

Te huringa taraiwa: Te arotake I te pūnaha utu kaiwhakamahi rori | Driving Change: Reviewing the Road User Charges System

Considering climate change, simplifying compliance and making better use of technology as our transport system changes.

Road user charges (RUC) charge some vehicles for their use of public roads, in proportion to the costs those vehicles generate. Vehicles using fuels other than petrol or with a gross vehicle mass greater than 3.5 tonnes are subject to RUC. Light electric vehicles will pay RUC from 1 April 2024. This system remains world-leading but needs to be adaptable to changes in technology and in the transport sector.

We are considering whether RUC should address wider Government priorities and not focus solely on recovering direct costs. This would fundamentally change RUC's purpose and needs to be well thought through.

Improving user experience and enforcement

These proposals intend to reduce costs, simplify compliance and ensure that all users contribute fairly to the land transport system. These include:



Whether electric motorbikes and very light EVs should pay RUC once the light EV RUC exemption ends

Whether these types of vehicles should be exempted permanently, if they should pay RUC – most likely at a lower rate – or pay an additional amount as part of the vehicle licence fee.



Whether eRUC should be mandated for all heavy vehicles

Having RUC collected electronically reduces compliance costs which is advantageous to both the road user and Waka Kotahi, but raises important issues around protecting privacy and need to mitigate operating costs.



Whether to remove requirement for light vehicle owners to display a RUC licence

Not having to display a RUC licence would make RUC simpler and more cost-effective. RUC licence purchasing could be automated, such as through a smartphone app or in-vehicle device.



Assisting new RUC payers to start paying RUC

When the light EV exemption ends on 31 March 2024, EV owners will need to start paying RUC and Waka Kotahi will need to know the distance from which they need to buy RUC.



Improving enforcement

Policies to improve Waka Kotahi's and NZ Police's ability to administer and enforce the RUC system.

The Climate Change Commission's recommendations

The Climate Change Commission has recommended Government encourage the production and use of low greenhouse gas-emissions fuels. This can be helped by:

Amending the RUC legislation to support the uptake of low carbon fuels

Exemptions from paying RUC can help reduce costs of transport fuels other than petrol and diesel, especially while technologies are becoming established.

Charging for factors other than road damage

These factors could include costs associated with the contribution to congestion, noise pollution, and especially greenhouse gas emissions. This would also be a major change to how we think of RUC costs.

Minor and technical amendments will improve the RUC system's administration

Minor and technical amendments will improve the RUC system's administration. These are complicated areas, so it's important we work with the transport sector to develop solutions. These could include:


Amending the overweight permit regime

An evaluation of the RUC Act found this regime needs reviewing.


Redefining RUC vehicles types for eight-axle combinations

The maximum mass allowable for standard vehicles was increased when a Land Transport Rule changed. We want to address the implications of this.

In the 2020/21 financial year



RUC contributed nearly \$2 billion
to the total National Land Transport Fund revenue of \$4.3 billion.



800,000 contributed \$800 million

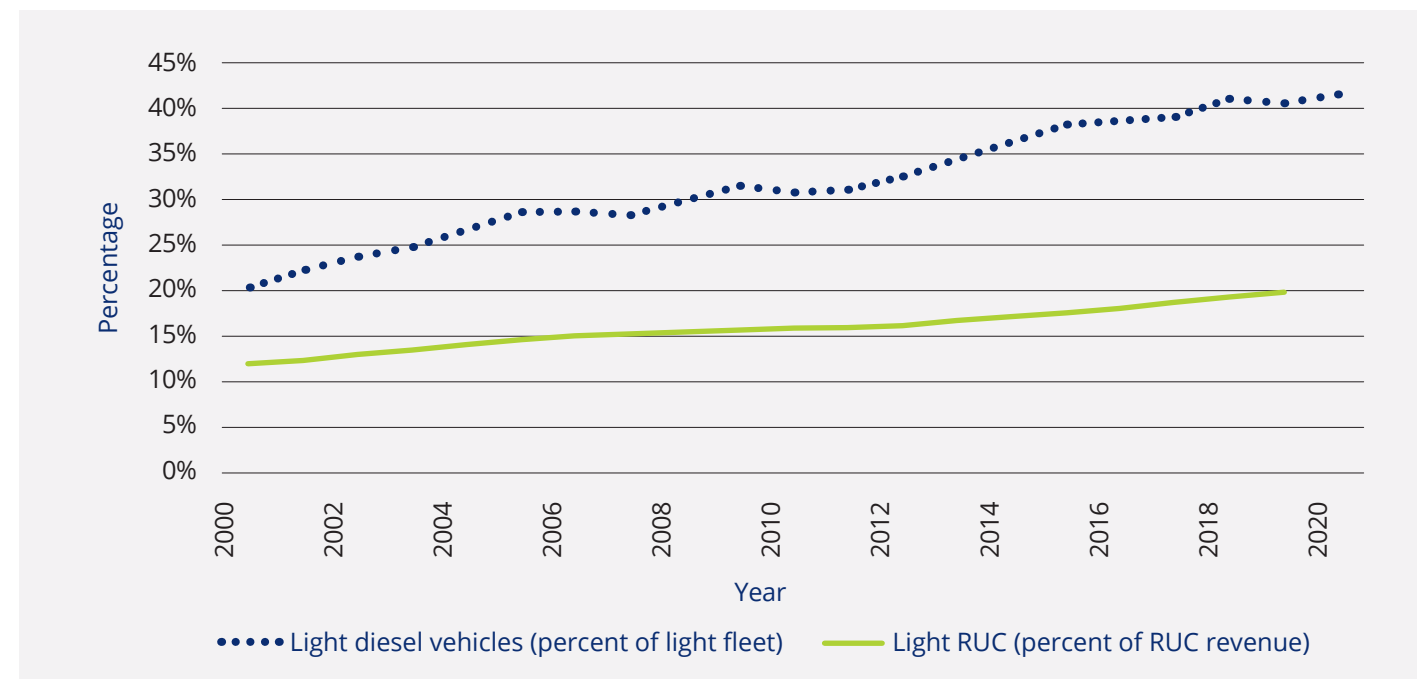
190,000 contributed \$1.1 billion

800,000 light RUC vehicles contributed \$800 million in RUC licences, while 190,000 heavy vehicles (including trailers towed by heavy vehicles) contributed \$1.1 billion.

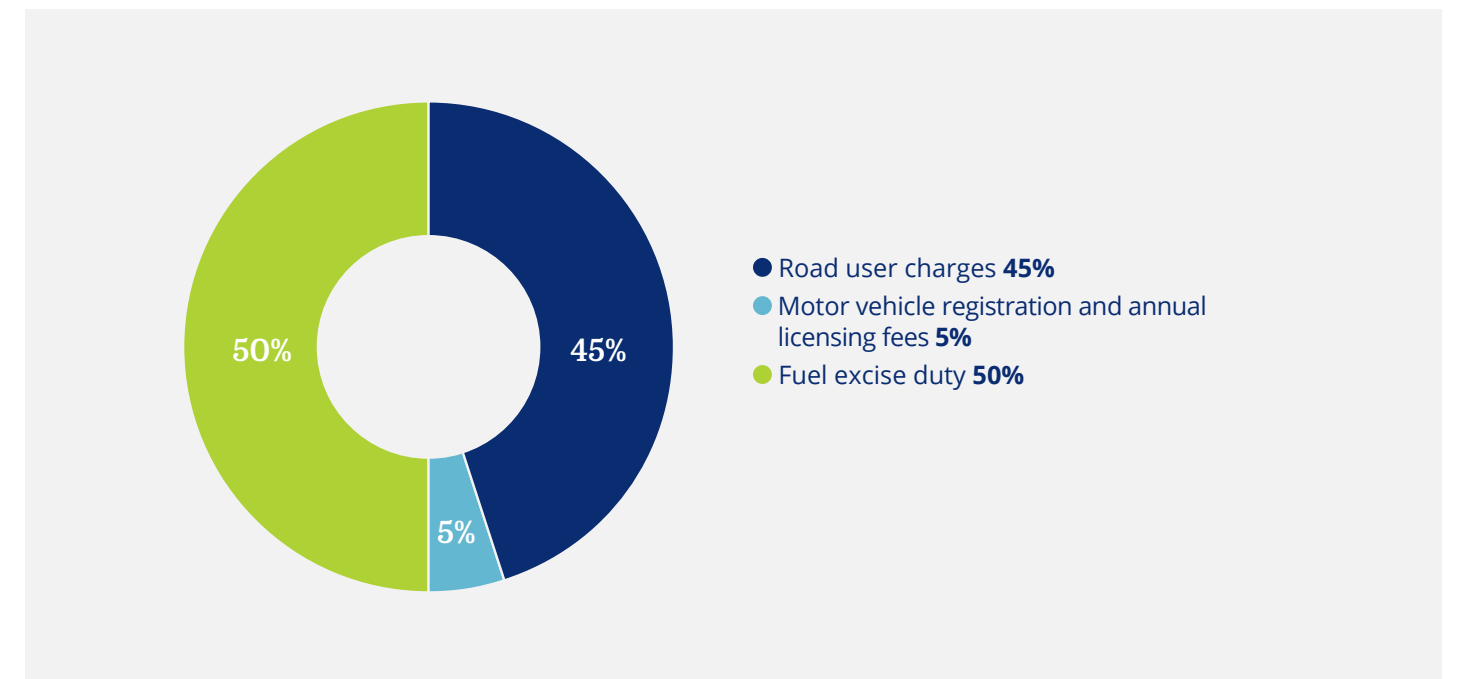


3 million
The owners of the roughly 3 million light petrol vehicles contributed around \$2.1 billion in Fuel Excise Duty and another \$230 million was collected in registration and licence fees.

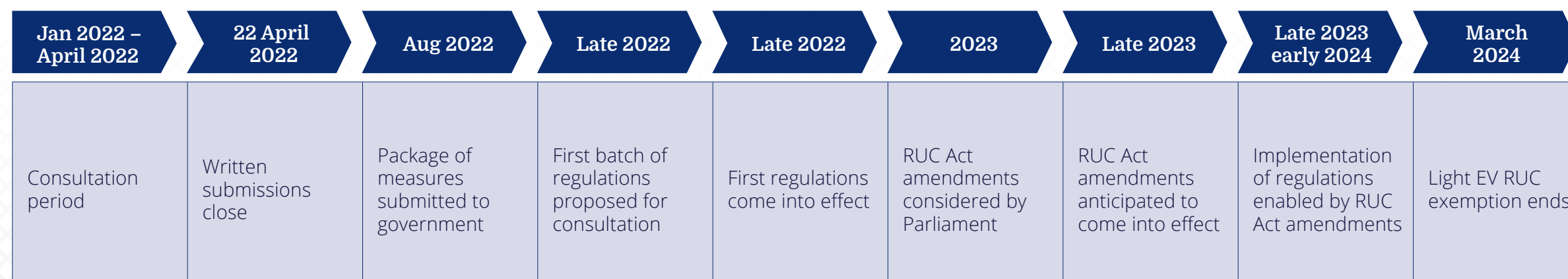
The growing importance of light RUC vehicles to the NLTF



Main sources of revenue for the NLTF in 2020/2021



Indicative timing of RUC amendment process – actual timing subject to Parliamentary process



We want your views:
The deadline for written submissions is 22 April 2022. You can make a submission by:

1. Emailing it to RUCConsultation22@transport.govt.nz,
2. Using the online form at: www.transport.govt.nz/RUCConsultation22
3. Or you can send a hard copy to: RUC Consultation 2022, Te Manatū Waka Ministry of Transport, PO Box 3175, Wellington, 6140.