Office of the Minister of Transport

Cabinet Economic Development Committee

Extending the light electric vehicle exemption from Road User Charges

Proposal

1. This paper seeks agreement to extend the exemption from Road User Charges (RUC) for light electric vehicles (EVs) from the current end date of 31 December 2021 until 31 March 2024. It also seeks agreement to amend regulations to confirm a RUC vehicle type for a new heavy vehicle combination and a new rate of RUC for that RUC vehicle type.

Relation to government priorities

2. My intention with this proposal to extend the RUC exemption for light EVs[1] is to support this Government's priority to tackle climate change and take action in accordance with Parliament's declaration of a climate change emergency. In her Speech from the Throne in 2020, the Governor-General emphasised the importance of decarbonising the vehicle fleet through measures such as accelerating the uptake of EVs. Our Cooperation Agreement with the Green Party of Aotearoa echoes this in our commitment to "increasing the uptake of zero-emission vehicles".

3. Incentivising and helping people to purchase low or zero-emission vehicles would also give effect to the commitment in the New Zealand Labour Party's Clean Energy Plan to accelerate the electrification of the transport sector. A reduction in carbon dioxide (CO_2) emissions could be achieved through people shifting to EVs. It would also help us to meet the targets set out in the Climate Change Response Act 2002 and our targets for reducing CO_2 emissions through the Clean Car Import Standard. Additionally, it aligns with the strategic priority in the Government Policy Statement on land transport 2021/22-2030/31 (GPS) to transition to a low-carbon transport system.

4. The other proposed change, will amend the Road User Charges (Rates) Regulations 2015 to include a temporary RUC rate for a new heavy vehicle combination. This supports good regulatory practice as it ensures all RUC rates are contained in the Road User Charges (Rates) Regulations 2015.

Executive Summary

5. The Government has been promoting the use of EVs specifically, and low emission vehicles including hydrogen powered vehicles more generally, as a key part of a transition away from fossil fuels for the transport sector. Greenhouse gas emissions from transport are nearly all carbon dioxide (CO_2) and transport is responsible for 47 percent of total domestic CO_2 emissions.[2] New Zealand cannot achieve its net zero carbon target by 2050 in the 2019 amendment to the Climate Change Response Act 2002, without largely decarbonising transport.

6. In order to promote the uptake of light EVs specifically, since 2009, the Government has exempted light EVs from paying RUC – the distance-based charge for non-petrol

[1] The legal power to exempt heavy electric vehicles is separate to that for light vehicles. This paper does not consider changes to the heavy vehicle RUC exemption. That exemption is currently scheduled to end on 31 December 2025.

[2] For all greenhouse gases transport accounts for 21 percent of total domestic emissions. The other major emitting sectors are agriculture (47.8 percent), energy (19.6 percent), industrial processes (6.5 percent) and waste (5.1 percent).

vehicles using our roads. The exemption is seen as a straightforward mechanism for reducing the cost of using EVs and therefore incentivising people to buy them. The current exemption end date is set in regulation and will expire on 31 December 2021 unless amended. Cabinet agreed in 2016 that the exemption would remain in place until EVs constitute two percent of the light vehicle fleet. This two percent target has not yet been reached and modelling of EV uptake predicts that the light vehicle fleet is now likely to reach two percent EVs sometime around 2024 or 2025.

7. I propose to extend the light EV RUC exemption until 31 March 2024, which is when I expect the light EV fleet to reach two percent of the fleet.

8. Analysis indicates that the policy is cost effective if it leads to more than 600 additional EVs entering our fleet over the two and a quarter years that the exemption is proposed to be extended for. This is because the benefits of an EV (primarily reduced emissions) are experienced for far longer (up to 20 years) than the exemption is in place.

9. Extending the exemption end date to 2024 provides additional time for the price of EVs to reduce to be more similar to internal combustion vehicles, without posing an unacceptable risk of a material loss of revenue to the National Land Transport Fund (NLTF). A new regulation under the Road User Charges Act 2012 (the RUC Act) would be needed before the end of the year to set a new end date for the exemption.

10. Because the proposed change confers a benefit and only affects owners and potential purchasers of EVs, I do not propose to consult with the public before making this regulation. This is consistent with the approach taken in 2016 when the exemption's end date was last amended.

11. While I am proposing a regulation change related to RUC, I am also proposing to formalise a temporary RUC rate for a new class of heavy vehicles (H80) that Waka Kotahi NZ Transport Agency (Waka Kotahi) has set by Gazette notice in March 2021. The regulation will provide a RUC rate of $841.00 per 1,000km for a RUC vehicle type H80.

12. I expect to seek Cabinet's agreement to consult on a wider package of amendments to the RUC Act later this year. This package will likely include proposals to enable hydrogen vehicles to also be exempted from RUC and otherwise support the uptake of low carbon fuels through the RUC system if desired. These types of policies cannot be implemented without amendments to the RUC Act first. As with the existing RUC exemptions for EVs, any further exemptions from paying RUC will need to be balanced against the risks, including the loss of revenue for the NLTF. The proposals, if progressed, could potentially allow EVs to pay a different rate than vehicles using conventional fuels, once EVs are required to pay RUC. Extending the light EV RUC exemption will allow this other package of measures to be put in place.

Structure of this paper

13. This paper is in two parts. The first part discusses extending the period that owners of light EVs should be exempted from paying RUC. The second part explains a minor technical change to RUC regulations to include a new rate.

Part One: Extending the exemption from RUC for light EVs

Owners of light EVs are currently exempted from paying RUC until 31 December 2021

14. Road User Charges are imposed under the Road User Charges Act 2012 (RUC Act) on light and heavy vehicles for their use of the roads in proportion to the costs that they

generate (through damage to the roads). The revenue from RUC is used to fund the operation, maintenance, and improvement of our land transport system. Owners of RUC vehicles must pay RUC in advance of travel and display their purchased RUC on a licence shown on the windscreen of their vehicle.

15. All vehicles that use fuels other than petrol[3] are subject to RUC. These are almost entirely diesel vehicles, but also include vehicles using electricity or other fuels such as hydrogen and biodiesel[4]. Light EVs (vehicles with a gross vehicle mass of 3.5 tonnes or less and partly or wholly powered by an external source of electricity) are temporarily exempt from paying RUC until 31 December 2021 through an Order in Council[5].

16. A series of extensions to the end date for the exemption from RUC have been made since 2009, with the most recent made in 2016 [CAB-16-MIN-0108.01 refers]. The 2016 Cabinet paper stated that the exemption was a "transparent and efficient way of providing a financial incentive to encourage consumers and businesses to opt for EVs over equivalent conventional vehicles." Cabinet agreed the exemption should remain in place until 31 December 2021, or until two percent of the light vehicle fleet was comprised of EVs. This amendment was part of a package of initiatives to address the barriers to the uptake of EVs. Agreement to this exemption was given on the basis that it be reviewed by Cabinet in 2019; however, no changes to the exemption end date were proposed at that time because the Clean Car Reforms were expected to replace the need for a RUC exemption for light EVs.

17. The target of light EVs making up two percent of our light vehicle fleet by the end of 2021 has proven to be ambitious. After ten years of exempting EVs from RUC, they still only make up around 0.7 percent of the light vehicle fleet (approximately 27,000 out of 4.1 million light vehicles as at May 2021). The total number is unlikely to increase to two percent by December 2021[6]. Based on current uptake trends, the Ministry of Transport (the Ministry) expects the two percent target will be reached between mid-2024 and mid-2026. Because the size of the fleet continues to grow the number of vehicles that make up two percent is difficult to estimate exactly, but will be around 90,000 light EVs by the end of 2025.

18. I recognise that we need to do more to support people to be able to purchase EVs because using low- and zero-emission vehicles will help us to decarbonise the transport system. This is why I am also progressing other initiatives like the Clean Car Discount and Clean Car Standard, which aim to increase the supply of, and demand for EVs. The Clean Car Discount, which Cabinet considered in April 2021 and could be offered from July 2021 [CAB-21-MIN-0128.01 refers], offers a greater and more immediate saving to people who purchase an EV, whereas the possible exemption from RUC until 2024 reduces ongoing running costs for the owner. The Clean Car discount is likely to be a more effective measure to increase the uptake of EVs.

I propose the exemption from RUC for light EVs be extended

19. To contribute to supporting the uptake of EVs, I propose to extend the RUC exemption for light EVs to 31 March 2024, which is around the time officials now expect the EV fleet

[3] CNG, and LPG fuels are defined as 'petrol' in the RUC Act as they also include Fuel Excise Duty in their price.
[4] EVs that plug in, but also have a petrol motor to extend their range, known as Plug-in Hybrid Electric Vehicles, will pay for some of their road use through petrol excise duty in the price of any petrol that they use. PHEVs will also pay RUC once the RUC exemption ends, but would be entitled to a refund for amounts of petrol excise duty paid.
[5] Section 37 of the Road User Charges Act 37 allows the Governor-General to specify, by Order in Council, a period in which light EVs do not need to pay RUC.
[6] The Ministry of Transport expects there to be around 30-34,000 light EVs in the fleet by the end of 2021, which would still be less than one percent of the light vehicle fleet.

to reach two percent of the vehicle fleet. While I am not yet proposing how light EVs will contribute to the costs of using the roads through RUC after the exemption ends, I recognise that Waka Kotahi will need to manage payments of RUC from light EV owners at some point. An expiry date of 31 March 2024 is proposed, as it avoids transitioning light EV owners to paying RUC over the Christmas/New Year holiday shut down.

Continuing to exempt light EVs from RUC would reduce owners' costs of using these vehicles

20. Continuing an exemption from RUC for light EVs would help to make their use cheaper in the short-term, saving owners approximately $800 each year on average[7]. The earlier people purchased a light EV (in relation to the original exemption in 2009), the more money they will save. However, most EVs have been in the fleet for less than two years so relatively few owners will have received a significant benefit. Reducing the cost of using EVs may help consumers to accept the higher upfront purchase cost than equivalent vehicles that run on fossil fuels. The exemption also shows that the Government supports EV uptake.

21. We do not have any research on whether this level of support will be important in decisions to purchase light EVs. It is not likely that the RUC exemption, on its own, will lead to significantly increased uptake of EVs, over what would have occurred without the exemption. However, the Ministry of Transport's modelling (shown in the accompanying Regulatory Impact Assessment) has found that the policy is cost effective in its own right if it leads to an additional 600 EVs entering over the two and a quarter years[8]. This is because the benefits of an EV (primarily through reduced emissions) are experienced for far longer (20 years) than the exemption, which would only be in place for a further two and a quarter years. If 3,000 additional EVs enter the fleet over this period, the benefit – cost ratio rises to over 6.

22. The purchase price of EVs is expected to fall as manufacturing processes scale up and further improvements to battery technology are made. However, EVs currently cost more to purchase than comparable conventional petrol and diesel vehicles because they are more expensive to manufacture[9]. Upfront prices of EVs in New Zealand are typically between around $20-40,000 more expensive than an equivalent light vehicle with an internal combustion engine. Although a RUC exemption would not reduce the purchase cost, it would complement the subsidy offered by the Clean Car Discount by providing support for using light EVs (until 2024) and also benefit those who already own a light EV.

23. If owners of light EVs were to pay RUC at the same rate as light vehicles fuelled by diesel ($76/1,000km), they would pay more to operate than some very efficient light vehicles fuelled by petrol. Ending the RUC exemption in December 2021 while the upfront prices of EVs are still relatively high may lower their competitive advantage. There is a risk that requiring EV owners to pay RUC from 1 January 2022 may encourage the purchase of internal combustion engine vehicles over EVs, which would be inconsistent with our priority of transitioning to a low-carbon transport system.

[7] This assumes a RUC charge rate of $76/1000 km and 11,000km annual travel. Previous estimates of a $600 benefit used the 2016 RUC rate of $62/1000km and assumed lower annual travel (10,000km) than our records show is the average.
[8] We expect the fleet to increase by more than 40,000 EVs over the period so this is less than a one percent increase.
[9] Barton, B. (2016). Electric vehicles policy announcement. *New Zealand Law Journal.*

24. People who purchase a light EV this year could save approximately $2,000 if the exemption from RUC is extended until 31 March 2024.

25. In other jurisdictions where subsidies to promote EVs have been removed, or new charges have been added as alternatives to fuel taxes, EV sales dropped afterwards[10]. We do not want this to occur in New Zealand.

Any exemption from RUC, however, reduces revenue for investment in the transport system

26. Road User Charges are a key source of revenue to the NLTF, so any exemption from paying RUC forgoes revenue that could be invested into the land transport system. While EVs are still a small proportion of the vehicle fleet, the foregone revenue from a RUC exemption is small relative to total NLTF revenue. In 2019 and 2020, $12 million and $13 million of revenue was foregone respectively. This was equivalent to a less than 0.4 percent reduction in NLTF revenue for those years. The longer we exempt owners of EVs from paying RUC, the less money we will have to invest in the land transport system.

27. In the 2019/20 financial year, RUC contributed $1.8 billion in revenue to the NLTF out of a total $3.9 billion revenue. Of this, 800,000 light RUC vehicles contributed $700 million. By 2024 the revenue foregone from the light EV RUC exemption would be, at the lower end, around $45 million (see Table 1). By the 2024/25 financial year, NLTF revenue is expected to have increased to around $4.6 billion. Foregone RUC revenue of $45 million would equate to approximately one percent of total revenue, or 2.1 percent of expected RUC revenue in 2024[11].

Table 1: Ministry of Transport projections for light EV uptake 2020-2030, impacts on CO_2 emissions, and foregone revenue to the NLTF

Year	Number of EVs (range)	EV % of fleet (Slow case)	EV % of fleet (Base case)	Millions of km travelled (range)	Tonnes of CO_2 not emitted (Base case only)[12]	Expected RUC foregone [13] ($ million) (range)	Total NLTF ($ million)	Percent of NLTF foregone from RUC exemptio n (range)
2016	2,473		0.1%	20	6,000	$1	$3,580	0.02%
2017	6,130		0.2%	50	15,000	$2.7	$3,689	0.05%
2018	11,590		0.3%	110	27,000	$6.2	$3,644	0.1%
2019	18,447		0.5%	190	41,000	$11.8	$3,903	0.3%
2020	24,000		0.6%	200	47,000	$13.4	$3,851	0.4%
2021	30,000 to 34,000	0.7%	0.8%	280 to 310	61,000	$20 to $30	$4,257	0.5% to 0.7%
2022	37,000 to 47,000	0.9%	1.0%	380 to 450	76,000	$20 to $40	$4,402	0.5% to 0.9%

[10] The Victorian Treasury advised the state Government of a risk that imposing a road user tax without new incentives to make EVs more attractive would maximise revenue recovery but was likely to discourage EV uptake.
[11] Net RUC revenue in 2024 is expected to be $2,136 million.
[12] Foregone CO_2 emissions estimates assume EVs replace the average mix of petrol and diesel vehicles entering the fleet that year.
[13] Foregone RUC revenue figures for 2016-2019 reflect actual vehicle data for those years. Data from 2020 is an estimate; calculations use the actual RUC rates applying in that year. Data from 2020 onwards assumes no change in RUC rates from the 2020 rate of $76/1,000 km.

2023	47,000 to 63,000	1.0%	1.3%	480 to 630	93,000	$30 to $50	$4,511	0.7% to 1.1%
2024	59,000 to 81,000	1.2%	1.7%	590 to 880	108,000	$40 to $70	$4,610	0.9% to 1.5%
2025	72,000 to 104,000	1.4%	2.3%	700 to 1,210	124,000	$40 to $90	$4,706	0.8% to 1.9%
2026	89,000 to 135,000	1.6%	2.9%	820 to 1,600	141,000	$50 to $120	$4,779	1.0% to 2.5%
2027	108,000 to 175,000	1.8%	3.6%	950 to 2,100	160,000	$70 to $200	$4,837	1.4% to 4.1%
2028	132,000 to 227,000	2.0%	4.5%	1,100 to 2,700	180,000	$80 to $250	$4,890	1.6% to 5.1%
2029	164,000 to 292,000	2.3%	5.6%	1,270 to 3,430	202,000	$100 to $320	$4,940	2.0% to 6.5%
2030	206,000 - 373,000	4.1%	7.0%	2,900 - 4,950	1,152,000	$205 - $360	$4,988	4.1% - 7.2%

Officials are also exploring other measures to incentivise EV uptake and the uptake of vehicles using low carbon fuels

28. Alongside proposing an extension to the light EV RUC exemption and progressing a Clean Car Discount, officials are investigating extending the end date for the RUC exemption for heavy EV (vehicles greater than 3.5 tonnes) which is currently due to end on 31 December 2025. The powers to amend the heavy EV RUC exemption are different than for light EVs and so are not addressed by this paper.

29. Later this year I intend to submit a paper to Cabinet for its agreement to consult on a much larger package of potential reforms to the RUC system that could help to promote the uptake of low carbon fuel vehicles and otherwise improve the current RUC system. Some of these proposed measures, if advanced, are likely to require changes to the RUC Act because the Act does not allow charges to reflect a vehicle's contribution to greenhouse gas emissions.

30. I have agreed that officials include in the consultation an ability to set different RUC rates for EVs than for fossil fuelled vehicles. I also intend to consult on the ability to create a new power to be able to exempt vehicles using other low carbon fuels, such as hydrogen from paying RUC. Extending the light EV RUC exemption will allow time for this proposed package to be developed and implemented, so that if it is considered appropriate, EVs would be able to pay a lower rate of RUC than other vehicles, once they are required to pay RUC.

31. I am aware that any change to encourage the uptake of vehicles using other low-carbon fuels, such as exempting them from RUC or allowing them to pay lower rates, must be balanced against the amount of revenue received by the NLTF. How to strike this balance will be a key part of the consultation on any further reforms.

Part Two: Minor changes to the RUC rate for a type of heavy vehicles

32. The RUC system has approximately 80 different vehicle types and many hundreds of individual rates for different weight bands and axle configurations within these vehicle types. Each of these classes has a separate RUC rate which are set out in a schedule to the Road User Charges Regulations 2012. When a new vehicle combination that is not in the existing RUC vehicle types is registered for use on our roads, Waka Kotahi creates a new rate using calculations provided by the Cost Allocation Model by notice in the New

Zealand Gazette. The Cost Allocation Model calculates rates for each vehicle type based on their impact on the road and the revenue needs for the NLTF.

33. In March 2021, Waka Kotahi created a new temporary rate for a vehicle configuration it refers to as ‘H80’ in the New Zealand Gazette. I propose to amend the Road User Charges Regulations 2012 to include new RUC H Vehicle type (H80) – being a type 6 truck and a 5 axle trailer over 53 tonne up to 55 tonne. This will formalise the current temporary categorisation. It is also necessary to amend the Road User Charges (Rates) Regulations 2015 to provide a RUC rate of $841.00 per 1,000km for a RUC vehicle type H80 to formalise the temporary rate already in use for this new configuration.

34. It is sensible to consolidate this RUC rate into the RUC Regulations at the same time as extending the EV exemption date.

35. There are no implications from making this change as the impacted vehicles are already being charged this rate and it has no effects on any other road users.

Financial Implications

36. The amount of revenue foregone in 2024 is expected to be in the range of $40 to $70 million. The cumulative amount of additional revenue that will be foregone is projected to be $50 – $90 million over the two and a quarter year extension.

37. As a hypothecated fund, the NLTF would have less money for investment in the land transport system by extending the end date for the exemption. Officials from the Ministry and Waka Kotahi will continue to monitor the uptake of EVs and the resulting impact on NLTF revenue, and report to me about any significant revenue risks that arise.

38. The effect of consolidating the new RUC rate in the RUC Regulations previously created by notice in the Gazette, has no direct financial implications.

Legislative Implications

39. If Cabinet agrees to the amendment to the light EV exemption end date, I will propose new regulations be prepared for Cabinet’s approval, which would be made by Order in Council.

Impact Analysis

Regulatory Impact Statement

40. A Regulatory Impact Statement was prepared in 2016 when Cabinet agreed to exempt owners of light EVs from paying RUC until the EV fleet reached two percent. The Regulation Impact Statement[14] was prepared in accordance with Cabinet’s impact analysis requirements and met the requirements at the time. (CAB-16-MIN-0108.01 refers).

41. The attached Regulatory Impact Analysis (RIA) updates the 2016 RIC to address the proposal to extend the EV RUC exemption to 31 March 2024.

42. The updated RIA for this proposal has been reviewed by the Ministry of Transport’s Regulatory Impact Assessment Panel as partially meeting the quality assurance criteria.

[14] Regulatory Impact Statement: Road users charges exemptions and discounts for electric vehicles www.transport.govt.nz/assets/Uploads/RIA/EV-RUC-RIS-2016.pdf.

43. The RIA clearly sets out the wider context of the issue, and provides what information it can about the potential effectiveness of the proposal. That the proposal has a positive benefit-cost ratio delivers some confidence. The RIA acknowledges that it does not evaluate alternatives to extending the RUC exemption for EVs, with the scope being limited by the Government's previous commitment to continuing the RUC exemption until EVs reached two percent of the light vehicle fleet. The fact that the proposal has not been consulted on limits its rating to partially meets.

44. The Regulatory Impact Analysis Team at the Treasury has determined that the proposal to consolidate the RUC rate created by notice in the New Zealand Gazette into the RUC Regulations is exempt from the requirement to provide a RIA. This exemption has been made on the basis that the proposal has no or only minor impacts on businesses, individuals, and not-for-profit entities.

Climate Implications of Policy Assessment

45. The Climate Implications of Policy Assessment (CIPA) team at the Ministry for the Environment has been consulted and confirms that the CIPA requirements apply to this proposal, as a key objective of the proposal is to reduce emissions.

46. This proposal is expected to have a relatively small impact on emissions from transport by supporting the uptake of light EVs. This is estimated to result in a cumulative 230,000 tonnes of CO_2-e avoided by 2050, which reflects an estimated 3,000 additional EVs by 2024 as a direct result of the policy.

47. Full quality assurance of the emissions analysis was unable to be completed due to a lack of time. However, the scale of estimated emissions reduction appears reasonable, and the CIPA team has no general concerns with the modelling methodology employed. While the point-estimates provided may not reflect the uncertainty inherent in this analysis, this is mitigated somewhat by the relatively small impact of the policy.

48. Ministry of Transport officials will work with the CIPA team to assess the emissions impact of further RUC proposals as they are advanced, as appropriate.

Population Implications

49. While this proposal does not pose any obvious disadvantages to particular groups, some communities may have different opportunities to take advantage of the light EV RUC exemption (beyond December 2021). However, it is already clear that the population impacts are very minor, as the light EV RUC exemption will only affect those who are purchasing or already own a light EV. There is an inherent disproportion to the exemption as early adopters who purchased a light EV when, or soon after, the first RUC exemption was made will save more money than those who purchase an EV today.

50. Savings to consumers obviously comes at a cost to the Government by forgoing revenue to the NLTF. This loss of revenue would have a minor effect on users of the land transport network who benefit from the NLTF investment in the land transport system. As shown in Table 1, the anticipated revenue lost is relatively small compared to total NLTF revenue on a yearly basis.

Human Rights

51. This proposal does not pose any implications for human rights.

Consultation

52. The following agencies were consulted on this proposal: the Ministry for Business, Innovation and Employment, the Ministry for the Environment, the Treasury, Waka Kotahi NZ Transport Agency, and the Energy Efficiency and Conservation Authority. The Department of the Prime Minister and Cabinet was also informed.

Communications

53. If agreed to, I will announce on the Beehive website that the light EV RUC exemption will be extended. It is important that this is done as soon as possible because potential purchasers of EVs may be influenced by the saving offered by a further extension to the exemption. Signalling our Government's interest in supporting the uptake of EVs to the public, stakeholders, and the relevant industries could deter consumers from purchasing vehicles that run on fossil fuels if they think the exemption will expire in December.

Proactive Release

54. The Ministry will proactively release this Cabinet paper with appropriate redactions under the *Official Information Act 1982* within 30 business days of Cabinet confirming a decision, in line with guidelines from the Cabinet Office (CabGuide, and the Cabinet Office circular, Proactive Release of Cabinet Material: Updated Requirements [CO (18) 4]).

Recommendations

55. The Minister of Transport recommends that the Committee:

1. **note** that in 2016 Cabinet agreed that light electric vehicles (EVs) would be exempt from paying Road User Charges (RUC) until 31 December 2021, or until they made up two percent of the light vehicle fleet, as this was to be an efficient way of encouraging the purchase of EVs [CAB-16-MIN-0108.01 refers]

2. **note** that although the number of EVs in our fleet is rising the numbers are still below one percent (27,000 out of 4.1 million at the end of May 2021) and they are not expected to reach two percent until 2024 or 2025

3. **note** that light EVs are exempt from paying RUC until 31 December 2021 and will need to pay RUC from this date unless the legislation is amended

4. **agree** to amend the Road User Charges (Exemption Period for Light Electric RUC Vehicles) Order 2012 by Order in Council to extend the light EV RUC exemption until 31 March 2024

5. **note** that ending the RUC exemption on 31 March, rather than 31 December, will reduce any complications from implementing a change over the Christmas/New Year holiday shut down

6. **note** that, consistent with the approach adopted in 2016 when the end date for the light EV RUC exemption was last amended, I have decided that public consultation is not necessary as the proposed extension confers a benefit on the public

7. **agree** to amend the Road User Charges Regulations 2012 to include new RUC H Vehicle type (H80) – being a type 6 truck and a 5 axle trailer over 53 tonne up to 55 tonne – to formalise a temporary categorisation

8. **agree** to amend the Road User Charges (Rates) Regulations 2015 to provide a RUC rate of $841.00 per 1,000km for a RUC vehicle type H80 to formalise a temporary rate already in use

9. **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to amend the Road User Charges (Exemption Period for Light Electric RUC Vehicles) Order 2012, the Road User Charges Regulations 2012 and the Road User Charges (Rates) Regulations 2015 to give effect to recommendations 4, 7 and 8

10. **note** that I intend to seek Cabinet's agreement later this year to consult on a substantive package of potential amendments to RUC legislation that could help to further promote the uptake of low carbon fuel vehicles, including hydrogen powered vehicles and heavy EVs, and to improve the current RUC system

Authorised for lodgement

Hon Michael Wood

Minister of Transport