using existing systems and would like to run the draft past you all, probably mid May, maybe a little later.

Cheers, and thanks again for your time.

PC

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com

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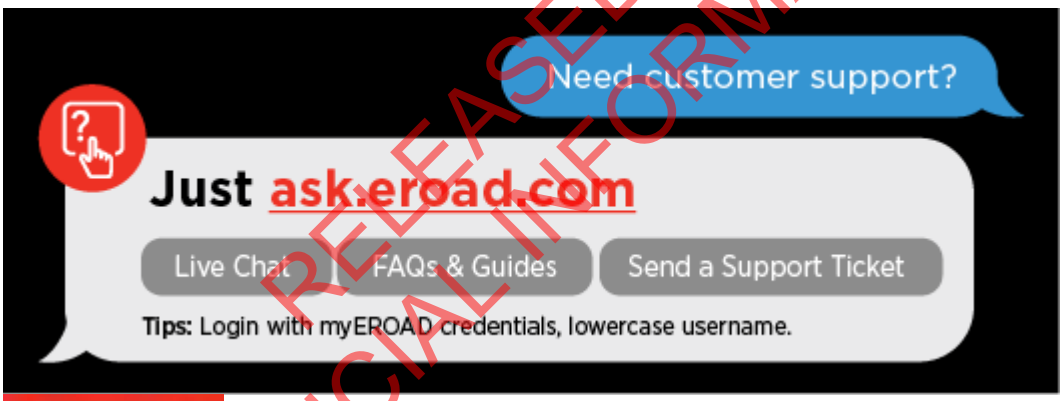

EROAD
Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 **TOLL FREE** 0800 4 EROAD
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29 April 2024

Hon Simeon Brown
Minister of Transport
c/o S.Brown@ministers.govt.nz

Dear Minister

RUC Regulatory Amendments

Thank you again for taking the time to meet with Susan Paterson, Peter Carr, and myself last week.

Further to your invitation, appended to this letter are our suggestions for possible quick amendments to the Road User Charges Regulations 2012, for your consideration. There are only two:

- Amending regulation 15A of the to clarify that a light RUC vehicles with an approved electronic distance recorder or display can, in effect, be normally inward facing.
- Amending regulation 16 to explicitly provide for means of electronic display not physically tethered to an electronic distance recorder.

We appreciate the opportunity to have these considered for possible early amendment while other work gets up to speed.

I would also like to take this opportunity to update you on another matter that was raised during our various meetings with government stakeholders while in Wellington.

Specifically, we were challenged by the Infrastructure Commission to develop a methodology for implementing time and location-based road pricing using existing capabilities and legislative provisions. This can be achieved with EROAD's existing technology today. Where further development would be needed is the design of the business rules, in developing the methods for processing the data into invoices and statements, and in drafting the regulatory enablement.

I would be happy to provide the model we come up with for your consideration and use, whether as a strawman for discussions or the presumptive basis for moving to trials of some description. Please let me know if this would be of interest to you. In the meantime, we will continue to refine the information we outlined for you on achievable cost reductions in the equipment and systems needed to underpin mass application of eRUC/GNSS-based pricing systems.

Thank you again,

Mark Heine
Co-Chief Executive
EROAD Ltd
mark.heine@eroad.com
+64 (0)27 973 2106

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Appendix 1: Regulation 15A When licence may be carried but not displayed

Current state

The Road User Charges (RUC) Act 2012 requires that RUC licences be in the form provided for by, and carried and displayed in accordance with, regulations (sections 9, 19 and 21 refer). The Road User Charges Regulations 2012 set out the specific requirements. In particular, regulation 15A (r15A) states:

> **15A When licence may be carried but not displayed**
>
> (1) This regulation applies in relation to a distance licence or an additional licence for a heavy RUC vehicle.
>
> (2) The licence is not required to be displayed in accordance with regulations 12 to 15 if the licence, in printed or electronic format, is—
>
> (a) carried in the vehicle; and
>
> (b) able to be produced in accordance with section 21 of the Act.
>
> Regulation 15A: inserted, on 19 January 2015, by regulation 5 of the Road User Charges Amendment Regulations (No 2) 2014 (LI 2014/376).

In 2017, EROAD received permission from the New Zealand Transport Agency (NZTA) to use our Ehubo1 and Ehubo2 devices in light RUC vehicles, not as the official distance recorder, but as the means of purchasing, receiving and displaying RUC licences. The Ehubo1 is mounted in an outward facing position. The Ehubo2, however, has an interactive screen and supports a range of driver-aides, including speed monitoring and driver coaching functions. These require that the device be mounted with the screen facing inwards, towards the driver.

At the time this permission was given, the Ministry of Transport and NZTA also agreed that there was sufficient ambiguity in the wording of r15A that the use of an inward-facing Ehubo2 to display a light RUC vehicle's licence was acceptable. It was also noted that this approach was consistent with the Government's original policy intent.

However, in 2021, the Ministry reverted to a more conservative interpretation of r15A, which in turn required the NZTA to follow suit. Their position has since been that the issue needs to be resolved through an explicit amendment, which was originally expected for 2022/23 but is yet to be made.

Problem statement

The revised position on the eligibility of light vehicles to access the allowance under regulation 15A places existing customers, who adopted the inward-facing Ehubo2 system in good faith, at risk of fines or prosecution. This creates the risk of substantively compliant individuals or organizations being subject to fines or prosecution for what is, at most, a minor matter of form.

The threat of fines or prosecution has become a disincentive to new or additional customers taking on the Ehubo2, whether for eRUC alone or, sometimes, at all. This actively impedes extending eRUC and safety enhancing telematics-based systems across some of the busiest segments of the light vehicle fleet.

Proposal

We propose that r15A be amended to allow light RUC vehicles to carry and not display their RUC licences, but be able to produce said licences on demand.

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We suggest that the regulation might be amended to read along the following lines:

15A When a licence may be carried and not displayed

(1) This regulation applies in relation to –
  (a) a distance licence or an additional licence for a heavy vehicle, in printed or electronic format
  (b) a distance licence or additional licence for a light vehicle, in electronic format

(2) The licence is not required to be displayed in accordance with regulations 12 to 15 if the licence is –
  (a) carried in the vehicle; and
  (b) able to be produced in accordance with section 21 of the Act.

Discussion

Operational context and benefits

RUC enforcement requires an enforcement officer to be able to view both the licence and the current reading shown on the vehicle's odometer. With light vehicles, odometers are usually small, often not illuminated when the vehicle is not under power, and visible only from the driver's side of the vehicle. The licence, while designed to be clear and easy to read, is usually mounted on the opposite side of the vehicle, the lower left-hand corner of the windscreen.

Consequently, performing a RUC licence check requires that the vehicle be occupied, and that the enforcement officer go stand on the driver's side, often close to the flow of traffic. An officer may need to lean into the vehicle to get a clear view of the odometer, which can require that the driver exit the vehicle and move around to the left-hand side, to keep them safe from traffic and so that the officer is not made vulnerable to assault.

Consequently, because of the practical safety risks, the RUC status of light RUC vehicles is almost never checked. As such, there are no meaningful negative enforcement implications from allowing the licence to be carried without being outwardly displayed.

Carriage without display is already allowed with heavy vehicles. Given the height of such vehicles, and with the relatively high probability of a hubodometer mounted on the pavement-side wheel, being able to hand the licence and other transport documents out of the cab to an officer is the most practical means of supporting a safe RUC check.

Similarly, the Ehubo2, which shows both the current RUC licence and the current distance travelled[1], has a long cable that allows it to be slipped from its mounting and handed out of the heavy vehicle to an enforcement officer for viewing, alleviating some of the safety risk. In a light vehicle, the size and clarity of the Ehubo2 makes the same information easily visible to an enforcement officer standing outside the vehicle.

Strategic benefits

Telematics users are after multi-function platforms, not multiple single-use devices. The dedicated RUC licence display is an aberration that requires users and suppliers to deviate from the overall direction of travel that digital technologies are on. As a bespoke solution for a New Zealand problem, it has limited to no exportable value and can be seen as a regrettable investment. Clearly allowing inward facing display options will lower a current barrier to entry for new products and suppliers.

[1] For a light RUC vehicle, the odometer remains the official distance recorder. However, an 'odo sync' function allows the Ehubo to be taught to count distance the same way as the host vehicle's odometer so that RUC licences are purchased at the right time for that vehicle.

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We also understand that the NZTA will be launching a consumer app over the course of this year. The ability for vehicles owners to purchase, carry and display RUC licences via the app would add significantly to its utility. This would not be in direct competition with eRUC providers as the drivers of telematics uptake are fleet management complexity, claiming back off-road travel, and managing safety and productivity constraints.

Other remarks

We do not suggest extending the application of regulation 15A across printed licences for light RUC vehicles at this time.

- The RUC Act 2012 still largely presumes the existence of a windscreen-mounted printed licence. There may be unforeseen implications from stepping completely away from the regime ahead of the NZTA consumer app providing a proven replacement for the printed licence.

- From a practical point of view, the light vehicle printed licence already comes with a windscreen-mounted slip to insert it into. Having it free in the vehicle's glovebox or sunglasses compartment, for example, when the handy slip medium already exists, just unnecessarily provides greater opportunity for the licence to get damaged or lost. As such, extending the provision to paper licences does not solve a problem and potentially creates a new one.

Clarifying that display devices, where inward facing, can still be used to receive and display RUC licences removes an existing risk, it does not create a new one. Also, in terms of managing any transitional risks, electronic displays must interface with the NZTA's systems in order to receive the relevant licence details. This allows the NZTA to set and monitor minimum standards for data security, audit the education information given to users to support the appropriate use of these devices, and to require measures to assure the authenticity of devices and the electronic labels they present.

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Appendix 2: Regulation 16, Requirements for electronic distance recorders

Current state

The RUC Act 2012 provides a broad and enabling definition of an electronic distance recorder and delegate the power to more precisely define requirements to regulations (sections 5, 8, 43, and 89 refer). Regulation 16 (r16) of the RUC Regulations 2012 provides the more detailed requirements:

16 Requirements for electronic distance recorders

(1) An electronic distance recorder must—

(a) use internal and external sensors to accurately—

(i) measure the amount of distance travelled by the RUC vehicle; and

(ii) record the location of the distance travelled by the RUC vehicle:

(b) have 1 or more display panels that show the distance licence for the vehicle and the amount of distance travelled by the RUC vehicle:

(c) be capable of electronically transferring to the server of the electronic system provider information relating to—

(i) the amount of distance travelled by the RUC vehicle; and

(ii) the location of the distance travelled by the RUC vehicle.

(2) An electronic distance recorder fitted to a RUC vehicle must be fitted by a representative of the electronic system provider that provides the electronic distance recorder for the vehicle.

(3) An electronic distance recorder may be repaired only by a representative of the electronic system provider that provides the electronic distance recorder for the vehicle.

The current interpretation of r16(1)(b) is narrower than was originally intended. Where the word 'have' has a broad range of meanings, including 'to own, use or hold something, be it tangible or intangible', and 'to possess, own, hold for use, contain, or accept in some relation', the word as applied to electronic distance recorders has been applied to mean as being physically part of or physically connected to the other thing that 'has' it.

Problem statement

The narrow of definition of 'have' stands in the way electronic distance recorders taking advantage of screen-equipped devices already present in vehicles or with drivers, including dashboard displays, and smart devices. This imposes additional costs on both the electronic system providers that develop and/or source electronic distance recorders, and on users who ultimately meet the costs of operating these duplicative systems.

Proposal

We propose that regulation part 16(1)(b) be amended to explicitly recognise a range of methods by which an electronic distance recorder may 'have' a display, in order to clearly expand the expected interpretation of 'have' to match the full range of meaning. We suggest that the regulation part might be amended to read along the following lines:

(b) have 1 or more display panels that:

(i) on demand, show the distance licence for the vehicle and the amount of distance travelled by the RUC vehicle; and

(ii) form integral parts of the electronic distance recorder; or

(iii) are housed, mounted or carried separately from and are physically or wirelessly connected to the electronic distance recorder; or

(iv) are housed, mounted or carried separate from the electronic distance recorder and receive the required information from the electronic system provider.

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Discussion

Operational context and benefits

Additional screens and cables are both a hazard and an additional cost. Liberating the electronic distance recorder from the requirement to have an in-built or otherwise dedicated and physically connected display will support the removal of duplicate investment and the reduction of in-cab clutter.

The substantive requirement is in part (b)(i), that the display be able to produce images of the current distance reading and RUC licence(s). So long as that performance expectation is delivered, the use of one or more of the subsequent three methods should come down to consumer choice, reflecting their own operational circumstances.

Examples of the three categories suggested are:

- Current electronic distance recorders, like the Ehubo1 and Ehubo2, come with a single integral display.
- Our new device, the CoreHub in-cab, is currently designed to use a separate display that is both cable and wirelessly connected. The cable supplies the power, while the data is sent via an encrypted Bluetooth connection. Longer term, the intention is to have it transmit data to the driver's own tablet or other smart device. Similarly, the device could push the data to any displays built in to or on the vehicle dashboard.
- A person with an internet enabled device, and login credentials, can access their MyEROAD account and call up the current odometer reading for their vehicle and the proof of purchase for their current licence. This includes a photo realistic representation of the licence label. Similarly, an app could be placed on the vehicle's own display with which to pull down the relevant data.

Strategic benefits

The principal long-run benefit is a reduction in the equipment cost of adopting telematics systems and eRUC services. This should encourage further uptake on the margins, allowing that uptake by heavy commercial fleets is already strong. However, light fleets have barely been touched and this will provide some encouragement for the light fleet to continue its move towards eRUC ahead of any future mandate.

We are aware, from the discussions NZTA facilitated when it last reviewed the eRUC Code of Practice in 2021, that this direction of change is also sought after by other current eRUC ESPs. In addition, it would bring New Zealand standards into conformance with the direction these technologies are evolving along in overseas markets. Any expansion of the eRUC market in New Zealand is likely to support an expansion in the number of suppliers, and this change will lower the bar to entry and help ensure ongoing competition and innovation.

Other remarks

We would also like to note that, as part of longer-term reform work, we would like to have a discussion about more outcome-oriented wordings for sub-sections (1)(a), (2), and (3) of this regulation.

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Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Monday, 17 June 2024 2:51 pm
To: Audrey Sonerson; Matthew Skinner
Cc: James McDevitt; Isaac Trienen
Subject: Information on how eRUC capabilities can deliver lower cost tolling and time-of-use charging
Attachments: 2024-06-17 Funding reform - Cover note - Adapting eRUC to Time-of-use charging.pdf; 2024-06-17 Funding reform - Discussion document - Adapting eRUC to time-of-use charging.pdf

Dear Audrey

Thank you again for meeting with EROAD's CEO and Board Chair, Mark Heine and Susan Paterson, back in April.

Please find attached a paper on how existing eRUC capabilities could support testing and/or a phased implementation of time-of-use charging. We wrote this on the invitation of Ross Copland of the Infrastructure Commission, and have just provided him with them.

As a courtesy, we have provided copies to the Minister of Transport and the NZTA.

We would be very happy to answer any further questions this might raise for you or your colleagues.

Yous sincerely,

Peter Carr

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com

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EROAD
Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 **TOLL FREE** 0800 4 EROAD
www.eroad.co.nz - Twitter - LinkedIn

Modernising the collection of road taxes and charges

The problems with land transport funding

In its draft Government Policy Statement on land transport 2024-2034, the New Zealand Government has announced a programme of work to reform how New Zealand's roads are paid for. This programme responds to three critical issues:

- **There is a nation-wide infrastructure deficit.** Successive governments have acknowledged the historic under-investment in both urban and inter-regional corridors. However, the pay-as-you-go approach, relying on petrol taxes and road user charges, cannot fund the catch-up on its own. Many also consider it is less fair for people in one part of the country to pay for assets they will never use in another.
- **There is little room left for new urban roads.** Congestion is a long-acknowledged issue in Auckland, and is being recognised as such in more and more metro areas across the country. There simply is not the free space to build more, bigger roads. Even if there was room, global experience shows that a country cannot build its way out of congestion.
- **Petrol taxes are unsustainable.** In 2014 the Ministry of Transport modelled the impact on petrol tax revenues of growing vehicle fuel efficiency, including the uptake of electric vehicles. That study suggested that there would be a 15-year grace period before these factors would significantly erode revenue and amplify equity challenges.

Responding to these critical issues will require changes in how road use is taxed. Taxation is a sensitive topic. Issues of equity, affordability, and the purposes to which road tax revenues will be put, are all of great interest to the public. The public are also sensitive to the possibility of greater surveillance of their travel, whether by camera or tracking technology. Public confidence in the reforms is another critical issue in need of careful management.

eRUC offers a unique starting point

New Zealand has experience with modern free-flow tolling capabilities. These are efficient by international tolling-industry standards. They are technically able to take on both the tolling and congestion/time-of-use charging tasks. However, these systems present cost challenges. They are notoriously expensive to set up and to operate on a large scale, especially on as small a population base as New Zealand has.

New Zealand also already has a manual road user charges (RUC) system that can substitute for petrol taxes. Manual road user charges are seen as complex and onerous, and electronic RUC (eRUC), using GPS tracking technologies, has been developed and successfully deployed at scale to automate much of the RUC task for the payer.

eRUC is a proven way of reducing the cost and hassle of RUC. It also has everything needed to support tolling anywhere in the country and to deliver time-of-use charging.

Commentators are quick to note that no other country is using GPS-based technologies for tax purposes on a national scale. They correctly note that eRUC is optimised for enterprise fleets, and for heavy vehicles in commercial uses especially. The current cost of eRUC equipment and services, is seen as prohibitive when multiplied out across the whole of the national fleet.

While fair, these observations ignore the very real possibility of achieving **significant cost reductions in eRUC equipment – 90% or better if deployed at scale** – if policy allows a fit-for-purpose solution to be deployed across the private vehicle fleet.

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Moving forward from here

In 2010 EROAD gave New Zealand the world's first commercial eRUC service. Today, we support 60,000 heavy vehicles and another 60,000 light vehicles on New Zealand roads. We manage over 80% of all eRUC, which accounts for over 40% of all RUC revenues, or 20% of total road taxes. All at no cost to government, whether in fees or revenue losses.

More than in-vehicle devices, we supply a mature supporting system and customer-facing service. These have the ability to scale, and have done so in the past as eRUC and EROAD have grown in response to customer demand.

We are keen to partner with the Government and input our extensive experience with eRUC to the reform programme.

We can help in three ways:

- In the short term, working with the Government to demonstrate the ability of eRUC technologies to deliver road tolling and time-of-use charging
- Over the medium-term, working with the Government to define performance criteria for a low-cost eRUC solution that would be suitable for deployment at scale across the private light passenger vehicle fleet over the medium term.
- Over the course of the programme and beyond, supplying aggregated and anonymised journey data to profile existing road use and monitor the impacts of road pricing interventions on network performance and travel patterns.

The accompanying discussion paper *Time-of-use charging using current eRUC capabilities* suggests a pathway to getting started with demonstrating eRUC's ability to support time-of-use charging.

The strawman laid out in the paper may not be the only or the best way forward. However, we consider it viable and practical. Its purpose is to show that quick progress is possible as the technology and legislative frameworks are largely in place.

Significant progress has occurred with eRUC supporting technologies since the 2019 Auckland Congestion Question report and the 2021 Parliamentary inquiry. These improvements render obsolete much of the evidence relied on at those times. However, that evidence spoke to many of the key public concerns noted above. These concerns need to be honoured, both in general and in the design and deployment of any on-road trial.

The discussion paper lays out what we consider to be the relevant improvements in managing for these concerns, both to re-set the evidence base and, we hope, give the Government greater confidence that these concerns can be managed effectively and efficiently.

Contact

We welcome the opportunity to discuss these matters with you.

For more information or to set up a discussion, please email peter.carr@eroad.com.

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Attachment 2 "Time-of-use charging using current eRUC capabilities" has been refused in full under section 18(d) of the Act, and is available at the following link:
https://www.parliament.nz/resource/en-NZ/54SCTIN_EVI_0580baa4-9e7b-4bf6-6cf8-08dd1e07a2b1_TIN6970/a1524c6709da8cecdb2c836906538ed6a912f140

Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Thursday, 12 December 2024 10:56 am
To: Procurement Mailbox
Cc: s 9(2)(a)
Subject: EROAD response to RUC Retail Services - RFI
Attachments: EROAD RFI Response Form - Road User Charges Retail Services - 2024-12-12.pdf

c/o Karen McGuire

Kia ora

Please see attached our response. Let me know if you ned it in Word version and I can supply a copy in that format.

We are available all of next week to attend any follow up meeting to address further questions you may have.

Sincerely,

PC

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com

EROAD
Level 3, 260 Otetha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 **TOLL FREE** 0800 4 EROAD
www.eroad.co.nz - Twitter - LinkedIn

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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.

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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.	☐

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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

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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

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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.

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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.

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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)?**

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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)

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s 9(2)(b)(ii)

[redacted]

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s 9(2)(b)(ii)

[redacted]

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.

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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.

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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?

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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.

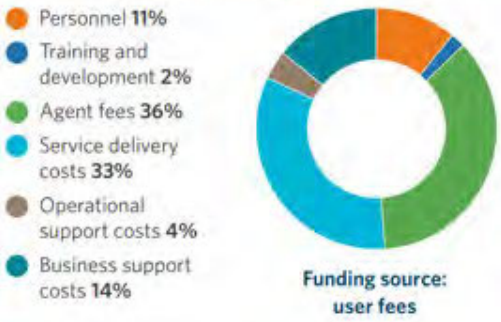
* Estimated at $22.5 million, made up of personnel, training, operational, business support, service delivery, and agent fees. NZTA (April 2022). *Updated Proposed changes to land transport regulatory fees, charges and funding*. Consultation document. New Zealand Government. https://www.nzta.govt.n /assets/regulatory/funding-and-fees/fees-and-funding-consultatio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

Composition of costs 2023/24 - 2025/26

Proposal 4: RUC transactions



** 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.

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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:

With a device

- At low volume (30,000 or less) per vehicle per month costs are around $9.56 which is **30%** to **61%** of the revenue collected
- At high volume (1,000,000 or more) – per vehicle per month costs are around $4.25 which is **13.5%** to **27%** of the revenue collected

Without a device

- At low volume (30,000 or less) per vehicle per month costs are around $6.36 which is **20%** to **41%** of the revenue collected
- At high volume (1,000,000 or more) – per vehicle per month costs are around $1.05 which is **3.3%** to **6.7%** of the revenue collected

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)

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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.**

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s 9(2)(b)(ii)

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[redacted]

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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.

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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?

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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.

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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?

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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 DI 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

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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

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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).

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Revenue security

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

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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)

[redacted]

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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.

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[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.

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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).

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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.

s 9(2)(a)

Signature: _____

Full name: Peter Tutehanga Carr _____

Title/position: Director Regulatory _____

Name of organisation: EROAD Ltd _____

Date: 12 December 2024 _____

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Grace McKibbin

From: Natalia Waiker
Sent: Wednesday, 16 April 2025 11:57 am
To: s 9(2)(a)
Subject: RE: EROAD | MOT meeting

Hi s 9(2)(a)

Yes - 21 May could work, Ruth has availability between 1.30pm and 5pm.
Happy to book a room and send an invite through, please confirm what time suits best and attendees.

Thanks
Natalia

From: s 9(2)(a)
Sent: Wednesday, 16 April 2025 11:38 am
To: Natalia Waiker <N.Waiker@transport.govt.nz>
Subject: RE: EROAD | MOT meeting

Hi Natalia,

How about Monday, 19 May or Wednesday, 21 May?

Regards,
s 9(2)(a)

s 9(2)(a)
Executive Assistant to Co-CEO and Board of Directors

EMAIL s 9(2)(a)
MOBILE s 9(2)(a)

EROAD
Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

TEL +64 9 927 4700 TOLL FREE 0800 4 EROAD
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From: Natalia Waiker <N.Waiker@transport.govt.nz>
Sent: Wednesday, 16 April 2025 10:20 am
To: s 9(2)(a)
Subject: RE: EROAD | MOT meeting

> You don't often get email from n.waiker@transport.govt.nz. Learn why this is important

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Hi s 9(2)(a)

Apologies, Ruth is actually away on a work trip in Canada that week!
Are there any options for the weeks following?

The Ministry of Transport Offices are: 3 Queens Wharf, Wellington Central, Wellington 6011

Thanks
Natalia

From: s 9(2)(a)
Sent: Wednesday, 16 April 2025 10:14 am
To: Natalia Waiker <N.Waiker@transport.govt.nz>
Subject: EROAD | MOT meeting

Hi Natalia,

Thanks for coming back so quickly. Here are some dates when Mark can travel down to Wellington mid-May to meet with Ruth:

- Monday 12 May
- Wednesday 14 May
- Thursday 15 May

Please let me know if any of these dates work for Ruth, and if you can share your physical address would be great.

Thanks so much

s 9(2)(a)
Executive Assistant to Co-CEO and Board of Directors

EMAIL s 9(2)(a)
MOBILE

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PO Box 305 394, Triton Plaza, North Shore 0757, Auckland, NZ

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From: Natalia Waiker <N.Waiker@transport.govt.nz>
Sent: Tuesday, 15 April 2025 12:19 pm
To: Mark Heine <mark.heine@eroad.com>
Cc: s 9(2)(a)
Subject: RE:

> You don't often get email from n.waiker@transport.govt.nz. Learn why this is important

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Hi Mark,

Thank you for your email. Ruth would be happy to catch up with you when you are next in Wellington. The calendar this month is quite full, but from mid-May if you had any time please let me know and we can look to find a time which suits both.

Thanks
Natalia

Natalia Waiker
Acting Executive Assistant to Acting CE Ruth Fairhall
Ministry of Transport | Te Manatū Waka
s 9(2)(a) | E: n.waiker@transport.govt.nz | transport.govt.nz

MINISTRY OF TRANSPORT
TE MANATŪ WAKA

From: Mark Heine <mark.heine@eroad.com>
Sent: Monday, 14 April 2025 2:31 pm
To: Ruth Fairhall <R.Fairhall@transport.govt.nz>
Cc: s 9(2)(a)
Subject:

Dear Ruth

Congratulations on your appointment as Acting Secretary and Chief Executive of the Ministry of Transport.

I have had the pleasure of meeting with Audrey and Peter Mersi, and hoping for the opportunity to meet with you too, in person if possible.

EROAD is the largest provider of fleet management and compliance software and services to the New Zealand heavy commercial fleet, as well as the country's leading exporter in that area. We support 120,000 connected vehicles across New Zealand, and as many again in the US and Australia. We support the operation of 60,000 heavy commercial trucks, buses, trailers and specialist machines across New Zealand. In 2024 we handled 3.5% of all road user charges transactions on behalf of the NZTA and collected over $913 in revenue for the government. We are about more than just electronic-RUC and support our customers with vehicle safety and maintenance, driver monitoring and coaching, and state-of-the-art fatigue management systems.

With the Government's interest in extending RUC and introducing time-of-use charging, and the uncertainty around the ongoing evolution of safety regulation, it is more important than ever that there is good communication between the private and public sectors so that the best information is available to decision-makers and unnecessary socks and costs are avoided.

I would be delighted to host you at our global headquarters in Albany, Auckland, and equally happy to travel to Wellington to meet with you.

Please feel free to suggest times.

Best regards
Mark

Mark Heine
Co-Chief Executive Officer

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EMAIL mark.heine@eroad.com
MOBILE 027 973 2106

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Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Wednesday, 11 June 2025 9:32 am
To: Anna Wilson-Farrell
Subject: Further to meeting with you (and Ruth) in May
Attachments: 2024-11-05 eRUC for NZ - through the lens of tax assurance.pdf

Kia ora Anna

It was great to meet you, and I know Mark appreciated the opportunity to meet with you and Ruth, too. I hope you're settling into the new role.

I just wanted to follow up with an offer to provide you and your team with a presentation or training on electronic Road User Charges. As an example, attached is a copy of a presentation I've done for the NZTA revenue assurance team in the past.

As a general observation, eRUC is both more complex and more advanced than people tend to realise, and the policy opportunities are wider than is, perhaps, credited, extending quite deeply into the commercial vehicle safety domain, for example.

There is no particular urgency to this, and no pressure, but I wanted to make the offer.

Cheers, and thanks again for the meeting.

PC

Peter Carr
Director, Regulatory Market Developmen ANZ

EMAIL peter.carr@eroad.com

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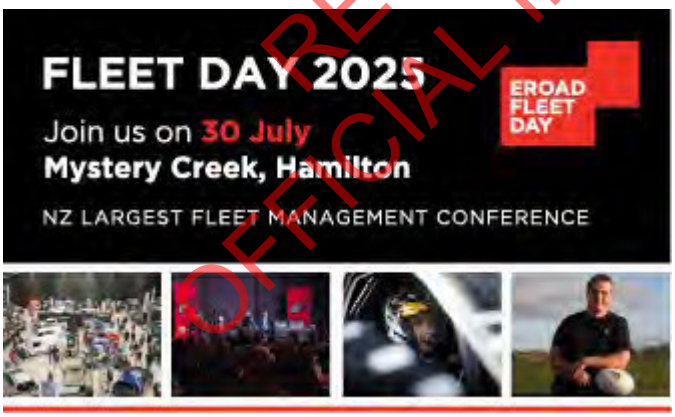

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Presentation to Waka Kotahi: Not for further distribution
Contains commercial in confidence information

eRUC for NZ

Through the lens of tax assurance

5 November 2024

Peter Carr

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Introduction

- No one asked for electronic Road User Charges – EROAD invented it (final field trials of production model 2007-2009)
- The developers worked closely with Waka Kotahi* over several years to come up with a 'fit-for-purpose' eRUC system
- eRUC went live in January 2010 (with McCarthy's), taking advantage of discretionary powers available to MOT under the RUC Act 1977
- The RUC Act 2012 did not create the eRUC regime, it formalized it
- eRUC has been a success. In the year to 30/09/2024, ESPs accounted for:
  - 45.2% of all RUC licenses issued
  - 46.5% of all RUC revenue collected
  - 24.5% of all RUC km purchased
  - Est. 54% of the total reduction in the economic cost of a RUC transaction since the 2008/09 independent review
    - 77% of the reduction in private side transaction cost
    - 35% of the reduction in public side administration cost

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eRUC is about tax assurance

- **Cost minimisation.** As a service provider, EROAD helps its customers comply at the lowest effective cost, and pay for only what they need to based on their actual operations/road use
- **Revenue assurance.** As a license-issuing agent of government, EROAD ensures the correct tax and fees are collected from the regulatees it serves, and are passed back, wholly and on time, to the government

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RUC problem: tax avoidance risk

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STRATEGY

Interlocking regimes	Create appearance of lesser liability
Comprehensive offences	Create absence of contradictory facts
Swift, authoritative processes	Create reasonable doubt
Nuanced, meaningful sanctions	
Unambiguous duties and liabilities	

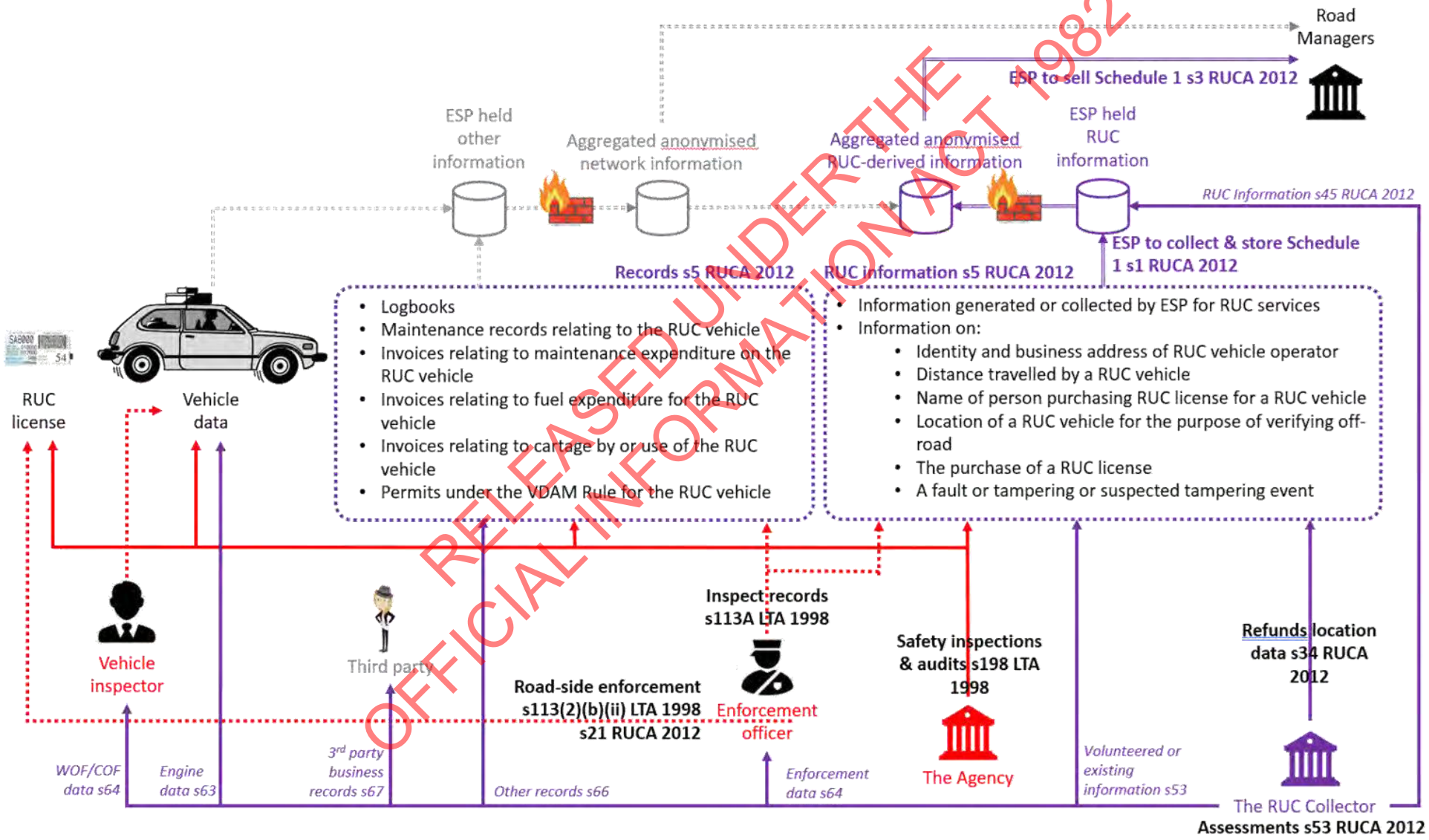
OPERATIONS

Record keeping requirements	Vehicle inspection requirements	Install kill switch(es)	'Off the record' jobs
Record access powers	Certified inspectors	Acquire extra distance meters	'Off the record' maintenance
Data matching powers	Certified installers	Back route journeys	Duplicate records
Random audits	Comprehensive registries	Exploit discretion to misstate facts	Lose records
Intelligence-led investigations			Create dissociations
Compliance stations			Create complexity

TACTICS

Statutory declarations	Swap distance meters
Road-side test	Wind back distance meter
Road-side checks	Interrupt distance meter
Quick checks at every touch-point	'Forget' license
Real-time registries access	Claim delay
Smart screening	Claim theft
Detention/redirection powers	Falsify license
'Infringement' powers	

RUC solution: Information



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The Golden Thread of RUC

Pre-requisite elements: policy design including scheme purpose, mandate, rate-setting methodology and process

8. Public information and education (8)

1. Vehicles	2. Distance meters	3. Distance records	4. Filing method	5. Processing	7. Reconciliation
Identify the subject vehicle and its owner/ lessee/ responsible person (1)	Generate distance travelled data for the period in question (2)	Access distance travelled data (3) to make and submit records		Assess liability (4) and issue invoice or quote (5)	Audit accounts Recover under-payment & refund/ rebate/ credit over-payment Remit funds (9)
				6. Payment Receive payment (6) and issue receipt (7)	

9. Assurance and enforcement (8)

Contextual elements: use of the funds raised, value for money, returns on investment of user funds

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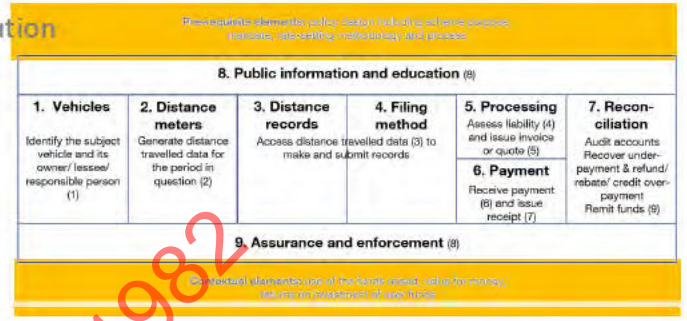

eRUC

eRUC was designed to emulate the traditional/paper-based RUC experience, yet significantly reduce the demand for manual effort and the opportunities for error and fraud

It leveraged the pain points around evidencing offroad claims and purchasing and distributing paper-licenses

eRUC is regulated via the RUC Act 2012, RUC Regulations 2012, the Code of Practice, Waka Kotahi operational policies, and Service Agreements between electronic system providers(ESPs) and Waka Kotahi

ESPs are agents of Waka Kotahi for the purpose of issuing RUC licenses and collecting funds (notified by Gazette)

Unlike other counter agents, ESPs are not paid by Waka Kotahi

ESPs deliver eRUC services because they make sense as part of a bundle of services that private parties are prepared to pay for

eRUC services (as currently conceived) are 'heavy' and are most suitable for commercial entities and fleets, not households

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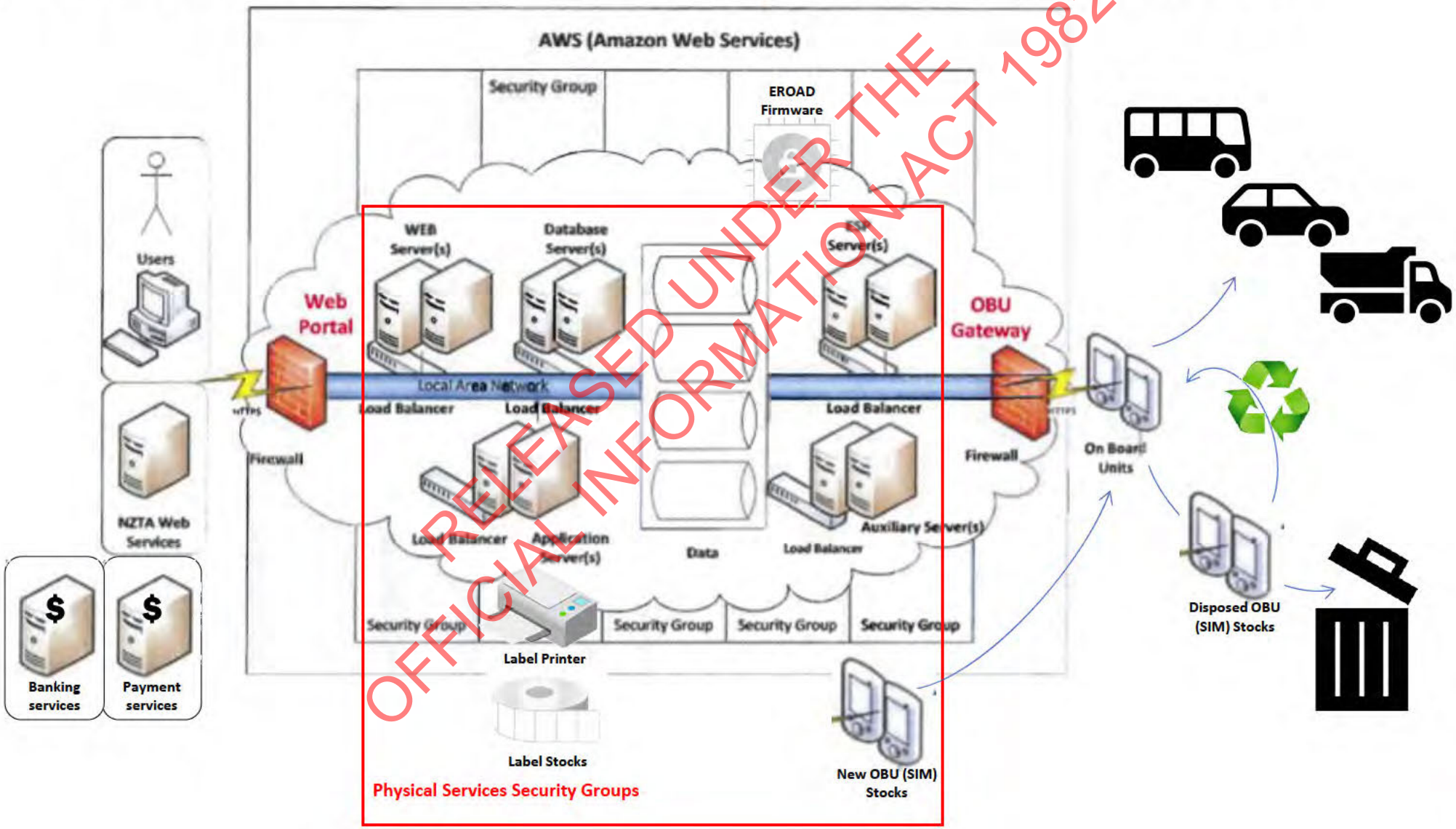
EROAD technical eRUC system elements



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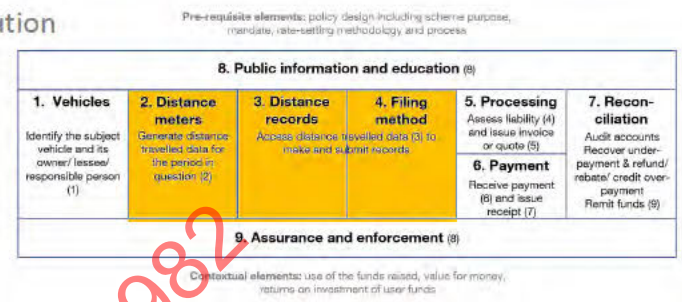

EDRs and systems

We provide an electronic distance recorder (EDR) (currently four models)

We are responsible for each EDR's:

- Compliant design and operation
- Proper installation
- Ongoing performance in the field:
  - Physical operation
  - Data quality, accuracy, timeliness and integrity
- Maintenance, recovery and replacement, refurbishment, and disposal
- All associated costs

We provide an electronic system

We are responsible for the system's:

- Compliant design and operation
- Availability and reliability, so far as we have control
  - Also rely on Waka Kotahi (LANData), Vodafone, banking services providers, Amazon Web Services
- Security (as designed and operated)
- Maintenance, modernization, recovery, and replacement
- All associated costs

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s 9(2)(b)(ii)

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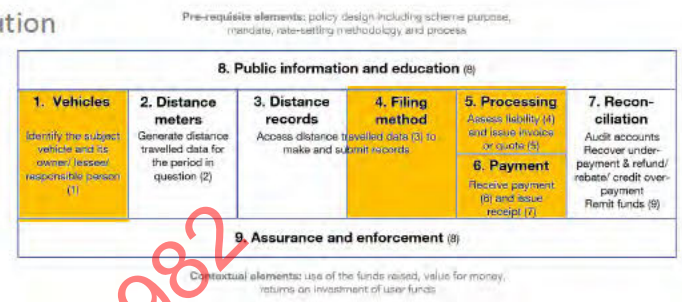

eRUC roles

We facilitate RUC transactions

We are responsible for:

- Providing a channel through to Waka Kotahi (who provide us with 60 terminals)
- Helping the customer input accurate vehicle I.D. information
- Creating accurate RUC distance and location information
- Issuing licenses and receipts
- Supplying to Waka Kotahi the expected tax and fee revenue via a dedicated, locked, account

Waka Kotahi:

- Is the single source of truth for vehicle RUC type, weight, and rates
- Receives the transaction request from EROAD and produces the initial quote
- Processes the accepted quote, and sends back the license and cost details for EROAD to send on to the regulatee / customer
- Clears the expected funds from EROAD's dedicated account after 3 working days

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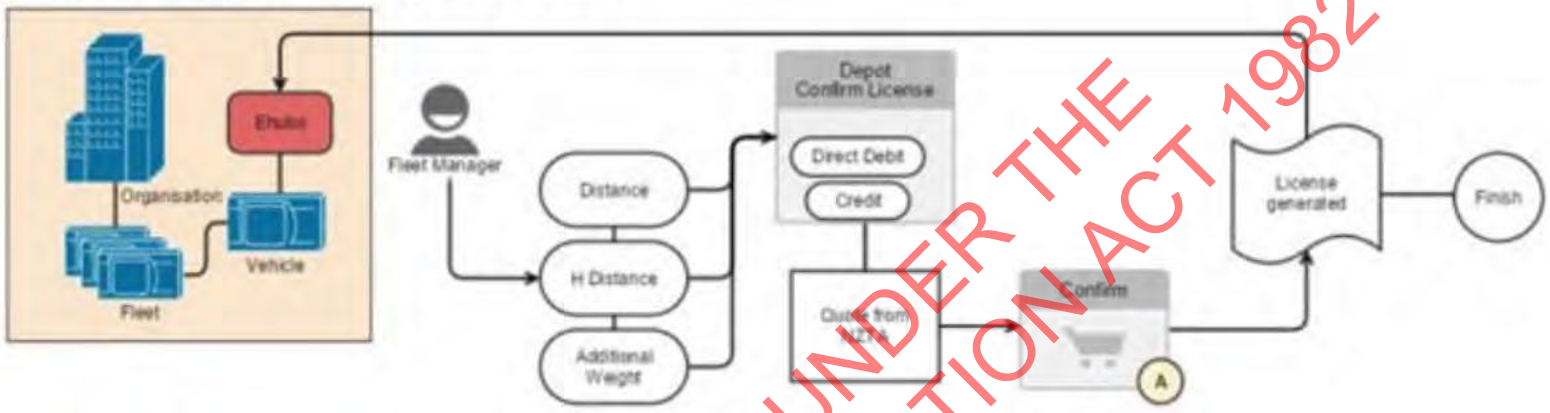
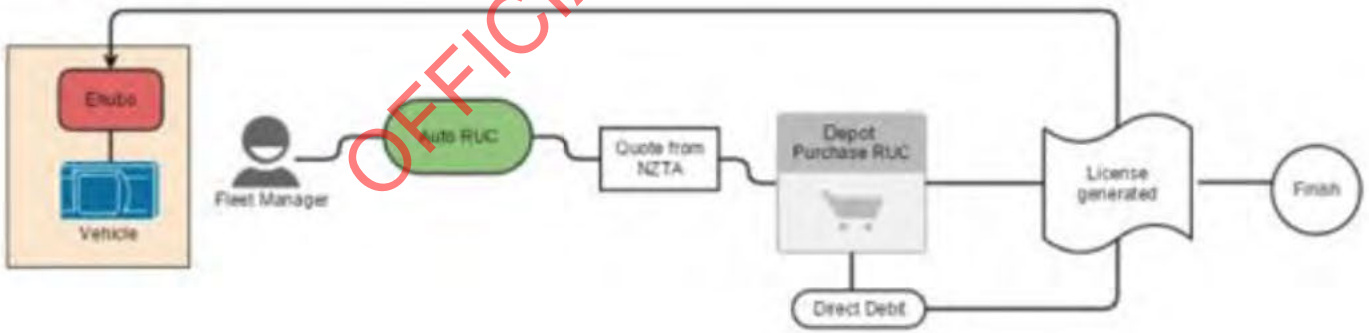
eRUC RUCLA flows



Credit Card processing

Auto RUC



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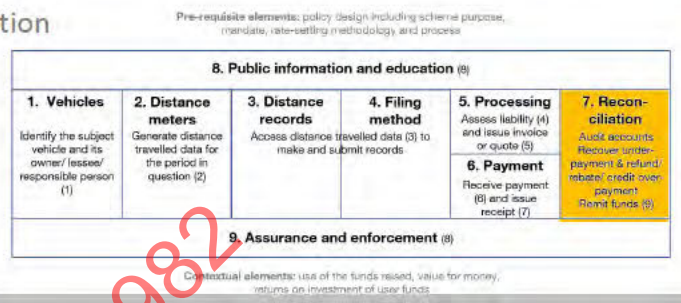

eRUC burden

ESPs carry the financial risk of RUC license transactions

ESPs are responsible for:

- Checking our weekly transaction records against those provided by Waka Kotahi
- Meeting the full amount due regardless of customer payment status
- Chasing and recovering RUC debt

s 9(2)(b)(ii)

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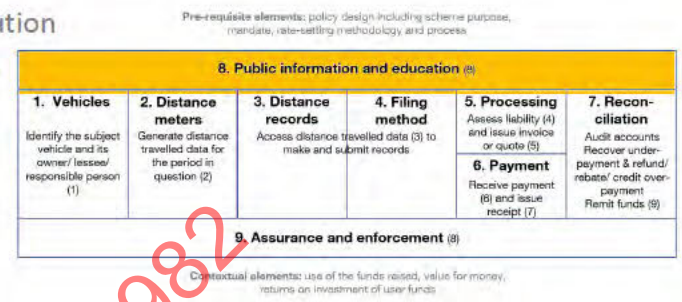

'Teaching' eRUC

We are responsible for taking reasonable steps to ensure our customers are able to use their equipment to maintain their vehicles in a RUC compliant state

We provide:

- User guides and set-up support
- FAQs and training videos https://help.eroad.com/nz
- 24/7 online help desk, and 7am-7pm weekdays 0800 phone lines
- Push messaging on priority issues
- Push messaging and mandatory declarations for Waka Kotahi (e.g. re the RUC discount 'rules')
- Assistance in understanding and meeting regulatory and enforcement requests for RUC information

We provide the Police with targeted instructional materials to support in-field / roadside enforcement

We meet quarterly and again as needed with Waka Kotahi to raise and address questions, issues, and opportunities

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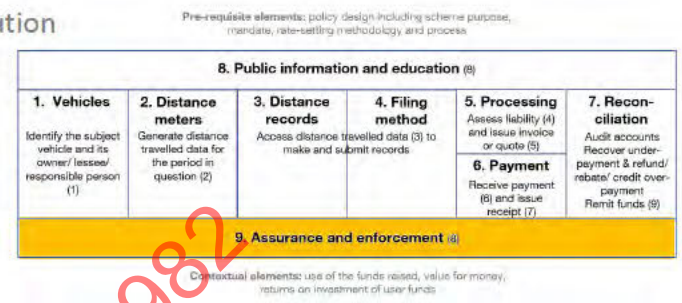

eRUC assurance

Faults: something is not working how it should

- May self-clear
- May need driver/operator intervention
- May need remote intervention
- May need an installer visit for repair or replacement

Warning: LED and/or message indicating that something that affects compliance has reported a fault

Exception: enough faults of the right types have occurred to create a risk that distance may not be within the required +/- 2% for that period (weekly)

Possible tamper: case penetration or some other physical interference with the EDR, its sensors, and/or communications; EROAD policy trigger

Suspected tamper: signs of deliberate human action; statutory mandatory reporting (to Waka Kotahi) trigger

Actual tamper: verified intentional action is the root cause of an issue or fault

- We don't explore the motivation, merely whether something was deliberately done

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E.g. monitoring challenge

Filtering challenge

- Not all faults are necessarily RUC affecting
- High noise to signal ratio
  - E.g. temporary GPS loss is common in CBDs and forest country
- Human filters:
  - T1, call centre; key account managers; finance customer support
  - T2, customer support
  - T3, engineering trouble-shooters
  - Installers providing in-field inspections and recovery
  - Factory inspections of returned/recovered units of special interest

Prioritisation challenge

- P1 = systemic and compliance affecting
- Learning which faults / fault histories / combinations are indicative of genuine issues and scanning for them
  - E.g. weekly exception reporting and investigations

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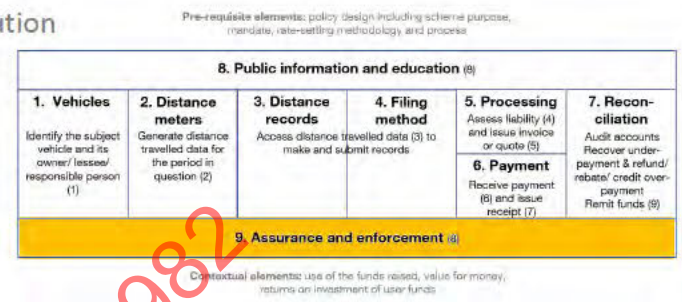


System assurance

Weekly reconciliation of transactions, comparing Waka Kotahi provided list with our own

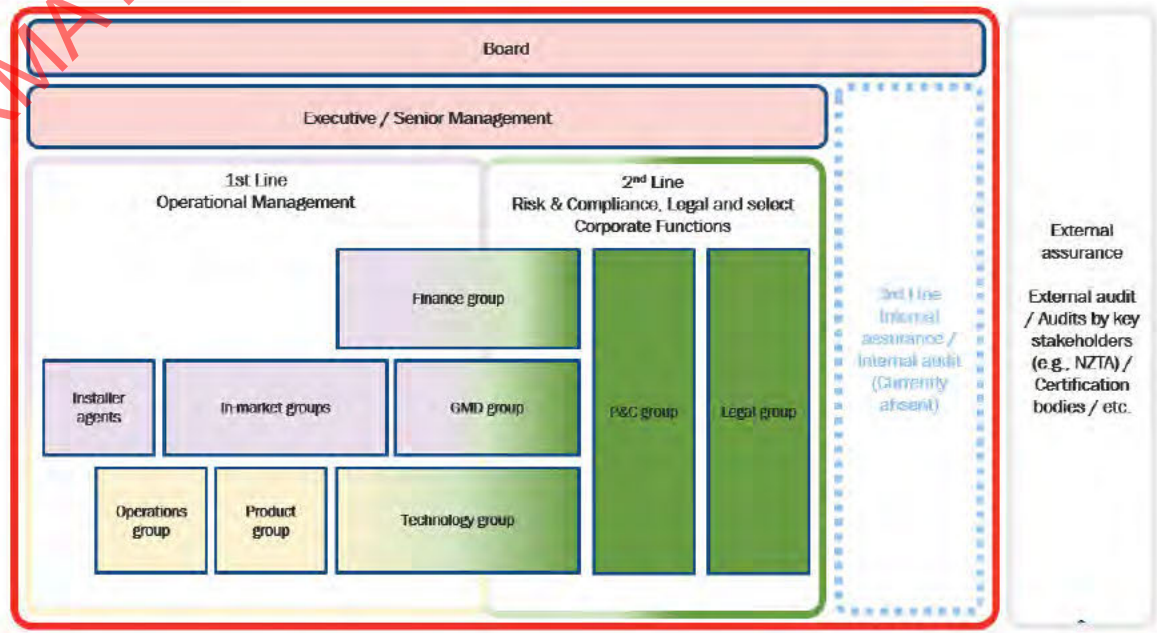
All funds directed into an account only Waka Kotahi can access:

- Confirmed annually by the banking provider
- Annual audit of eRUC financials by independent auditor

Independent security audit annually

System audit by Waka Kotahi at its discretion

Evolving suite of internal self-auditing practices applying a risk-based approach applied at a whole-of-system level



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Conclusion: public value for money

Change in economic cost of an average RUC transaction ($2020): 2009 base case vs 2019 with and without eRUC being available

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Conclusion: private value for money

Step		Short description	Comment
Intention		Provide an attractive eRUC service, i.e.: saves customers money; gives government efficient and assured revenue; is sufficiently profitable for EROAD	In a voluntary uptake environment, the paper-based alternative system provides a helpful contrast.
	Assumption(s)	That there is a market for privately supplied eRUC. That there is sufficient realisable cost savings to potential customers that will allow as to charge and create attractive revenues for investors.	
The Golden Thread	Inputs	Electronic system Electronic distance recorder(s) (EDRs) Staff and contractors Collateral	Currently, all elements are required as a 'bundle', although the proprietary EDR is an artifact of how eRUC came about. Technically, the ESP need only take responsibility for *relying* on a suitable EDR and having a structure in place to assure the ongoing quality/efficacy of the EDR replied upon. Arguably, the same could be said of the system.
	Assumption(s)	That the inputs are available and able to be made to work to the required standards of technical efficacy and financial efficiency.	
	Activities	Sourcing, supplying and maintaining the system Sourcing, supplying and maintaining the EDRs Recruiting, training and supervising the activities of staff Delivering the expected customer experiences Delivering the expected government experiences	Quite a bit of ongoing work involved.
	Assumption(s)	That the activities can be executed and sustained at the necessary scale and to an appropriate minimum quality to justify ongoing investment by customers (fees), government (confidence) and shareholders (capital).	
	Outputs	Timely, necessary and sufficient RUC transactions for our customers Timely, necessary and sufficient RUC assurance activities for regulators	Demonstrably achievable as the 'normal' experience for eRUC users. Links to the customer complaints process, including any feedback through re-contracting.
	Assumption(s)	That simplified and cheaper transactions support customers to behave in a more compliant manner. That the reduced cost to government is banked as a saving and not reinvested in more scrutiny for us and our users.	
Impacts		RUC compliant vehicles and fleets Reduced compliance costs (per transaction and cost of money) for our customers Reduced workload for government	Demonstrably achievable as the 'normal' experience for eRUC users.
	Assumption(s)	That customers and government are willing and able to draw a line from the disparate individual positive experiences to a positive systemic view of EROAD telematics/SaaS and privately supplied eRUC services.	
Intermediate outcomes		Increased customer confidence in our products and services Increased assurance of compliance and reduced cost to check for government	Customer confidence is subject to cross-contamination if our wider bundles are inadequate; conversely, satisfaction with those wider services might mask underlying unease with our eRUC offer.
	Assumption(s)	That a good eRUC experience has weight when customers and government are considering alternatives.	
Final outcomes		Improved customer retention, reduced cost to serve (less churn & retraining), greater uptake of our services Improved cost to serve/value for money of RUC for government, providing a sustained 'social license' for privately supplied RUC	The mediating effect of the intermediate layer of outcomes creates a risk of divergence, i.e. customer attitudes differing from government's own experiences.
	Assumption(s)	Providing eRUC services satisfies or exceeds our opening intentions and associated minimum performance parameters.	

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Coda: eRUC asymmetries

ESPs deliver greater public value than counter agents, yet counter agents get paid by the NZTA while ESPs are, in effect, forced to pay the NZTA

EROAD is one of the largest providers of paper RUC licenses in the country, supporting s 9(2)(b)(ii) vehicles this way

eRUC offers a higher level of assurance than other channels but is at risk of more intrusive regulatory demands

eRUC is viewed by government as a distinct and primary service, but a majority of businesses view it as a 'nice-to-have' add-on to fleet and driver management services

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EROAD

Questions?

Thank you!

Peter Carr
Director Regulatory
Australia New Zealand
EROAD Ltd
s 9(2)(a) [redacted]
peter.carr@eroad.com
www.eroadglobal.com

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Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Thursday, 24 July 2025 8:04 am
To: Anna Wilson-Farrell
Subject: Re: Checking in regarding tomorrow

Sure, no problem. Not that flu, I hope? Mist people i know have been hit for a goid couple of weeks. Good luck and take care!

PC

Peter Carr
Director, Regulatory Market Development ANZ

EMAIL peter.carr@eroad.com

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Level 3, 260 Oteha Valley Road, Albany, Auckland, New Zealand
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From: Anna Wilson-Farrell <A.Wilson-Farrell@transport.govt.nz>
Sent: Thursday, July 24, 2025 8:02:52 AM
To: Peter Carr <peter.carr@eroad.com>
Subject: RE: Checking in regarding tomorrow

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Kia ora Peter,

Unfortunately there has been poor health in my house through the night… I don't want to miss it, so can I cancel today and get in touch tomorrow / Monday about rescheduling?

Ngā mihi

Anna

From: Anna Wilson-Farrell
Sent: Wednesday, July 23, 2025 5:26 PM
To: Peter Carr <peter.carr@eroad.com>
Subject: RE: Checking in regarding tomorrow

Great!

I emailed in part as I am a little worried about my own wellness)very sick son this week) and I don't want to miss it – so can I get in touch in the morning? If well and functioning, I'd be very happy to see you online.

Anna

From: Peter Carr <peter.carr@eroad.com>
Sent: Wednesday, July 23, 2025 4:26 PM
To: Anna Wilson-Farrell <A.Wilson-Farrell@transport.govt.nz>
Subject: Re: Checking in regarding tomorrow

Hi Anna

I'm still available for tomorrow, so it's not a problem from my side.

I recall you mentioning that the impending announcement of decisions might make the timing a bit odd re what you can or can't say, but I'm happy for this to be from me to your team re the 'status quo', as seen from our side of the fence. And smaller makes for more chance of some interaction/questioning

Cheers

PC

From: Anna Wilson-Farrell <A.Wilson-Farrell@transport.govt.nz>
Sent: Wednesday, 23 July 2025 4:02 pm
To: Peter Carr <peter.carr@eroad.com>
Subject: Checking in regarding tomorrow

⚠️ **EROAD: External Email Pause & review** before taking action. If this message seems suspicious, verify the sender and hover over links. **When in doubt, report it.**

Kia ora Peter,

I hope all is well with you.

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I wanted to check in regarding tomorrow – and recognize we didn't get to catch up at T-Tech about approach. I think it is really just my wee team, who you probably already know, so wanted to check in your busy-ness and whether we should proceed tomorrow.

Ngā mihi

Anna
Anna Wilson-Farrell
Director - Revenue
Te Manatū Waka Ministry of Transport
s 9(2)(a) E: a.wilson-farrell@transport.govt.nz | transport.govt.nz

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Grace McKibbin

From: Peter Carr <peter.carr@eroad.com>
Sent: Monday, 11 August 2025 11:01 am
To: RUC
Subject: Re: Announcements on the New Zealand road user charges system

Categories: Actioned

Kia ora

Thank you for the prompt notice following the Minister's announcement. I'm just confirming EROAD's ongoing interest in this work. I shall remain the contact point for the time being.

When you are able, we would appreciate earlier notice of when and what kind of input/discussion you will be seeking to have. While we will prioritise this, it will be at the expense of other work and so some time to plan and prepare would be appreciated.

Cheers and thanks,

Peter

From: Matthew Skinner <m.skinner@transport.govt.nz>
Sent: Wednesday, 6 August 2025 11:59 am
To: RUC <RUC@transport.govt.nz>
Subject: Announcements on the New Zealand road user charges system

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Kia ora,

I am writing to you as the contact we have on file for your organisation from the *2024 Road User Charges – Retail Services Request for Information (RFI)* process.

The Minister of Transport spoke at the Building Nations conference this morning in Wellington, announcing decisions to modernise the road user charges (RUC) system to prepare the system for a transition of petrol vehicles to RUC. The Government aims to include more private sector involvement in the RUC system, giving more flexibility for RUC providers to offer innovative solutions, and make complying with RUC easier for users.

The changes to the Road User Charges Act 2012 will:

- Remove all requirements to display, carry, and produce RUC licences
- Remove the requirement that electronic distance recorders must be provided by electronic system providers (enabling more innovation, including the possibility of using built-in vehicle technology)
- Clarify roles and responsibilities within the regulatory system, by separating customer service functions from regulatory functions
- Expand the scope of alternative payment schemes beyond vehicles with electronic distance recorders

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- Enable other land transport charges (e.g. tolling and time of use charges) to be collected in conjunction with RUC.

Many of these changes were initially identified in responses to our 2024 RFI and subsequent discussions with respondents. Thank you again for your input into that process.

For further detail, please see the Minister's press release and speech. All relevant information will be available on the Road User Charges page on the Ministry of Transport website here: https://www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system

We intend to undertake further engagement with current and potential RUC retail providers. This will build on the previous RFI, seeking more specific feedback to help ensure we get the settings and incentives for private RUC retail right. This includes seeking views on matters that should be addressed in regulations and the code of practice.

We are still scoping the form and timing of the engagement process. It will likely begin once legislation is prepared later this year, and you can expect to hear from us again at that time. If you have any questions in the meantime, please get in touch with us via RUC@transport.govt.nz.

Ngā mihi,

Matt Skinner
Kaiwhakahaere | Manager
Te Rōpu Whakarite Pūtea | Revenue
Te Manatū Waka Ministry of Transport
s 9(2)(a) | E: m.skinner@transport.govt.nz | transport.govt.nz

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Grace McKibbin

From: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Sent: Tuesday, 25 June 2024 4:09 pm
To: Matthew Skinner
Subject: RE: Ministry of Transport review of RUC

Hi Matt,

Thank you for your email. Interestingly enough, I was searching for your details just as you emailed to see if you had any news on what we discussed or the hold on the eRUC licenses ha! I've also emailed Matt French from NZTA as we are very eager to start building our eRUC solution.

In terms of changes to the below, everything looks fine.

I have reached out to Angus, so thanks for that contact. Regarding the meeting with the Ministe , is that likely to happen, and if so, would it be in person or via Teams?

Thanks very much.

Steph Kennard *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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From: Matthew Skinner
Sent: Tuesday, June 25, 2024 3:43 PM
To: Steph Kennard - Bonnet
Subject: RE: Ministry of Transport review of RUC

Hi Steph,

I hope you're well. I just wanted to check in on a couple of things:

1. We provided an update to the Minister of Transport soon after we met with you to update him on the discussion we had. We release our reports regularly under the Official Information Act, so we need to consider whether the update we provided can be released on our website. Under the OIA, we are able to withhold information that is subject to privacy/confidentiality, so I wanted to check with you whether you have any concerns about what we propose to release as below. I have highlighted the bits that we thought could potentially be an issue and we could potentially withhold.

Bonnet is a tech startup that has designed an app aimed at making it simpler to manage vehicles, and interaction with NZTA's online systems. They have about 100,000 vehicles registered on the app so far, and a large number of electric vehicle owners have joined since 1 April. They have recently launched an update to their app that shows the RUC distance purchased for RUC vehicles, and a paid subscription service for management of larger vehicle fleets.

Bonnet is looking to take steps consistent with your vision for the private sector's involvement in the future RUC system to provide:

s 9(2)(b)(ii) [redacted]

Bonnet's main concern is in relation to NZTA's fees for accessing data (23c per transaction to access the motor vehicle register, and 46c per transaction for RUC customers). This is expensive for a start-up s 9(2)(b)(ii) [redacted]

We suggested that Bonnet may wish to meet you to discuss your aspirations for RUC, including the fleet-wide transition and the potential role in the transition for private sector tech companies like Bonnet.

2. When we met, I suggested that you might be interested in talking to Compass IOT about the potential for use of their software for a future eRUC-type solution without the need for separate in-vehicle tech. I met one of the co-founders (Angus McDonald s 9(2)(a) [redacted] last week, and flagged to him that a Bonnet and Compass IOT combined solution could be of interest to both of you.

Thanks,
Matt

Matt Skinner
s 9(2)(a) [redacted] | E: m.skinner@transport.govt.nz
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From: Matthew Skinner
Sent: Monday, May 20, 2024 5:05 PM
To: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Subject: RE: Ministry of Transport review of RUC

Hi Steph,

Thanks for getting in touch. NZTA has independent functions for matters such as these, so unfortunately there's not much I can do here for you sorry, other than refer you back to NZTA.

Great to hear you are looking at other markets as well. The specific RUC schemes we are aware of are:

- Iceland (EVs only so far, committed to 2025 for other vehicles),
- Hawaii (2025 for EVs, announced for all vehicles by 2033),
- Israel (announced for EVs only),
- Netherlands (exploring),
- Victoria (moved for EVs but cancelled) — Australia has shown some interest at a federal level but it's still some way away.

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Other countries have some kind of charging schemes in place (heavy vehicle charges, tolling, congestion charges).

Thanks,
Matt

Matt Skinner
s 9(2)(a) | E: m.skinner@transport.govt.nz

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From: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Sent: Friday, May 17, 2024 3:31 PM
To: Matthew Skinner <m.skinner@transport.govt.nz>
Subject: RE: Ministry of Transport review of RUC

Hi Matt,

It was nice speaking with you earlier this week. We heard from NZTA later on Monday that all EA RUC applications are currently on hold due to internal reviews. Unfortunately, they couldn't provide a timeframe for when this will be resolved, which significantly impacts our RUC plans. Do you have any additional information or insight on this situation and potential timeframes?

On another note, we are now exploring international opportunities for Bonnet, particularly in countries where RUC is already implemented or is about to be.

Below is the list I've compiled. Could you provide any insights on the progress these countries/states have made in implementing RUC, and let me know if there are any locations missing from this list?

- Ireland: RUC implemented
- Netherlands: RUC implementation soon
- UK: RUC implementation soon (any idea on the timeframe?)
- Australia/Victoria: Are there any other states in Australia looking to implement RUC soon?

Any guidance you can offer would be greatly appreciated 😊

Thanks,

Steph Kennard *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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From: Matthew Skinner <m.skinner@transport.govt.nz>
Sent: Friday, May 10, 2024 11:06 AM
To: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Subject: RE: Ministry of Transport review of RUC

Hi Steph,

Sorry about the delay in getting back to you! I'm free after 2.30pm today, before 11am Monday, or after 2pm Tuesday. Feel free to flick a meeting invite through if any of those times work for you.

Thanks,
Matt

Matt Skinner
s 9(2)(a) | E: m.skinner@transport.govt.nz
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From: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Sent: Thursday, May 9, 2024 3:38 PM
To: Matthew Skinner <m.skinner@transport.govt.nz>
Subject: RE: Ministry of Transport review of RUC

Hi Mathew,

Just touching base again as I would like to meet you and discuss the below matters. When suits you to have a Teams?

Thanks

Steph Kennard *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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From: Steph Kennard - Bonnet
Sent: Friday, May 3, 2024 12:32 PM
To: Matthew Skinner <m.skinner@transport.govt.nz>
Subject: RE: Ministry of Transport review of RUC

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Hi Matt,

Firstly, great to hear from you.

Yes, we do have a couple of thoughts on the matter. Firstly, getting into the eRUC program is something on our roadmap, but there are a couple of barriers to entry for us that we are currently trying to work out.

The first is that, and I'm not sure if you are aware of this or not, but around 90% of our active user base uses Bonnet for free to manage their vehicles, which equates to around 45,000 vehicles. It's important to me to keep our services free for the general public, and our business model is to only charge fleets. However, the cost of the data is challenging us, and we won't be able to keep our services free for the public for long at the current data rates (soon to be 0.46 cents) to pull WOF/REGO/RUC data on a vehicle. So that's our first hurdle, and if we were to come up with an agreement where we get a free data line on public vehicles we don't charge - well, that would just be amazing.

The second is that we want to get our eRUC license and have some great prototypes we want to roll out to automate RUC purchasing on passenger cars. The bottom line to get to market for that and through your red tape is around $500k – 1M est, so we are currently trying to find those funds (being a startup that's bootstrapped and all). If there was any available funding, that would also be great.

We really want to support the move to a fleet-wide RUC system and hope Bonnet can stay as a free tool for drivers to manage their RUCs easily and efficiently, as well as use us to keep their vehicles compliant.

At this stage, I am free on Monday between 2pm and 4pm or anytime Thursday/Friday. Let me know when works for you.

Thanks

Steph Kennard *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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From: Matthew Skinner <m.skinner@transport.govt.nz>
Sent: Thursday, May 2, 2024 4:50 PM
To: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Subject: Ministry of Transport review of RUC

Kia ora Steph,

I am the Manager of the Revenue team at the Ministry of Transport, and among other transport revenue issues, my team is responsible for the RUC system.

As you'll no doubt have seen, the Government has indicated that it is interested in shifting petrol vehicles to RUC, and my team is doing the work to figure out what this looks like. We are currently thinking about opportunities for the role that companies such as yours might be able to play as part of an evolving RUC system. To support our work on this, we are interested in your plans for evolution of the RUC side of your business, whether you are running into any barriers with NZTA/regulation, and what your views and thoughts are in relation to what a fleet-wide transition to RUC might look like.

Would you have some time in the next few weeks for a Teams meeting so we can meet you, and further discuss the matters above?

Ngā mihi,
Matt

Matt Skinner
Kaiwhakahaere | Manager
Te Rōpu Whakarite Pūtea | Revenue
Te Manatū Waka Ministry of Transport
s 9(2)(a) E: m.skinner@transport.govt.nz | transport.govt.nz

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Grace McKibbin

From: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Sent: Friday, 15 November 2024 6:46 pm
To: Procurement Mailbox
Subject: RE: Request for Information - Road user Charges Retail Services

Categories: Filed in TARDIS

Great news! I'll start working on this next week and submit it.

We already have a fully designed prototype ready.

Do you have any idea when our application to become a RUC reseller will be processed? Have the internal reviews that paused this been completed?

Thanks

Steph Kennard *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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From: Procurement Mailbox <procurement@transport.govt.nz>
Sent: Friday, 15 November 2024 2:21 pm
To: Procurement Mailbox <procurement@transport.govt.nz>
Subject: Request for Information - Road user Charges Retail Services

Good afternoon

The New Zealand Government has announced an intention to change the way most New Zealanders pay for road use, moving away from petrol taxes to distance-based road user charges (RUC). This presents a commercial opportunity to become involved in a growing market for RUC retail services.

The Government is interested in the development of retail services that would provide a modern, easy-to-use way for people to pay their road user charges as an alternative to the current, largely manual payment system. Retail Services includes any service that supports the purchase, measurement, or management of RUC.

To do this, the Government has released a Request for Information to seek information from interested participants to help shape the policy, legislative and regulatory settings for a RUC system that applies to all vehicles in New Zealand. We have identified you or your organisation as potentially interested in participating.

The Request for Information is open until 12 December 2024, and the documents can be found on the GETS website at this link: https://www.gets.govt.nz/MT/ExternalTenderDetails.htm?id=30643902.

We encourage you to provide a response and share this RFI with other respondents who may be interested.

This is not a tender process, government procurement rules prevent direct contracting with a potential supplier based off an RFI response.

Road User Charges Retail Services – Project Team

procurement@transport.govt.nz

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Grace McKibbin

From: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Sent: Thursday, 12 December 2024 12:55 pm
To: Procurement Mailbox
Subject: RFI Response - RUC Retail Services - BONNET
Attachments: RFI Response Form - RUC Retail Services - BONNET.pdf

Attachment withheld in full under section 9(2)(b)(ii), 9(2)(ba)(i)

Hi There,

Thankyou for the opportunity to give our thoughts on this – please find attached our response to the RFI for Road User Charge Services from us here at Bonnet.

Please let me know if you have any questions.

Thanks

Steph Kennard *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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Grace McKibbin

From: Steph Kennard - Bonnet <steph@bonnet.co.nz>
Sent: Monday, 11 August 2025 2:41 pm
To: RUC
Subject: Request for RFI accesses

Categories: Actioned

Hi there,

Are we able to apply to be part of the new 'RFI process for the development and introduction of new RUC products and services'? Also, could you let me know when this will be announced?

Thanks

Steph Kennard CEO & *Founder*

NZ: +64 27 528 6407 | **E:** steph@bonnet.co.nz
W: www.bonnet.co.nz | **S:** steph.kennard

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