

Public FAQs: Consultation on amending the road user charges system

What is RUC?

New Zealand has a one of a kind road user charge (RUC) system.

Like in many other countries, most road users pay levies when they buy petrol. RUC applies to vehicles using fuels other than petrol or with a gross vehicle mass greater than 3.5 tonnes. RUC imposes distance and weight-based charges for these vehicles' use of public roads, in proportion to the costs those vehicles generate.

RUC is a key source of revenue to the National Land Transport Fund (NLTF) – it pays for maintenance and improvements of the land transport system, including roads, public transport, walking and cycling infrastructure. In the 2020/21 financial year, RUC contributed nearly \$2 billion in revenue to the NLTF out of a total of \$4.3 billion.

Light electric vehicles will pay RUC from 1 April 2024.

The RUC system remains world-leading but needs to be adaptable to changes in technology and in the transport sector.

Why are you consulting on RUC changes now?

The last major reform to the RUC system was in 2012. So, almost a decade later, it is timely to look again at the system to see if we can improve its operation and to make sure it remains fit for purpose as we look to tackle challenges such as climate change.

How can I make a submission?

You can make a submission by:

- using the online form at: www.transport.govt.nz/RUCconsultation22
- emailing it to RUCConsultation2022@transport.govt.nz
- or send a hard copy to: RUC Consultation 2022, Ministry of Transport, PO Box 3175, Wellington, 6140.

The deadline for submissions is 22 April 2022.

Who's likely to be affected by these changes?

RUC is currently paid mostly by drivers of light diesel vehicles and owners of heavy vehicles like trucks. There are approximately 800,000 light RUC vehicles and 190,000 heavy vehicles (including trailers towed by heavy vehicles). Electric vehicles are currently exempt from RUC, but this exemption will end from April 2024.

Some of the proposed changes would only affect a small number of motorists, such as changes to how CNG and LPG vehicles are charged, or those relating to overweight permits for heavy vehicles, or changes to the definition of mobile cranes.

However, because we are considering issues such as costs of congestion and noise pollution that affect more than just those paying RUC, and issues like the need to display paper licences for RUC and vehicle licences ('rego') we want to hear from a range of road users.

What are topics are you seeking feedback on?

The discussion document covers a wide range of issues with the current RUC system. These include if we should amend RUC legislation to support the uptake of low carbon fuels; if we should consider costs other than road wear and tear when setting RUC rates; and how we can simplify the RUC system for end users. We are also proposing a package of minor technical amendments to make the system work more efficiently.

I've thought of a new idea about RUC that is not in your document – can I make a submission on that?

Yes, you are free to make a submission on any topic about RUC that you want. We are also open to new ideas about how to improve the RUC system.

Why do you need to amend the Road User Charges Act 2012 (the Act)?

Electric vehicles are temporarily exempt from RUC to promote their uptake and there is interest in extending this exemption to vehicles powered by other low carbon fuels such as hydrogen, or possibly biofuels. We can't do this without changing the purpose of RUC to allow it to consider greenhouse gas emissions when setting RUC rates.

If we are going to make amendments to something as important as the purpose of the Act, we have also taken the opportunity to look at the Act's operations more thoroughly. We have identified a number of areas that could be improved through changing the legislation.

The RUC Act's focus is mostly on heavy vehicles. However, with the increase in the number of light diesel vehicles in the past decade and the expected increase in light electric vehicles (EV) in the next decade, it means that some parts of the Act are now out-of-date: this could become a problem for RUC customers. To prepare for when the vehicle fleet contains a greater proportion of EVs we need to consider whether changes are required to the Act.

Is making a submission the only chance I will get to be involved?

No. Te Manatū Waka Ministry of Transport and Waka Kotahi NZ Transport Agency will consult on the discussion document's proposals until 22 April 2022. Subject to any COVID restrictions we plan to hold workshops and consult with stakeholders directly. If you would like to meet with us to discuss any of the issues, please email us at RUCConsultation2022@transport.govt.nz.

We will continue to engage with stakeholders on the more complicated issues after the deadline if necessary.

Once we have conducted this first round of consultation, we will use the feedback on the Discussion Document, and from workshops and meetings, to prepare a package of potential changes to the RUC legislation. We will submit advice to the Government for consideration in

the second half of 2022. Once the Government has decided what changes it wants to make, there will likely be further consultation on the details of the proposals. Consultation will include through the Select Committee process for changes to the Act and through direct consultation for changes made to Regulations.

How will this change how RUC revenue is spent?

Most of the proposals in the discussion document affect how the RUC revenue is collected, rather than how it is spent.

At present all revenue from RUC is part of the National Land Transport Fund (NLTF) and is mostly spent on land transport projects.

One of the proposed changes discussed in the document looks at whether additional charges should be included in RUC for matters like noise or air pollution, and congestion. If this change was agreed to, any new revenue could be used for a dedicated fund to address these problems. This would be a matter for consultation and would require a change to the RUC Act and the LTMA to enable this to occur.

See [How land transport is funded | Ministry of Transport](#) for more information.

Do the proposals mean petrol vehicles will need to pay RUC?

No. The Ministry of Transport is investigating whether we need to move petrol vehicles onto the RUC system at some point in the future, but that is not part of this Discussion Document.

See page 105 – 110 of the briefing on the [Future of The Revenue System Programme Work](#) for more information.

How would you recover costs from something like noise pollution from petrol vehicles if you were to include those costs in RUC for diesel and electric vehicles?

It would depend on what the cost was and if vehicles using petrol were a major contributor to the costs. We are seeking views on how a charge could be levied fairly among fuel types as it would not be fair to only charge costs to diesel and electric vehicles for something like congestion, which is caused by all vehicles. One solution might be to only consider these types of costs for heavy vehicles as these are all required to pay RUC or they could be for all diesel vehicles where the primary concern is air pollution, for example. Petrol vehicles are not a major source of local air pollution.

Are you proposing to make electronic logbooks mandatory?

No. Work on the design and implementation of electronic logbooks is being conducted under the Road to Zero – Government's strategy to improve road safety. Ensuring drivers stay within their regulated driving hours is primarily a road safety concern. However, the technology that might be used for eRUC is very similar to that needed for an electronic logbook, both require knowing when the vehicle is moving. We did not want to consult twice on the technical specifications of potential devices, and any decision to require electronic logbooks would be made separately after a more thorough consultation process.

Will these changes make my light diesel vehicle more expensive to run?

If RUC rates were to be changed, this would be considered separately. Some of the proposed changes would be used to offer RUC exemptions or discounts as incentives to low and zero emissions vehicles, as we do now with EVs.

If we remove the requirements for paper RUC labels and for paper vehicle licences ('rego') it may reduce some costs slightly by removing the cost of printing and sending the labels.

When will EVs start paying RUC?

Owners of light EVs will have to start paying RUC from 1 April 2024. Under the current legislation light EV owners will need to purchase RUC at \$76/1,000km, which is the same rate as all other light vehicles. The proposals in the discussion document might enable the government to set lower RUC rates for EVs, but that requires a change to the RUC Act first.

Heavy EVs (trucks and buses) are exempted from RUC until 31 December 2025. The discussion document is asking if this deadline should be changed, due to the current very low uptake of heavy EVs.

When can I stop displaying a RUC license?

Removing the requirement to display a valid RUC licence requires a change to the RUC Act. We don't know for sure when this will be in place, if was agreed following consultation, but it is likely to take several years.

How are you proposing to use RUC to address climate change?

The discussion document considers how RUC can be used to encourage the uptake of low carbon fuels. It considers whether to charge low emissions vehicles less than fossil fuelled vehicles to encourage their uptake as well as to recognise their reduced greenhouse gas emissions. We are not proposing that RUC would replace the [ETS](#) included in the price of all fossil fuels.

Will users of low emission fuelled vehicles and EVs be exempt from paying RUC or get discounts?

The discussion document considers how RUC can be used to encourage the uptake of low carbon fuels and EVs while spreading costs fairly amongst road users.

The exemption for light EVs has been extended until 31 March 2024. Under the current legislation, heavy EVs are exempt from paying RUC until 31 December 2025