MINISTRY OF TRANSPORT
TE MANATŪ WAKA

Information memorandum

This information memorandum provides additional information for responding to the Request for Information (RFI) entitled 'Road User Charges – Services for Vehicle Owners'.

Part One – Overview of road user charging in New Zealand

Key messages

What is changing and why….

- The New Zealand Government has announced that the entire vehicle fleet will transition to paying Road User Charges (RUC). A road user charge is a distance- and weight- based charge. It applies to vehicles that do not solely run on taxed fuel, such as diesel and electric vehicles, and to all vehicles over 3.5 tonnes.
- Currently, most of the light vehicle fleet pays solely Fuel Excise Duty (FED) - which is included in the price of fuel and is paid at the pump.
- Being distance- and weight-based, RUC is fairer as it relates directly to a vehicle's public road usage. FED, on the other hand, penalises those who drive an older, less fuel-efficient vehicle.
- RUC is much more predictable as a source of revenue to fund necessary investment in our transport system – this is because vehicles are becoming more fuel efficient.

The New Zealand Government wants to encourage innovation in a competitive market…

- The current system for light vehicles that pay RUC – diesel, electric light vehicles and plug-in hybrid electric vehicles – is largely manual. Vehicle owners have to self-monitor their odometer readings and prepay for their road usage.
- Rather than extending this system to the entire light vehicle fleet, the Government wants to attract private sector innovation and is making law changes to create the conditions for a competitive market to develop.

The transition to RUC offers a range of commercial opportunities….

- We want to hear from domestic and international companies with technology, systems or ideas that could make complying with RUC cheaper and easier for vehicle owners in New Zealand.
- There are opportunities beyond RUC to integrate with different types of road pricing – we expect to see more toll roads, and Parliament has passed legislation to enable time of use (or "congestion") charging. In the future, there could be solutions that allow people to manage and pay all their road-related charges through a single account or recurring payment.
- To get there, we must have reliable technology solutions and market-led RUC retail options. Paying for road usage should be easy, cost-effective and provide choices for people to do so in a way that suits their circumstances and protects their privacy – whether this is online or over-the-counter.

- Around half of all heavy goods vehicles use electronic RUC (eRUC) to monitor and pay RUC. This system is designed for commercial vehicle fleets. Some elements of this electronic system may be transferable to a RUC system for the light vehicle fleet.
- There is no pre-conceived view on the commercial model for the new RUC system. Any system should be cost-effective for users.

Next steps for transitioning the fleet to RUC…

- It is intended that by 2027 a new RUC system will be open for business, with innovative technology solutions and a range of retail solutions able to operate and compete in the market, allowing New Zealanders to choose what best fits their circumstances.
- The full transition of the light vehicle fleet will follow at a pace suited to the maturity of the market.

Key facts about the vehicle fleet and road user charges in New Zealand (as at November 2025)

- **4.9 million** total vehicles in the fleet
- **3.6 million vehicles** transitioning to the new RUC system
- **$4 billion NZD** ($2.26 billion USD) total net revenue earned from RUC, Fuel Excise Duty and Annual Vehicle Licensing contributions
- **Private vehicles are the main way people travel**, making up 93% of distance travelled
- **In rural areas,** driving is often the only practical option. Vehicle owners can apply for refunds for driving off-road and on private roads
- Currently RUC applies to all **heavy vehicles** (over 3.5 tonnes) and any light vehicle that doesn't use petrol, such as **diesel** or **electric vehicles**
- **Owners pre-pay for their road use** by purchasing a RUC licence in 1,000 km blocks
- A **label displayed on the windscreen** is enforced by Police, with the odometer checked during annual vehicle safety inspections
- The system is **cost recovery**, designed to ensure all road users **contribute fairly** to the cost of maintaining and improving the road network
- Further statistics about NZ's vehicle fleet can be found at www.transport.govt.nz.

Part Two – What we want to know

Summary of questions in the RFI

- Do you currently, or plan to, offer RUC retail services?
- What RUC services are you interested in providing in the future? **Note**: Please refer to the diagram annexed to this document. You might see commercial opportunities in a single part of the system or across different parts of the system, such as an end-to-end service.
- Which aspects of the system are you not interested in providing services to support, and why?
- Do you have access to technology to deliver your proposed RUC service, or is new technology required? If new technology is required, how long would it take to design and deliver it?
- Beyond the law changes being introduced, are there any other regulatory, technical or commercial barriers to market entry?
- What enablers or safeguards need to be in place to protect users and revenue?
- With reference to the user scenarios below, how would your services support simple, seamless services for different customer groups?
- How long might it take for a market to develop? What are the dependencies?
- How would your proposed RUC service support the future transition of petrol vehicles to RUC? What do you see as the challenges that market suppliers may require government support to resolve?

User scenarios

Services for vehicle owners will need to be easy to use, cost effective and protect privacy. Potential customers include a diverse range of vehicle owners. We are interested to hear what solutions you think would address the needs of the vehicle owners presented in these user scenarios:

Low mileage driver who prefers not to prepay RUC

John is retired and lives alone. He is careful about his spending and worries about his bank balance during certain times of the year when all expenses seem to be due at once – insurance, rates and larger power bills over winter. He lives close to friends and amenities so is able to walk most places, but drives his car once or twice a week. This includes a 5-minute drive to the supermarket and sometimes a trip further afield to visit family. He tops up his petrol as he needs it. He has heard from his neighbours with an EV that they pre-pay their road user charges per 1000km. He thinks it would take him a whole year to travel that far and hopes that when road user charges take effect he can top up as needed so he won't have to pay the whole amount in advance. He does that with his mobile phone and 'Snapper' (electronic smart card) for public transport and it suits him well.

Rural driver – uses a lot of private roads and owns several types of vehicles

Maggie lives on a large lifestyle block and owns several types of vehicles – a utility vehicle, a farm bike, a truck and a 4-wheel drive for river crossings. She spends most of her time driving on the farm and on private roads, but travels on the state highway a few times every week to the nearest town for supplies and to make deliveries. She spends long hours working on the farm and has limited time to work on the business or administration. She has heard about road user charges coming in and is worried about how she is going to keep track of all the different vehicles and where she drives in each – she thinks there might be different rules for each vehicle and is worried it might involve more time-consuming administration and possible fines if she gets it wrong.

Avoidant (inadvertent)

Emma and her partner have recently purchased a petrol-hybrid Rav 4 SUV and have heard from friends with the same model that they will have to start paying road user charges at some point. They are familiar with road user charges as their second car is a Nissan Leaf EV. Emma recalls buying road user charges when they first came in for EVs and assumed they would be due again soon, as that was almost a year ago. She checked the label displayed on the car and realised with concern that it was only valid for 1000km and they had surely driven more than that since then.

Avoidant (unaware, resistant)

Andrew owns a 1999 petrol Ford Focus. His car is always breaking down, but money is tight so he gets a friend to help him fix it. His car was registered when he bought it, but he doesn't renew the registration or insure the car anymore as it failed its last warrant. He needs the car to get to work and drives it most days, but he has never been caught. He hasn't heard of road user charges.

Person without a smartphone

George lives in a small rural town. He knows all his neighbours and chats with many of them each day as he drives around the community making deliveries for his business. He doesn't own a smartphone as most of his customers, friends and family live nearby and he sees them most days anyway. He owns a computer, but rarely uses it. He has been paying his utilities (power, landline, gas) via direct debit for many years so doesn't pay much attention to bills. There is an automated teller machine in the nearby local town a short walk away so he mostly uses cash for daily purchases and checking his bank account balance.

Time poor person who wants to 'set and forget' – simplicity over privacy

Margot is a successful senior executive working in downtown Auckland. She is in a strong financial position and rarely monitors her spending. Her focus is 100 percent on her career, family and social life and prefers to pay for services such as cleaning, tax returns and other life admin. She is happy to sign up to services that make her life easier and tends not to read the fine print before doing so. She loses track of when things are due and relies on reminders to pay bills and top up her phone before the data runs out.

She regularly travels on toll roads for weekend road trips, commutes at rush hour each day, and parks in the city. She gets frustrated with all the different apps on her phone for topping up parking and phone data – as well as keeping on top of all the utility bills that seem to arrive at multiple different times each month. She would much rather handle everything at once each month.

Person who wants the cheapest deal – and is willing to switch providers to get it

Peter is frugal and enjoys spending time monitoring his spending on a budget spreadsheet. He considers every purchase carefully and looks for the best deal. He makes all of his payments on the day they are due to maximise interest on the money in his bank account. When he needs to fill his car up with petrol, he drives out of his way to find the cheapest price at the pump (after taking into account distance travelled and estimating petrol usage on his spreadsheet).

Person who wants a simple solution but is concerned about data security and privacy

Huia works long hours in a demanding job and is willing to pay for services that will make her life simpler. In the past she has willingly signed up to multiple apps and subscriptions without checking the terms and conditions, but recently a close family member lost a significant amount of money after their account had been compromised. After hearing about their experience, Huia became concerned about cyber security and privacy. Now she always reads the fine print before signing up to any service and is careful about what personal information she shares. She has switched off 'share my location' on her smartphone and has deleted most of her apps.

Light vehicle fleet business owner

Tony and his partner own a fleet of light rental vehicles. The fleet consists of a mix of petrol, diesel, electric plug-in hybrid and hybrid vehicles. Most of their vehicles run on petrol. For the vehicles that are subject to RUC, they maintain a register of odometer readings that a part time staff member updates when vehicles are returned. The staff member purchases RUC licences when vehicles are getting close to their kilometre limit.

Future user – bundling of road services

Annabel lives in Rotorua, but travels frequently for her work around the upper North Island, as well as to spend time with her extended family. She is often on the road at peak commuting hours, and frequently uses travel apps to work out the fastest route. She's not bothered about the cost because her time is precious, so she's prepared to pay a bit more to get to her destination faster.

Part Three – Next steps

Responding to this Request for Information

- Online overview sessions will be held in December 2025.
- Responses to the RFI are due by **13 February 2026**.
- We understand that you may have questions relating to this RFI. **We encourage you to ask any questions in November and December** so that we can provide the information you need well in advance of the deadline for responses.
- Your responses will inform policy advice on next steps for the transition.

Key dates for the transition to Road User Charging

In 2026:

- Legislative and operational changes to modernise the RUC system will be in place by the end of 2026.

In 2027:

- The new RUC system will be open for business, with innovative technology and a range of retail offerings able to operate and compete in the market.
- A transparent and consistent approval process for RUC service providers will be in place.
- Private providers will be able to offer services to owners of vehicles that currently have to pay RUC (diesel, heavy and light electric vehicles).
- Heavy electric vehicles will become subject to RUC on 1 July 2027.
- Government will make decisions on next steps for the transition, informed by market readiness.

Beyond 2027:

- Beyond 2027, all petrol vehicles will be brought into the RUC system. Further legislative changes will be needed to refine the system and ensure a smooth transition for owners of petrol vehicles.

Closing message

Thank you, and we look forward to receiving your response to the RFI by **13 February 2026**.

Further information on road user charging in New Zealand can be found at www.transport.govt.nz.

Questions about responding to this RFI should be directed to RUC@transport.govt.nz.

Request for Information – Road User Charges: Services for Vehicle Owners

The Ministry is seeking a system for road user charging services that is easy to use, cost effective and protects privacy. We want to hear from domestic and international companies with technology, systems or ideas that could make complying with Road User Charges (RUC) cheaper and easier for vehicle owners in New Zealand.

Current: 2025

Most light vehicles pay fuel excise duty that is included in the price of fuel. For the owners of 1.3m vehicles subject to RUC, the payment system is largely manual and self-monitored.

How do vehicle owners pay in 2025?

FED

Fuel Excise Duty:

3.6m petrol vehicles

Purchase petrol and pay **FED**

Automatic – included in price

RUC

Road User Charges:

1.3m vehicles

- 974,000 light diesel vehicles
- 128,000 light electric vehicles
- 195,000 heavy vehicles

Monitor distance travelled → Purchase **RUC**

Most owners of light vehicles pay RUC over the counter or online and display a paper label on the windscreen. Electronic RUC services are used by approx half of all heavy vehicles, and less than 1 percent of light vehicles.

By 2027

New technology and service options will be available for existing RUC vehicle owners (1.3m+ vehicles). From 1 July 2027, 1000+ heavy electric vehicles will also be subject to RUC.

How will vehicle owners pay in 2027?

FED

Fuel Excise Duty:

3.6m petrol vehicles

Purchase petrol and pay **FED**

Automatic – included in price

RUC

Road User Charges:

1.3m+ vehicles

1000+ heavy electric vehicles from 1 July 2027

Monitor distance travelled → Purchase **RUC**

Greater range of electronic RUC services available for light vehicles

Beyond 2027

All vehicle owners will have to pay RUC (**4.9m+ vehicles**). Decisions on dates for the full transition will be made once the market is ready.

How will vehicle owners pay beyond 2027?

RUC

Road User Charges:

4.9m+ vehicles

Monitor distance travelled → Purchase **RUC**

Greater range of electronic RUC services available for light vehicles

Useful background information

New Zealand has a live database with details of every registered vehicle in the fleet (the Motor Vehicle Register).

Odometer readings are recorded in the Motor Vehicle Register when a vehicle is sold, registered or has its regular road safety checks.

RUC helps to pay for roads

Revenue from fuel excise duty and **RUC** is paid into the National Land Transport Fund, which funds transport infrastructure.

Other sources of revenue include vehicle registration fees and tolling (New Zealand has three toll roads). In future, congestion charging is likely to be introduced.

We want to know what services you could provide to support vehicle owners

Services offered should support us to deliver a RUC system that:

- reflects these principles:
  - ✓ end-user focus
  - ✓ revenue protection
  - ✓ future proofing
  - ✓ market-led solutions
  - ✓ rapid results
- meets the needs of users:
  - ✓ low mileage
  - ✓ avoidant
  - ✓ rural driver
  - ✓ time poor
  - ✓ no smartphone
  - ✓ cost-conscious
  - ✓ privacy conscious
  - ✓ light vehicle fleet
  - ✓ future user