

Regulatory Impact Statement: RUC retail market – enabling reforms

Decision sought	<i>Cabinet decisions to agree the regulatory changes necessary to enable a retail market for road user charges for light vehicle owners, to give effect to the Minister of Transport's chosen pathway for transitioning the light vehicle fleet from fuel excise duty to road user charges.</i>
Agency responsible	<i>Ministry of Transport</i>
Proposing Minister	<i>Hon Christopher Bishop, Minister of Transport</i>
Date finalised	<i>17 July 2025</i>

The Minister's regulatory proposal:

The Minister proposes regulatory changes to modernise the Road User Charges (RUC) system. These changes will prepare the system for the transition of petrol vehicles to RUC by:

- removing the need to carry and display physical RUC licences
- making electronic distance recorder requirements less prescriptive to allow for in-built vehicle technology and other solutions
- removing the electronic distance recorder requirement for alternative payment schemes
- clarifying the roles of the RUC collector and third-party operators to encourage a competitive market for RUC services for light vehicle owners
- creating a foundation for collecting other charges, such as time of use and tolls, alongside RUC.

Summary: Problem definition and options

What is the policy problem?

The current setup of the RUC system presents challenges to the Government's plan to transition petrol vehicles from fuel excise duty to RUC. For most light vehicle owners, the current system relies on users actively purchasing their RUC licence in advance of travel. Transitioning millions of vehicles to the existing system would likely result in costs and compliance challenges. The three underlying problems are:

- legislation makes the primary electronic alternative, eRUC, unaffordable for most light vehicle owners. The law requires expensive, high-specification devices originally designed for heavy vehicles, which prevents the use of more cost-effective and modern solutions, such as in-built vehicle technology. This leaves motorists with a choice between purchasing RUC manually from NZTA or using an expensive electronic service.
- the regulatory environment creates barriers to third-party innovation, resulting in limited and often costly service options for light vehicle owners and discouraging private sector investment in user-friendly solutions
- the RUC system's current structure inefficiently hinders its evolution towards modern road pricing and integrated charge collection, often necessitating separate and complex schemes for new charges like tolls or congestion pricing rather than using the existing RUC system.

Scope of the policy problem

The proposals in this paper do not transition the petrol light vehicle fleet to RUC. A specific transition date and transition arrangements for light petrol vehicles will be determined once the RUC service providers offer cost-effective and user-friendly solutions for light vehicles. The focus is on enabling the market first, followed by a transition to a market-led system. The transition of the entire petrol fleet to RUC will occur only once the market is confirmed to be ready and performing well, offering competitive and cost-effective solutions for motorists.

What is the policy objective?

The objective is to modernise the RUC system by enabling innovative and competitive approaches for providing customer services, and to prepare it for a future where the framework, market, and technology can be utilised more broadly to collect other transport fees, such as location and time of use charges and tolls.

What policy options have been considered, including any alternatives to regulation?

Maintaining the current system (an alternative to regulation) was considered. The government has opted for reforms that seek to reduce regulatory barriers and foster competition. This is intended to enable private companies to offer cost-effective and innovative RUC services to light vehicle owners. It limits the need for substantial investment in new or reformed NZTA back-office systems, and it prepares the system for future developments, such as tolls or time of use charges. Key reforms include:

- removing the requirement to display a physical RUC licence.
- making the legal definition of an electronic distance recorder less prescriptive to lower costs and allow the use of in-built vehicle technology.
- allowing third-party providers to offer flexible, subscription-style payments by removing the mandate for specific hardware.
- clarifying the roles and responsibilities of the RUC collector (NZTA) and third-party operators to provide a clear framework for market participation and enable better private provider connections.

What consultation has been undertaken?

The government undertook various consultation activities from 2022 to 2025 on the RUC system, including through “Driving Change: Reviewing the Road User Charges System” in 2022. A Select Committee received various submissions that commented on, among other things, the transition of light electric vehicles to RUC in March 2024. The Ministry conducted a market sounding with potential providers in November and December 2024. A Stakeholder Reference Group is also providing ongoing input. Overall, stakeholders support modernisation but stress the importance of addressing current barriers and ensuring user-friendly solutions.

Is the preferred option in the Cabinet paper the same as the preferred option in the RIS?

Yes.

Summary: Minister's preferred option in the Cabinet paper

Costs
The preferred options' impacts on different groups will depend on how well the new competitive market functions. Road users may face additional costs and effort during the transition. A lack of digital skills or limited access to digital services may also disadvantage some. The NZTA will incur one-off costs for system changes (portal connections for third-party providers, removing labels) and ongoing costs for regulatory functions. Service providers may need to make upfront investments with uncertain returns, as the timeline for transitioning all vehicles to the new system has not yet been established. Finally, current hardware manufacturers risk their products becoming obsolete at least in the New Zealand market.
Benefits
The preferred options deliver non-monetised benefits. Monetisation remains limited due to the enabling nature of the reform. For road users, the benefit is a better experience with less compliance effort, due to digital solutions and the removal of physical licences. The Government also benefits from lower investment costs, as these costs are shifted to private companies. Furthermore, the changes create new commercial opportunities and drive innovation by removing restrictive rules that have previously held back technological advancements.
Balance of benefits and costs
Costs and benefits A definitive indication that benefits outweigh costs is not practicable at this stage, as the full impacts cannot be reliably monetised. Due to the enabling nature of these technical proposals, which create flexibility for future developments, quantitative net benefits have not been determined. While qualitative evidence suggests that ongoing benefits from improved user experience and market-led innovation will likely exceed transitional and regulatory costs over time, the overall benefit-cost ratio remains uncertain. Key risks and uncertainties This uncertainty arises because the success of the reforms depends on how the market responds and develops. There is uncertainty as to whether the changes will be effective in delivering their intended user-friendly services to light vehicle owners. Furthermore, a risk is that a competitive market fails to emerge. This could lead to a monopoly-like situation (albeit in the private sector rather than the public sector) that increases costs and limits consumer choice. The medium-term benefits also depend on the as-yet-undetermined process for transitioning the petrol fleet to RUC.
Implementation
Implementation and risks The NZTA will lead the implementation of removing paper licences and labels, which requires key system changes with an estimated 12-month timeline. However, these system changes carry risks, including potential cost overruns and delays due to the complexity of the work. These changes are planned to be undertaken concurrently with the progress of the legislation. Staged transition to manage risks

To manage these risks, the approach is staged. First, legislative changes will enable the market to develop competitive services and initiate implementation activities. The full transition of the fleet will only occur once this market is mature and established, which reduces the risk associated with the system build and ensures the underlying technology is ready before a full-scale rollout.

Limitations and Constraints on Analysis

Scope of the analysis:

This analysis does not assess the merits of transitioning petrol vehicles to a distance-based road user charge. Instead, it assesses the technical changes needed to improve the RUC Act for current users and prepare the system for the transition. It does not compare the cost of transitioning the fleet with these proposed changes against doing so without them, noting that further analysis and consultation are required, as the details of some of the proposals are yet to be developed (such as alternative payment schemes).

Limitations and exclusions:

To provide focused advice, this analysis operates within specific policy parameters set by the Government. The scope was defined by the commitment in the coalition agreement to work towards an electronic RUC system. Therefore, an analysis of retaining the fuel tax system was considered outside the defined scope of this work. Cabinet principles and overall fiscal constraints guided the options towards market-based solutions. The proposed changes have also not been assessed from a fairness or equity perspective (the horizontal or equity impacts). Despite this, given the nature of the reforms, we do not expect them to be material.

Implications of the constraints:

Due to these constraints and the enabling nature of the reforms, there are inherent uncertainties about the market response, provider participation, user adoption, and the overall effectiveness of these changes. The analysis is qualitative, as most impacts cannot be measured in dollar terms, and an overall net benefit cannot be calculated. Even so, Cabinet can make an informed decision, as the proposed path provides the flexibility to make adjustments as more information becomes available. Overall, we consider the reforms relatively low risk.

I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.



Matt Skinner, Manager, Ministry of Transport
17 July 2025

Quality Assurance Statement

Reviewing Agency: Ministry of Transport

QA rating: Meets

Panel Comment:

A panel from the Ministry of Transport has reviewed the Regulatory Impact Analysis (RIA). The panel considers that the information and analysis summarised in the RIA meet the Quality Assurance criteria for informing Cabinet decisions, with the caveat that although consultation has been undertaken, it was high-level and addressed some, but not all, of the regulatory reform proposals.

Section 1: Diagnosing the policy problem

What is the background to the policy problem and how will the status quo develop without change?

Land transport revenue system

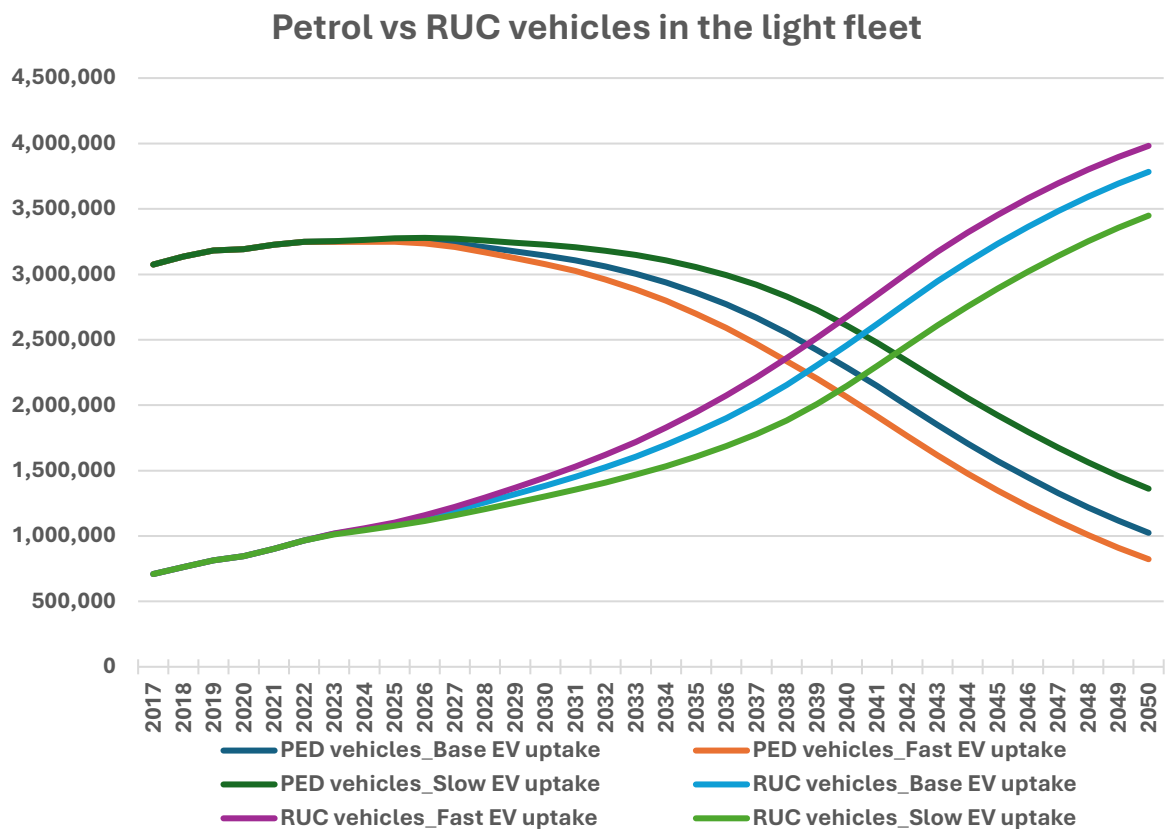
1. New Zealand's land transport system is primarily funded from fuel excise duty (FED) and road user charges (RUC)¹:
 - 1.1. FED is collected by the New Zealand Customs Service at the wholesale level on petrol, LPG, and CNG, on a per-litre basis, and predominantly raises revenue from light petrol vehicles (\$2b per annum).
 - 1.2. RUC applies to all heavy vehicles and light vehicles using fuel not subject to excise, including diesel, electric, and hydrogen vehicles (if not exempt). RUC rates are based on distance and weight, varying by vehicle type and axle arrangement. Vehicle owners pre-purchase licences on a per kilometre basis before travel (\$2b per annum).
2. Revenue from FED and RUC goes into the National Land Transport Fund (NLTF), a hypothecated fund dedicated to land transport investment.
3. The primary intention of FED and RUC is to recover network use costs, rather than to incentivise specific fuel types actively. However, an important secondary outcome is weight-based RUC rates, which aim to encourage heavy vehicle configurations that minimise road damage (through proportional charges).
4. RUC provides a more direct measure of road use than FED because it is charged per kilometre travelled. The Government aims to set rates for FED so that a typical light petrol vehicle pays a similar amount to a light RUC vehicle. However, because FED is based on the amount of fuel consumed by vehicles, there are variations in contributions per kilometre travelled based on differences in vehicle fuel consumption.

Changes in the make-up of the vehicle fleet have the potential to affect revenue streams

5. The composition of New Zealand's vehicle fleet is changing, resulting in a greater share of revenue coming from RUC rather than FED.
6. In 2023, approximately 3.3 million (73%) of over 4.5 million vehicles in the fleet were light petrol passenger or goods vehicles, paying FED. Additionally, approximately 200,000 motorcycles also use petrol and contribute via FED.
7. The remaining 1.18 million vehicles (26%) pay RUC. The RUC fleet is made up of over:
 - 7.1. 900,000 light diesel vehicles (20%)
 - 7.2. 180,000 heavy vehicles (4%)
 - 7.3. 70,000 light battery electric vehicles (1.7%)
 - 7.4. and 30,000 light plug-in hybrid vehicles (0.7%).

¹ Some revenue is also obtained from the annual vehicle registration and licensing charges.

8. Fleet modelling indicates a shift from FED to RUC as electric vehicles replace petrol vehicles. FED revenue is expected to remain stable in the short to medium term. However, it is projected to diminish over the longer term as fewer vehicles use petrol.



9. Light RUC revenue is projected to grow consistently, with a sharp rise from 2038 onwards. Conversely, excise revenue is expected to peak around 2035 and gradually decline towards 2054.
10. Despite the reduced share of revenue from FED, total transport revenue has been increasing due to growth in the size of the fleet, an increase in the number of diesel vehicles, and the fact that the light RUC rate is slightly higher than the average FED per kilometre.
11. In the future, the uptake of electric vehicles is projected to be the primary driver of declining excise revenue. Without change, the light vehicle fleet is projected to gradually transition to RUC over the next few decades through EV uptake. This uptake could result in 0.7 and 1.1 million additional EVs by 2035. Forecasts show a long-term decrease in petrol vehicle numbers and a corresponding increase in vehicles subject to RUC. The number of light vehicles subject to RUC is forecast to surpass petrol vehicles in the early 2040s.

RUC system challenges

12. The RUC system was designed in the 1970s primarily to recover weight-related costs from heavy vehicles. RUC relies heavily on users actively purchasing their licence. Most RUC vehicle owners are responsible for monitoring their odometer readings, purchasing RUC licences in 1,000-kilometre increments from the NZTA, and physically displaying paper licences on their windscreen. This contrasts with FED, where drivers need to take no action to pay the fuel tax other than buy petrol, as fuel excise duty is collected when petrol is first imported.

13. Electronic RUC (eRUC) offers an alternative to the NZTA system that requires users to take steps to purchase a licence. eRUC is provided by third parties in the private sector who purchase RUC on behalf of operators and use proprietary electronic devices installed in vehicles to automatically record and monitor distance travelled. This allows for the automatic purchase of licences. This contrasts with the NZTA system, which requires ongoing user-initiated action. eRUC is primarily used by heavy vehicle operators because it is often bundled with fleet management services.
14. Despite the existence of eRUC services, the great majority of RUC vehicles continue to operate with paper licences. This is because while around half of the heavy fleet has eRUC, very few light vehicles do. The burden of compliance effort required, coupled with a reliance on on-road enforcement checks, contributes to vehicles travelling with unpaid or 'overrun' RUC licences.
15. Unpaid RUC is a challenge, with over \$23 million written off as bad debt this financial year. While the NZTA is currently recovering 76% of RUC debt, a substantial volume of assessments for unpaid RUC are issued annually. To date, 124,000 invoices have been sent this financial year. Approximately 48% of these invoices incurred a 10% penalty at the 60-day mark due to non-payment, indicating an issue with late payments.

The RUC retail landscape

16. Beyond NZTA, the RUC system involves three main types of third-party entities that form a retail market. Firstly, there are over the counter agents commissioned by the NZTA to ensure that vehicle owners who prefer not to use online platforms can still purchase RUC licences in person. They act as a physical service delivery channel for NZTA.
17. Secondly, there are electronic service providers which are private companies paid for directly by customers. They provide services, such as automated RUC purchasing and bundled fleet management tools, to facilitate easier compliance with RUC and other regulations. There are also other third parties, not officially approved as agents, that utilise publicly available data to assist vehicle owners in managing their RUC obligations. All these entities operate alongside the NZTA system for RUC purchasing.
18. To date, eRUC services have predominantly targeted commercial heavy vehicle fleet operators. These operators find the fleet management services, which include RUC purchasing, highly valuable for overall operational efficiency. Subscription fees for eRUC services, which often include hardware and monthly charges for a suite of services, exceed the transaction fee for purchasing a licence from NZTA a few times a year. This makes eRUC financially unattractive for most private light vehicle owners and many individual heavy vehicle owners (those with large motor caravans) who would not benefit from the additional fleet management services offered. Key driver for the uptake of eRUC is the automation of off-road refunds, which for operators can offset the higher fees associated with eRUC, which may not necessarily be the case for most motorists.
19. In recent years, "electronically assisted RUC" (eaRUC) services have emerged, primarily targeting light vehicles. These services assist users in purchasing RUC licences without requiring separate in-vehicle distance recorders. As software-based solutions, they tend to be lower cost and seek to help users track RUC licence purchases from NZTA, providing reminders to repurchase licences, enabling odometer reading recording (sometimes via photo uploads), and interfacing with the NZTA system.

Dynamics in the market

20. Secondary legislation sets the actual RUC rates, meaning the price of RUC itself does not create a point of differentiation or competition. Third parties cannot negotiate different rates with the Government. Instead, eRUC and eaRUC providers compete based on quality, features, and convenience. This distinguishes the RUC market from other utility markets where providers can also compete directly on price.
21. While there may be some scope for providers to compete on transaction fees, it is likely limited. The NZTA incurs indirect costs from running and regulating the RUC system, which need to be recovered. These potentially act as a “floor” for transaction fees, as there may be few opportunities for providers to charge users less than what it costs them to access the NZTA system.
22. The Ministry of Transport recently conducted a market-sounding exercise with current and potential new third parties interested in retailing RUC (or management services) to light vehicle owners. A challenge identified by respondents was NZTA's role as both the RUC collector and market regulator. The dual roles were perceived as creating a barrier to entry for third parties and potentially creating a conflict of interest. Concern was expressed about entering the market when NZTA was selling RUC licences and acting effectively as an incumbent provider.
23. Potential providers voiced concern regarding the requirements relating to information management and data security, which created complex technical hurdles for private providers seeking to connect to the RUC system. Third parties also expressed concern about the time it takes to gain access. Overall, the dual role was perceived to present a barrier to entry for third parties, who may hesitate to invest in developing services for the light vehicle fleet when their regulator is also perceived to be a direct competitor.
24. Concern was also expressed that efforts by the NZTA to improve services for light vehicle owners could inadvertently crowd out the private sector and innovation. This could diminish the perceived service distinction between third-party offerings and NZTA's own, potentially eroding incentives for private providers to innovate and deliver services to light vehicle owners.
25. To date, third parties in the RUC system have demonstrated innovation in providing services to commercial operators. For light vehicles, the same commercial opportunity or margins may not exist. There is a potential for third parties to bundle RUC management solutions with annual vehicle licences or other everyday utility-type offerings, such as broadband or cell phone services. Bundling services could enable third parties to make a commercial return in the retail of RUC licences.

Transitioning the fleet from excise to road user charges (decisions to date)

26. The Government is working to replace FED with electronic road user charging. This originates from the coalition agreement between the New Zealand National Party and ACT New Zealand, which aims to “work to replace fuel excise taxes with electronic road user charging for all vehicles, starting with electric vehicles.”
27. In July 2024, the Cabinet agreed to initiate the transition to RUC in 2027. Earlier that year, concerns were expressed, particularly with light electric vehicles now needing to pay RUC, that EV owners paid more tax than efficient petrol vehicles. The Transport and Infrastructure Select Committee, considering the Road User Charges (Light Electric RUC Vehicles) Amendment Bill,

viewed excise duty as undercharging highly efficient petrol vehicles, seeing the transition to RUC as the ultimate solution to this problem.

28. When Cabinet considered the transition of light petrol vehicles to RUC, the primary rationale was to improve fairness within the land transport system, rather than to raise additional revenue. Cabinet recognised that a transition in 2027 would entail most petrol vehicle owners moving to the NZTA purchasing system.
29. Following this, the Ministry of Transport undertook further work and engagement, including a market-sounding exercise with potential service providers. Work was also undertaken with NZTA to understand the readiness of its administration of the RUC system to handle a large-scale transition.
30. Following this work, Cabinet again considered pathways in June 2025. Cabinet considered various pathways or approaches to transition the fleet, including:
 - 30.1. rapidly transitioning all petrol vehicles to the existing NZTA-administered RUC system in 2027
 - 30.2. first enabling a market for user-friendly RUC solutions for light vehicles, with the fleet-wide transition occurring once this market had become established
 - 30.3. a more gradual transition, relying on the eventual uptake of electric vehicles.
31. Given the likely administrative challenges identified with the existing NZTA system, Cabinet considered that the most viable pathway was to enable a private market first. It was decided that the fleet-wide transition would only proceed once this market could offer motorists user-friendly and cost-effective solutions. The market, once established for light vehicles, would enable the fleet's transition to RUC in the future.

What is the policy problem or opportunity?

32. The Government has decided to transition the petrol fleet to RUC by enabling the market to provide user-friendly services to light vehicle owners. The current NZTA RUC system would impose significant compliance and administrative costs on users. These costs are unlikely to be offset by any fairness benefits that individual vehicle owners may derive from the transition.
33. To enable the market to provide services for light vehicle owners and ultimately assist the light petrol fleet's transition to RUC, there is a need to address several problems with the current RUC system.

Problem 1: Legislative requirements mean that eRUC is not cost-effective for most light vehicle owners

34. The NZTA-administered RUC system, with its paper licence purchasing model designed in the 1970s, would need to collect revenue from more than four million vehicles once fuel excise duty is no longer collected. Even with a high percentage of online transactions, the system lacks modern electronic bill payment functions (such as estimated or monthly billing), meaning most road users would need to manually keep track of their odometer and purchase RUC licences from NZTA in advance of travel. Most users are likely to find this requirement onerous, generating a need for NZTA as the RUC collector to assist them and/or enforce payment.
35. User-friendly, modern payment methods with innovative technology need to be available, as the transition requires motorists to shift from a system that requires minimal administrative

effort. Transitioning to the current payment system could result in a lack of public acceptance because it would demand ongoing monitoring and timely purchases to remain compliant. Poor public acceptance carries risks in terms of compliance and ultimately revenue loss. A 5% decrease in compliance could result in \$200 million in annual lost revenue when the entire fleet transitions to RUC.

36. Part of this is due to current legislative settings, which funnel most light vehicles into the NZTA system, making an electronic solution (or eRUC) a non-viable option for many light vehicle owners. Aspects of the legislation that prevent more cost-effective and user-friendly electronic options for light vehicles include:
 - 36.1. **Electronic distance recorder requirements:** legislation mandates the use of specific electronic distance recorders equipped with both internal and external distance sensors, as well as display panels. These requirements, designed primarily for heavy vehicles, set a high bar, meaning that more cost-effective devices, or even existing built-in vehicle technology, cannot be used for distance recording purposes for RUC. Even newer vehicles with sophisticated distance recording and vehicle software cannot be approved or recognised. This results in vehicles needing separate, authorised devices installed by electronic service providers, rather than utilising existing technology, which creates unnecessary additional costs. This means most private vehicle owners rely on the existing NZTA-administered system.
 - 36.2. **Carry and display requirements:** carry and display requirements necessitate physical screens for electronic devices, printed labels for light vehicles, and the immediate production of paper licences upon request for heavy vehicles. These physical display requirements add to the cost of eRUC equipment and create unnecessary administrative hassle and costs for users.
37. The requirements mean motorists must choose between the NZTA's system or an expensive, high-specification electronic device not suitable for light vehicles. Without more cost-effective electronic solutions or market-provided, user-friendly RUC management services, petrol vehicle owners would likely need to transition to the NZTA's high-user-effort RUC system. This presents risks to user acceptance, compliance, and ultimately revenue collection.

Problem 2: The RUC system's structure and regulatory environment hinder third-party innovation, leaving light vehicle owners with limited service options

38. Third parties seeking to offer innovative and user-friendly RUC services face barriers to providing services. NZTA's dual function as both the market regulator and the primary RUC collector creates a potential or perceived conflict. This has the potential to stifle innovation and limit consumer choice. As the regulator, NZTA approves service providers, issues codes of practice, and controls market entry. As the RUC collector, it also provides a channel for road users to purchase RUC licences. The NZTA has legal responsibilities for data and system security, which can also be perceived as a barrier to effective implementation.
39. Some barriers originate from an outdated legislative framework. There are also operational requirements that limit third-party involvement. The statutory approval process, introduced in 2012 for traditional eRUC providers, is ill-suited to software-only solutions. As a result, new types of services, such as software-based "electronically assisted RUC" (eaRUC), face an uncertain approval process. A temporary operational pause on new third-party data connections (implemented following privacy breaches) means any new connection now

requires special case-by-case approval by the Director of Land Transport, with this pause expected to lift once updated security requirements are in place.

40. Private providers could struggle to justify substantial capital investments when approval is perceived as discretionary and not guided by clear and transparent criteria. This uncertainty is compounded when there is a perception that the regulator competes directly with them. Ultimately, this results in a two-tier system, where heavy vehicle fleets can access modern eRUC solutions. In contrast, most light vehicle owners have no choice but to use the NZTA system.
41. Relative to fuel excise duty, the RUC system is costly in terms of the time required to purchase RUC licences, as well as the administration fees associated with each licence purchase. These fees can be as high as \$13.71, in addition to the \$76.00 fee for a 1,000 km licence for a light vehicle.
42. To date, modern, convenient payment methods for light vehicle owners have developed slowly due to a lack of explicit provision for new service models in legislation.

Problem 3: The RUC system's current structure hinders evolution towards modern road pricing and integrated charge collection

43. The land transport revenue system, comprising primarily FED and RUC, is relatively inflexible. These tools vary charges by fuel type, litres consumed, distance, and weight, but are otherwise blunt instruments. The purpose of the RUC Act, although relatively general, effectively restricts the system to recovering average per kilometre costs, differentiated by weight-related factors.
44. Given the long-term transition of the light vehicle fleet towards RUC, there is an opportunity to evolve the RUC system beyond its current structure/scope. However, the RUC Act currently makes no provision for charges to vary based on factors such as time of day, for managing congestion, or specific road types. It cannot efficiently accommodate modern road pricing approaches like time of use charging, congestion pricing, or tolls.
45. As a result, when the Government seeks to introduce charges for new roads or address congestion, it must create entirely separate, bespoke charging schemes (like is currently be done for time of use charging). This results in fragmented approach makes the overall land transport revenue system unduly complex and cumbersome for both the Government to administer and for users to navigate.

What objectives are sought in relation to the policy problem?

46. The following objectives are sought to address the problem:
 - 46.1. **Enable lower-cost technological solutions:** support the uptake of modern, cost-effective RUC payment options, particularly low-cost, advanced technology options suitable for light vehicles. This is an immediate or short-term objective. The outcome of this objective, if successful, would be the widespread adoption of these electronic systems by the public, a reduction in compliance costs and hassles for road users, and the adoption of various payment systems.
 - 46.2. **Enable a competitive RUC retail market by removing barriers to entry and clarifying roles** to encourage private sector involvement in road user charging services, thereby driving the creation of user-friendly and innovative services through market competition. This is also an immediate or short-term objective. The desired outcome

would be the emergence of a market with multiple providers offering diverse and innovative RUC solutions, resulting in improved services and potentially lower prices for consumers.

- 46.3. **Future-proof the RUC Act:** enable providers to offer payment schemes that bundle payment of RUC with other land transport charges (tolling and congestion charges) and pave the way for modern road charging in the future. The intended outcome is a more flexible RUC system that can evolve, integrating with broader road or new pricing approaches. This is a longer-term objective.
47. We intend to achieve these objectives primarily through legislative amendments.
48. The proposals do not transition the fleet but seek to make enabling changes that set the stage for a potential future transition. Therefore, the objectives focus on the necessary technical and market structure reforms. The objectives of equity and fairness may be more relevant to the subsequent proposal to transition the light vehicle fleet to RUC. However, equity and fairness are not the primary drivers of this preparatory work.
49. While the objectives above are largely complementary, they will involve striking a balance and making trade-offs. For instance, a tension exists between enabling lower-cost technological solutions and maintaining high standards for accurate charging. There could also be a trade-off between future-proofing the RUC Act to collect additional charges and using the simplest or most cost-effective electronic technology available today. Simple technology may not be sufficient for future charging needs.

What consultation has been undertaken?

"Driving Change" consultation 2022

50. In 2022, the Government consulted on potential changes to the RUC system. "Driving Change" outlined proposals ranging from reviewing fundamental principles to changing technical aspects of the system, including removing display and carry requirements and digitalising aspects of the existing system. Stakeholders were broadly supportive of the proposal to remove the mandatory display requirement for physical licences for light vehicles (23 of 34 submissions were supportive, citing cost and time savings). However, this support was contingent on an easy-to-use online system for checking RUC status, and many submitters wanted to retain the option of requesting a paper label for those with limited digital access or as a physical reminder.
51. This consultation was conducted in the context of improving the existing system rather than expanding it to all vehicles.

Deliberative democracy consultation on the Future of Revenue 2023

52. In 2023, the Ministry of Transport also commissioned a 'deliberative democracy' exercise for a "Future of the Revenue System" project. This work explored "who should pay for what", seeking to understand public preferences about payment methods and perceptions of fairness. Participants expressed wide-ranging views, including:
 - 52.1. general support for the fairness of the RUC system (relative to excise)
 - 52.2. RUC rates should consider wider "impacts", such as vehicle fuel efficiency
53. The consultation was high-level and did not consider specific regulatory reform proposals for the RUC system, but did show a level of general support for the RUC system

Transport and Infrastructure Select Committee consideration 2024

54. In 2024, the Transport and Infrastructure Select Committee received public submissions on introducing light electric vehicles into the RUC system. Many submissions also addressed the transition of all petrol vehicles to RUC. They identified the existing system set-up (particularly the size of the transaction fee for a RUC distance licence) as a barrier.

Ministry of Transport market sounding for third-party RUC retail 2025

55. In 2025, the Ministry of Transport conducted a market sounding exercise to gauge the private sector's interest in providing RUC retail and management services, rather than testing specific options. Potential market entrants identified a perceived conflict in NZTA's dual role as both regulator and the dominant provider. While such barriers were articulated, the market sounding did not produce a consensus from participants on the specific package of legislative or regulatory reforms they sought to address.

Stakeholder Reference Group

56. The Ministry established a Stakeholder Reference Group composed of representatives from road user and industry groups to obtain expert and stakeholder input on the RUC transition. The Stakeholder Reference Group comprises representatives from the Automobile Association, Transporting New Zealand, National Road Carriers, Motor Industry Association, Imported Motor Vehicle Industry Association, Motor Trade Association, Northern Infrastructure Forum, and local government. The group has highlighted the importance of getting the system right for users before transitioning the fleet.

Section 2: Assessing options to address the policy problem

What criteria will be used to compare options to the status quo?

57. Cabinet specified five principles to guide officials in assessing options. While these criteria are specific and bespoke, they will be applied in a way that aligns with the standard assessment criteria, including assessing the effectiveness and efficiency of options. For instance, "end-user focus" will be primarily used to assess effectiveness in terms of how the system works for users. "Revenue protection" will be used to evaluate efficiency from a Crown perspective.
- 57.1. **End-user focus:** changes to the RUC system should prioritise end-user satisfaction, encompassing aspects such as cost, privacy, and ease of use. New Zealanders must see value in this change, and the transition should be as low-cost and simple as possible.
- 57.2. **Revenue protection:** changes should aim to minimise revenue leakage and provide effective sanctions against evasion. FED, whilst a blunt revenue tool, is simple to administer, and payment cannot be avoided. The fairness and accuracy of RUC offer significant benefits for the transport revenue system. However, the system must be designed to mitigate the risk associated with a tool that is more susceptible to non-payment.
- 57.3. **Future-proof:** regulatory settings should have the flexibility to enable integrated road pricing in the future, including time and location. A more comprehensive road pricing system offers the potential for a transport revenue system that more closely covers its costs and creates better incentives. Any solutions to better enable eRUC should be developed with full consideration of road pricing.

- 57.4. **Market-led solutions:** the system settings should enable retail service providers to compete and innovate.
- 57.5. **Rapid results:** improvements should be expedited, aiming to take clear and rapid steps towards fleetwide RUC. The ambition of transitioning to a universal RUC regime should be balanced with the feasibility of its implementation.

What scope will options be considered within?

- 58. The scope of feasible options has been limited by the coalition agreement's commitment to transitioning the vehicle fleet to electronic road user charging. This commitment effectively excludes the retention of the current FED system, requiring a solution that aligns with the long-term implementation of electronic RUC and directs analysis toward a reformed and improved eRUC system.
- 59. The Government has already chosen the market-driven pathway, meaning the decision focuses on technical reforms to enable effective implementation rather than evaluating fundamental policy alternatives.
- 60. Cabinet has directed officials to use defined principles as assessment criteria, which has constrained the evaluation framework and narrowed the range of options considered in defining the problem.
- 61. Budgetary limitations on substantial investment in NZTA systems have constrained the options to market-based solutions that shift development costs to private providers rather than Crown-funded system improvements.
- 62. Options considered will also need to be considered within existing legislative protections, particularly those relating to privacy. Any move toward a more automated or electronic system, including the promotion of eRUC, could raise considerations regarding the protection of personal information.
- 63. The RUC Act provides protections for privacy and information security. At the core of this protection is the concept of "RUC information", which is restricted to the identity of the vehicle operator, distances travelled, location data to verify a refund for off-road travel, license purchase details, and any issues detected with electronic recording devices. The RUC Collector may only access "RUC information."
- 64. To protect operators, providers must hold RUC information separately from other data, such as telematics or location-based services that are unrelated to RUC. Additionally, providers are restricted in how they can use or share RUC information. They may only do so when explicitly permitted by law and must take reasonable steps to prevent unauthorised access or misuse of this data.
- 65. Transport operators have the right to access their own RUC information from providers. For general transport planning purposes, the RUC collector can obtain aggregated traffic and transport data, provided that this information is anonymous so that no individual operator can be identified.
- 66. To provide transparency, electronic system providers are required to document their RUC information management policies publicly and include these policies in their contracts with transport operators.
- 67. These may require review to accommodate options/changes but we would work to ensure that existing protections are not undermined.

What options are being considered?

68. The Government's chosen pathway for moving light petrol vehicles to RUC involves enabling the market to provide user-friendly RUC services to light vehicle owners. The transition of the entire petrol fleet to RUC will occur only once the market is confirmed to be ready and performing well, by offering competitive and cost-effective solutions for motorists. Rather than vehicle owners transitioning to the NZTA RUC system, road users will have the option to engage an independent provider of RUC services tailored for light vehicle owners, helping them meet their RUC obligations.
69. There are five technical regulatory change proposals required to implement this pathway. To aid the comparison, these proposals have been grouped into reform packages (Low, Medium, and High) in the next section. The five proposals, which are analysed in detail in the Annex, are outlined below.
70. The five key proposals are:
 - 70.1. **removing the carry and display requirements (Technical Proposal A):** the requirement to display, carry, or produce RUC distance licences will be removed. Licences will primarily exist in digital form, with compliance checks enabled by accessing NZTA-held digital records. Users will benefit from a small reduction in the transaction fee as they will not need to pay for a label.
 - 70.2. **change the definition of electronic distance recorder and electronic system provider (Technical Proposal B):** the RUC Act's definitions and requirements for electronic RUC systems and distance recorders will be amended so that eRUC no longer requires a separate distance recorder to be installed by a system provider. This will allow system providers to develop alternative technologies, including utilising a vehicle's built-in technology as a distance recorder, if it meets the required standards.
 - 70.3. **removing the electronic device requirement for vehicles enrolled in an alternative payment scheme (Technical Proposal C):** the provision relating to alternative payment schemes will be amended to remove the requirement for vehicles to be equipped with electronic distance recorders. Additionally, these schemes will need to be operated by an approved RUC customer service provider, as designated by the RUC collector (see the related proposal below).
 - 70.4. **clarifying the dual role of the RUC collector (Technical proposal D):** the RUC Act will provide for the separation of NZTA's RUC customer service role from the regulatory functions performed by the RUC Collector. New definitions for "RUC customer services" and "RUC customer service providers" (which will include the NZTA customer service function) are proposed. It is proposed that the RUC collector approve "RUC customer service providers" using criteria outlined in the regulations.
 - 70.5. **future-proof the system, such as collecting tolls and congestion charges alongside RUC (Technical Proposal E):** it is anticipated that customer service providers will be able to bundle charges together as part of an alternative payment scheme, a step towards a modern road charging system.
71. The next section provides details on the proposals and the options considered for each proposal.

Technical proposal A: Carry and display requirements

72. This proposal aims to remove the current requirement for displaying RUC distance licences on vehicles, either physically or electronically. Removing this requirement would allow more cost-effective electronic options, such as devices without screens, to be approved. This change removes the administrative burden on users, as they would no longer need to cover the costs of creating, posting, and managing a licence display on their vehicle. This will result in a long-term decrease in the RUC transaction fee for issuing an RUC licence.

Option One – Status quo / counterfactual

73. Currently, the display of distance licences, either on screens for electronic systems or as printed labels on vehicles, is required. While heavy vehicles have the option to carry licences instead of continually displaying them, these licences must be produced upon request.

Option Two – Remove the display requirement

74. This option would remove the mandatory visible display requirement for licences. This means vehicles would no longer need to have a visible screen or printed label showing their RUC licence. However, individuals would still be legally required to carry the licence or a device (for example, a smartphone) to display the licence if requested.
75. This change would reduce windscreen clutter and the administrative burden of swapping out physical licences on vehicles. It allows for on-demand verification by Police without requiring significant adjustments to existing Police roadside enforcement systems, as the onus remains on the driver to produce proof of their licence. The Police would not need to look up the licence on their system, but would instead ask the user to produce or present it.

Option Three – Remove both the display and carry requirements (preferred)

76. This option goes further than Option Two by entirely removing both the requirement to visibly display a licence and the obligation for the driver to physically carry or present a digital representation of the RUC licence on demand.
77. Under this option, the RUC licence information would be centrally stored in the NZTA database. Verification would occur entirely through digital means, likely by enforcement officers looking up or viewing the licence on the NZTA system. This means a driver would not be required to present any form of licence, shifting the responsibility for verification from the driver to the digital system, which authorised parties could access. This option would require real-time connectivity between the Police and NZTA systems, as well as some supporting initiatives (such as reminders) to inform drivers when to purchase RUC.

Option Four – Make both the display and carry requirements optional

78. This option removes the mandatory requirement to display or carry a RUC licence. However, it would still allow users to opt for a physical label, primarily so they could see the end distance in their car as a reminder. This accommodates those who prefer a physical document for personal monitoring and convenience.
79. Offering a physical label would create additional costs for NZTA to maintain the systems for printing and distribution. To reflect this, the option would include a two-tiered fee structure. Users choosing the fully digital option would pay a lower fee. In comparison, those opting for a physical licence would pay a higher fee. This price difference would also encourage people

to adopt the more efficient digital solution. This physical label option could be phased out in the future if uptake is low or after a set transition period.

- 80. For users who choose the fully digital method, this approach reduces their regulatory burden. It would require supporting initiatives, such as electronic reminders, to prompt them to purchase their next licence.
- 81. To prevent fraud and simplify compliance, enforcement under this option would be identical to that in Option Three. Verification would occur exclusively through a digital lookup of the NZTA database by an enforcement officer. The optional physical label would be for the driver's reference only. It would have no formal status for roadside enforcement. A driver would not be required to produce it, nor could they rely on it for official verification. It would remain an offence to alter or display a modified licence.

Technical proposal B: Electronic distance recorder requirements

- 82. This proposal revises the definition of electronic distance recorders to facilitate the potential use of existing in-vehicle technology and potentially more suitable devices for light vehicles, thereby reducing the costs that have been a barrier to the adoption of electronic technology by light vehicle owners.

Option One – Status quo / counterfactual

- 83. The requirements for electronic distance recorders are highly prescriptive. The RUC Act requires electronic distance recorders to have both internal and external sensors for accurate distance and location tracking, including GPS capabilities. The devices must also feature display panels or screens for showing distance licences and real-time travel information and be capable of electronic data transfer directly to an approved service provider's server.
- 84. Additionally, the cost is increased by the requirement that installation and certification of electronic distance recorders can only be carried out by an approved electronic service provider, which limits the devices that can be installed and prevents the use of in-built devices.
- 85. These prescriptive requirements are often not necessary for light vehicles where simpler devices, or pre-existing, in-built vehicle technology could suffice, subject to meeting appropriate performance standards.

Option Two – Make requirements less prescriptive and more outcome-based (preferred)

- 86. This option changes the regulatory approach from prescriptive, detailed rules to a single, outcome-based requirement: "accurate and verifiable distance measurement".
- 87. Instead of defining specific technologies, this approach defines the objective. This is intended to broaden the range of systems that can function as an electronic distance recorder. It would enable the use of existing, in-built vehicle systems if they meet accuracy and integrity standards, without requiring a driver to install a separate third-party device.
- 88. The primary aim is to reduce costs and allow for cheaper, pre-existing technology. It also enables innovation by not stifling development with overly specific regulations, allowing new technology to be approved more readily.
- 89. However, this approach must address the significant revenue risk posed by the large volume of light vehicles. While individual RUC payments are small, even a minor, widespread

inaccuracy could result in significant revenue loss once the whole fleet transitions to RUC. Therefore, any outcome-based approach would require robust safeguards and clear minimum standards to ensure all approved technologies meet a high level of accuracy and integrity.

Option Three – Maintain the prescription but differentiate the requirements between light and heavy vehicles

- 90. This option would maintain the current, more prescriptive level of requirements (as outlined in Option One) for heavy vehicles. This could be justified by the revenue risk posed by heavy vehicles. However, this option would relax the requirements specifically for light vehicles.
- 91. For light vehicles, the regulations would become less prescriptive and more outcomes-based, potentially allowing for simpler, more cost-effective solutions or the use of existing in-vehicle technology, similar to Option Two.
- 92. While this option differentiates between vehicle types, it must still account for the collective revenue risk from light vehicles. As noted above, a small but widespread inaccuracy across millions of light vehicles could lead to significant revenue loss. Consequently, this option would still need to provide minimum standards for accuracy.

Technical proposal C: Alternative payment schemes – remove the electronic distance recorder requirement for vehicles enrolled in schemes

- 93. This proposal removes a regulatory barrier that prevents third parties from offering practical RUC payment alternatives. Currently, all vehicles enrolled in an alternative payment scheme must have an electronic distance recorder, which prevents the creation of cost-effective third-party options for light vehicles that are easier to use than the NZTA-administered system and more affordable than the existing eRUC system.
- 94. Alternative payment schemes could be configured in various ways. One potential alternative payment would be to allow light vehicle owners to pay road user charges through regular, estimated, periodic payments rather than through large, irregular, lump-sum licence purchases. It will also mean that road users do not need to go through the hassle of purchasing individual licences. Instead, they will purchase a subscription or plan offered by a provider. Vehicle owners would enrol (or subscribe) with an approved alternative payment scheme provider, through a website or app, and agree to a monthly (or other periodic) payment based on the estimated distance to be travelled.
- 95. Owners would need to report distance recordings at agreed-upon intervals, and this would enable payments to be made in arrears (post-payment). Non-compliance by the owner (missing payments or odometer readings) could lead to termination of the scheme. At that point, the owner would become directly liable for any unpaid RUC distance. In essence, alternative payment schemes are designed to operate as intermediaries, managing the RUC purchasing and payment process for users, thereby lessening the administrative burden of manual licence purchases and smoothing out payment fluctuations, while ensuring that the underlying RUC obligations are met.
- 96. The specific compliance obligations and responsibilities between providers and NZTA for addressing unpaid RUC debt upon termination will need to be worked through to mitigate the risk of evasion and revenue loss.
- 97. The details of the payment scheme would be set out in regulations. Currently, the regulatory change is limited to removing the electronic distance recorder requirement for any vehicle

enrolled in an alternative payment scheme. It is also proposed that alternative payment schemes will be operated by approved RUC customer service provider, which will become an umbrella term for third parties that provide various services alongside NZTA.

Option One – Status quo / counterfactual

98. The RUC Act provides for third-party alternative payment schemes; however, none currently exist, as regulations have not yet been established to support them. Current legislation requires all vehicles in these schemes to have electronic distance recorders. However, the requirement in the RUC Act for vehicles to have an electronic distance recorder means these schemes could not provide affordable and convenient payment options for light vehicles that are sufficiently different from eRUC.

Option Two – Remove the requirement or reference to an electronic distance recorder for alternative payment schemes (preferred)

99. Removing the electronic distance recorder requirement could enable the creation of third-party alternative payment schemes. These schemes could provide cost-effective account management services that integrate with the NZTA system, offering light vehicle owners an alternative to the NZTA purchasing system or the more expensive eRUC system.
100. Third parties operating alternative payment schemes could provide modern payment features, including estimated billing, monthly billing, and automated payments. The current NZTA system is registry-based, and building individual road user accounts and billing functions would require substantial investment in new back-office systems.
101. This option removes the requirement for vehicles enrolled in an alternative payment scheme to have an electronic distance recorder. The change distinguishes eRUC from alternative payment schemes. It enables these schemes to collect and validate distance data through various methods, such as apps.
102. The electronic distance recorder requirement currently prevents alternative payments from functioning as a genuine third option, separate from eRUC.

Technical proposal D: Clarifying the role of the RUC collector

103. This proposal addresses the role of the RUC Collector (NZTA) and its potential impact on market innovation and competition within the RUC system.

Option One – Status quo / counterfactual

104. The RUC Collector (NZTA) has an extensive role, performing both 'retail' and 'regulatory' functions. Its retail functions include issuing licences, operating a 'direct connect' service for large users, and contracting counter agents. Its regulatory responsibilities include approving and overseeing electronic service providers, processing RUC refunds, administering certain exemptions, approving distance recording devices, and issuing a code of practice for electronic systems, as well as granting access to third parties who may also wish to retail RUC. The NZTA also carries out a range of enforcement and compliance-related activities, including issuing assessments, recovering unpaid RUC, and managing instalment arrangements. This is the existing set-up.

Option Two – Clarify NZTA's retail role versus regulator in legislation (preferred)

105. This option aims to make the NZTA's existing dual role more transparent for external parties. It requires clearly defining the boundaries between NZTA's regulatory responsibilities and its retail functions in law, along with the different considerations or factors that need to be taken into account when performing these functions. This will include formalising the approval processes for different types of customer services. The discretion NZTA has when approving new market participants would be subject to transparent criteria set out in regulations.
106. This proposal aims to address a concern that the NZTA may potentially favour its retail operations or make regulatory decisions that inadvertently benefit its retail functions. It could also have implications for transaction fees, particularly RUC transactions being used to fund indirect regulatory costs. Such costs may need to be reallocated or removed, impacting other regulatory fees.
107. NZTA's regulatory responsibilities include approving devices, setting standards, and managing refunds. These functions require a focus on ensuring third parties can enter the market if they meet prescribed standards. In contrast, NZTA's retail functions, such as issuing licences, require a sharp focus on user needs when delivering services directly to customers.
108. This separation is designed to remove the potential for a perception that NZTA seeks to constrain third parties from entering the RUC system. Clear legal boundaries will help ensure that NZTA's regulatory decisions are not influenced by any considerations related to its retail operations.
109. This separation will also be important once regulations enabling third-party alternative payment schemes are created. It will ensure that third-party providers are treated fairly and appropriately, without any perceived conflict arising from NZTA's retail operations.

Option Three – Create a distinct retail role within NZTA

110. This approach aims to create a more distinct separation (such as an 'ethical wall') within NZTA itself in legislation, potentially enabling or signalling a more user-focused and customer-service mindset for its retail operations from its regulatory operations. This option would involve creating a distinct internal business unit or division within NZTA, specifically responsible for RUC retail functions, and it would have a customer service and user-focused ethos (as opposed to a regulatory one).
111. The customer-facing unit could operate under formal agreements with NZTA's regulatory side, mimicking a commercial relationship and ensuring accountability. While still internal, this retail unit would operate at arm's length from regulatory functions, minimising conflicts of interest.

Option Four – Outsource retail role

112. This option would involve a complete transfer of RUC retail functions to an external provider or providers. Legislation would require that RUC retail functions be competitively tendered, allowing third parties to bid for the right to provide RUC licences and related retail services in the place of NZTA.
113. Under this model, the NZTA would transition to a purely regulatory role, overseeing the market and ensuring compliance, but would no longer directly provide retail services.

Technical proposal E: Future-proof

- 114. This proposal aims to enable the RUC system to collect alternative charges, moving beyond those based solely on distance and weight. The RUC system could, for example, collect time of use charges or road tolls, thereby lessening the need to build entirely new payment systems for such charges.
- 115. In the future, this could also allow RUC rates themselves to vary based on time and location. Amending the RUC Act's purpose now would provide the necessary framework if these types of charges become a policy priority in the future.

Option One – Status Quo / Counterfactual

- 116. The RUC Act's primary purpose is to recover road wear costs based on distance travelled and vehicle weight. The Act does not provide for RUC rates to be set based on time or location, nor does it permit the system to be used for collecting other types of charges.

Option Two – Enable the RUC system to collect other charges (tolls, time of use) (preferred)

- 117. This option involves utilising the RUC system as a collection mechanism for other charge types, such as road tolls or time of use charges. Under this option, the RUC system would facilitate payment for these new charges. In this option, however, the RUC rates themselves would still differ based on distance and vehicle weight, as they currently do.
- 118. Implementing this option would require more than just amending the RUC Act. Currently, other laws assign the responsibility for collecting charges, such as tolls, to specific entities (rather than to the RUC collector). Therefore, those other laws would also need to be amended to clarify the roles and legal responsibilities of the RUC Collector versus other agencies, ensuring there are no legislative inconsistencies.

Option Three – Expand the RUC Act's purpose to enable variable rates and other charges

- 119. This option would amend the RUC Act's purpose to allow for RUC rates to vary based on factors such as time of day or specific geographic locations. This would enable rates to reflect factors like congestion. The existing RUC rate-setting process would need to provide a safeguard for managing these new variables.
- 120. To implement this, the definition of "RUC information" would need to be amended to include time and location data. As with Option Two, this would also require significant legislative work beyond the RUC Act to clarify collection responsibilities and prevent legal conflicts with other agencies.

How do the options compare to the status quo/counterfactual?

121. For the purposes of a clear comparative analysis, the various options for the five technical proposals have been grouped into three distinct reform packages: Low, Medium, and High. The table below provides a high-level comparison of these packages against the status quo. A detailed breakdown and assessment of the specific options within each of the five technical proposals (A through E) are provided in the **Annex**.

	Option One – Status Quo / Counterfactual <i>Retain the current system, including paper-based licences with carry/display rules, prescriptive requirements for electronic recorders, a dual role for NZTA, and no step towards road pricing</i>	Option Two – Low reform package <i>Clarifies NZTA's regulatory vs. retail role and removes the physical licence display requirement (but not the need to carry one).</i>	Option Three – Medium reform package <i>Establishes the NZTA's retail arm as a separate internal unit, enabling the RUC system to collect other charges (such as tolls), and different electronic recording rules for light and heavy vehicles.</i>	Option Four – High reform package <i>Removes all physical carry/display requirements in favour of a central database, shifts to outcome-based rules for all electronic distance recorders, enables alternative payment schemes, outsources the retail function, and allows for time/location variable RUC rates.</i>
End user focus	0 Outdated, inconvenient, and costly for users, with limited choice, requiring light vehicle owners to rely on the NZTA system.	+ Reduces windscreen clutter, but the core user experience remains largely manual.	++ Improves user experience by allowing simpler electronic devices for light vehicles and creating a more customer-focused retail unit within NZTA.	+++ Seeks to increase convenience and choice by enabling fully digital, software-based solutions. Competition from outsourcing the retail role could drive down costs and improve service for the user.
Revenue protection	0 Relies on manual compliance and physical labels, which result in inconvenience and are potentially susceptible to fraud.	+ Slightly improves compliance by encouraging third-party providers, but introduces a new risk if users forget to carry their licence.	+ Improve revenue protection by enabling user-focused providers, creating accountability through a separated retail arm, and retaining high-end electronic devices for heavy vehicles	++ Improves revenue security through a real-time central database, reducing the potential for paper licence fraud. The convenience of modern payment systems could lead to higher compliance.
Future proof	0 The system is rigid and paper-based, and it cannot adapt to new	0 Offers minimal futureproofing. Clarifying roles helps, but keeping	+ It prepares the system to act as a collection agent for other charges	++ An outcome-based, digital approach intended to be

	technologies or future road pricing models.	paper-based options and prescriptive rules hinders adaptation to digital solutions for light vehicle owners.	and creates a more commercially minded unit, but retains some restrictive, prescriptive elements that could limit future innovations.	adaptable, providing technology for future road pricing.
Market-led solutions	0 The current structure, with NZTA as both regulator and primary retailer, combined with prescriptive rules, hinders private sector competition and innovation.	+	++ More actively encourages market solutions by creating a distinct retail unit, reducing the conflict of interest and signalling a more open market, especially for light vehicles.	+++ Maximises opportunities for market-led solutions by removing prescriptive hardware rules, enabling software-only payment models, and introducing direct competition through outsourcing the retail function.
Rapid results	0 No change.	++ These changes are the simplest and fastest to implement, primarily requiring legislative clarification and user education.	- Slower implementation is due to the need for internal changes within NZTA.	-- This package requires building a digital platform.
Overall assessment	0	+	+	++

Key for qualitative judgements:

++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
--	much worse than doing nothing/the status quo/counterfactual

What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?

122. Given the reform's objective, a specific combination of options is most likely to achieve the desired outcomes. The government's preferred pathway requires a mix of technical proposals from the Low, Medium, and High Reform Packages. The following section details each preferred option, along with the justification for its selection and relevant associated risks.

Technical Proposal A: Remove both display and carry requirements (High reform package)

123. This option moves RUC to a more digital system where licences are stored in a central database, scoring highest across all assessment criteria. It enables simpler, screenless devices and software-driven business models, opening the market to new providers. Removing display and carry requirements also lessens the administrative burden on vehicle owners and problems associated with physical licences. This proposal requires system changes with an estimated 12-month timeline. This work carries risks, including potential cost overruns and delivery delays; however, efforts will be made to mitigate these. While funding is required to implement this proposal, the cost is likely to be modest compared to fully reforming the RUC back office.

Technical Proposal B: Make electronic distance recorder requirements outcome-based (High reform package)

124. This option shifts the regulatory approach from prescriptive hardware rules to an outcome-based standard, focusing on “accurate and verifiable distance measurement.” Current prescriptive requirements create unnecessary costs and prevent the use of in-built vehicle systems. An outcome-based approach will seek to remove these barriers, enable low-cost technologies, and foster greater competition. This poses a risk to current hardware manufacturers, as their existing, highly specified products may become obsolete in the New Zealand market.

Technical Proposal C: Remove the electronic distance recorder requirement for alternative payment schemes (High reform package)

125. This option removes an initial barrier (electronic device requirement) that prevents third parties from offering modern, software-based RUC payment solutions, such as monthly billing. The success of this reform depends on how the market responds. A key risk is that a competitive market fails to emerge, undermining the reform's objectives.

Technical Proposal D: Clarify NZTA's retail vs. regulator role in legislation (Low reform package)

126. This option addresses a problem identified during the Ministry of Transport's market sounding exercise by legally clarifying the separation between NZTA's regulatory and retail functions. This clarification aims to provide confidence to potential market entrants that their applications will be handled fairly and without a conflict of interest, which is key to encouraging private sector investment and mitigating the risk of market failure.
127. While more significant structural changes were considered, this initial step is a direct response to the primary issue raised by the market—a lack of transparency. It is a deliberate, less disruptive first step that avoids potential service interruptions for the large number of users currently using the NZTA purchasing system. The effectiveness of this will be tested before considering more significant reforms.

128. A second round of market engagement is planned to test the market's response and to explore appetite for further structural separation if this initial step proves insufficient to foster a competitive market.

Technical Proposal E: Enable the RUC system to collect other charges (Medium reform package)

129. This option takes the initial step towards a modern road use charging system... This prepares the system for greater flexibility, but does not implement a fully variable, account-based system in the short term.

Note on limitations and uncertainties

130. A definitive indication that benefits outweigh costs is not practicable at this stage. The analysis is primarily qualitative because the technical proposals are enabling in nature. Ultimately, their success, costs, and benefits depend on how the market responds.
131. Our assessment of the best option is constrained by scope, and detailed implementation arrangements are not clear at this stage.
132. Standard cost-benefit analysis is not applicable since none of the impacts can be reliably monetised at this stage. The RIS format does not adequately accommodate discussion of transfers and financial impacts, which are the primary focus of RUC policy changes.

Is the Minister's preferred option in the Cabinet paper the same as the agency's preferred option in the RIS?

133. Yes, please also refer to the annex to see the full analysis.

What are the marginal costs and benefits of the preferred option in the Cabinet paper?

Affected groups	Comment	Impact	Evidence Certainty / Explanation
Additional <u>costs</u> of the preferred option compared to taking no action			
Monetised costs			
Total monetised costs	Not quantified.	Not available	
Non-monetised costs			
Regulated groups (Road users)	Transitional costs: Users will face initial costs of compliance time and effort in choosing a provider and adapting to new systems once the market is established.	One-off cost (Low).	Low.
	Market risk: A competitive retail market may not fully develop, or it could lead to a concentration of providers, potentially limiting consumer choice. This could lead to higher costs for users compared to the current system, as providers need to earn a commercial profit.	Ongoing risk (Medium).	Low.

Regulators (NZTA)	Transitional administrative costs: NZTA will incur costs to develop standards for technology and providers, manage the market enablement phase, and provide third-party access to the registry system.	One-off cost (Low).	Low.
	Public education campaign: A communications campaign will be required to inform all road users of the new purchase options and how to engage with service providers.	One-off cost.	Low.
	Ongoing regulatory burden (OPEX): The NZTA will have a permanent role in regulating providers, enforcing rules, and managing the central register, which requires ongoing expenditure on resources.	On-going cost.	Low. While the need for a regulatory function is certain the specific costs are dependent on the complexity and size of the market that develops.
	Digital platform implementation: Adjusting processes in the system for creating, holding, and managing RUC licences requires time and effort.	One-off cost.	Medium. The exact effort and timeframe might have some variability.
Electronic Service Providers	Initial investment and development costs: Providers must invest in developing software platforms, user-friendly interfaces, payment systems, and data management capabilities.	One-off cost.	Low.
	Compliance and certification costs: Providers bear the cost of proving their systems meet outcome-based standards. This involves expenses for testing, certification, and ongoing validation.	Ongoing cost.	Low. Onerous requirements for approval already exist in the current eRUC system.
	System integration costs: Providers will incur technical costs to integrate their services with the central NZTA systems and follow its protocols for managing data and payments.	Ongoing cost.	Low.
	Investment risk and market uncertainty: Providers must invest capital before the main fleet transition occurs, but the timeline for this transition is not fixed, creating significant investment risk.	One off risk.	Medium. The existence of investment risk is certain, but its level is unknown.
Other businesses	Stranded assets (paper licences): Existing businesses focused on manufacturing or installing currently mandated hardware (e.g., e-recorders, licence printers) may face asset write-downs as their technology becomes obsolete.	One-off cost.	Low.
Additional benefits of the preferred option compared to taking no action			
Monetised benefits			
Total monetised benefits	Not quantified.	Not available	
Non-monetised benefits			
Regulated groups	Improved user experience & reduced compliance burden: Competition and innovation are expected to deliver user-friendly digital solutions. Removing the need to display or carry a licence, utilising in-built vehicle technology, and offering flexible payment schemes significantly reduces administrative effort and compliance time.	Ongoing benefit (Medium).	Medium. Potential is high, but magnitude depends on market development.

	Reduced costs & increased choice: Competition among providers and technology (using a vehicle's in-built GPS instead of mandated hardware) is designed to lower costs and increase the variety of RUC services available.	Ongoing benefit (Medium).	Ongoing benefit (Medium). The changes enables cost reduction, but savings depend on competition.
Regulators	Reduced Crown direct investment: Shifting the cost of developing and innovating RUC service technology to private providers frees up public funds and resources, reducing the opportunity costs associated with Crown expenditure.	Ongoing benefit (Medium).	Low
	Future-proofed regulatory framework: Enabling market providers to bundle RUC payments with other land transport charges provides an opportunity to develop and test customer-friendly approaches to a more comprehensive charging system.	Ongoing benefit (Medium).	Ongoing benefit (Medium). The market's response to the opportunity is unknown.
Others (eg, wider govt, consumers, etc.)	Market-led innovation & economic benefits: This option enables a new competitive retail market for RUC services, which is expected to foster innovation, create new businesses, and drive investment in transport technology.	Ongoing benefit (Medium).	Low. Market creation is a direct outcome, but the economic impact is uncertain.
Electronic Service Providers	Lower barrier to entry and operational costs: Removing prescriptive hardware requirements and the need for physical licence production enables lower-cost device solutions for eRUC. This makes it easier and cheaper for new providers to enter the market.	Ongoing benefit (Medium).	Medium. The framework directly enables these benefits, but the level of market uptake is inherently uncertain.
	Increased innovation and business opportunities: An outcome-based framework enables providers to develop innovative solutions. The ability to collect other statutory charges (e.g., tolls) creates significant future business opportunities to become integrated payment platforms.	Ongoing benefit (High).	Medium. Potential for innovation is high but depends on providers.

Section 3: Delivering an option

How will the proposal be implemented?

134. Primary legislation needs to be changed to implement the proposals. Secondary legislation will follow, including new regulations creating alternative payment schemes. Regulations for alternative payment schemes may trigger the requirement for separate regulatory analysis and, potentially, consultation.

Removing the display and carry requirement – enabling a digital RUC licence

135. This proposal likely has the most significant operational implications. Without licences being displayed or carried, road users will need an alternative way to view RUC information (such as their RUC end distance). While NZTA does not anticipate needing to build entirely new core systems, existing and dependent systems will require adjustments.
136. Recently, the NZTA has developed the NZTA Waka Kotahi app, which could provide a mechanism for digital licence management. Given the Government's focus on enabling third-party delivery, it will be important that options are developed that do not require road users to download and use the app.

137. The NZTA is working to determine the necessary adjustments to enable the Police to verify a RUC licence for enforcement purposes. The total estimated NZTA cost for RUC label digitalisation is approximately \$4 million.
138. While the NZTA anticipates needing to undertake further detailed design work, early estimates suggest that RUC label digitalisation, including design and implementation, could be delivered within 12 months. The Police will also need to establish a real-time RUC licence database connection.
139. The NZTA's view is that this project can be delivered internally by using specific existing vendor relationships for specific components.
140. A communication campaign will be crucial in informing the public about the change. Detailed design work will specify the full scope of this engagement, including communication with agents.
141. NZTA, as part of its detailed design, will explore options to accommodate individuals without internet access or those who prefer non-digital options.

Reforming the requirements for electronic distance requirements

142. NZTA will not need to build systems for this proposal. However, relaxed requirements for light vehicles may result in more applications for device or software approval, including from manufacturers seeking approval for existing in-vehicle technology. The RUC Collector may need additional resources to handle the applications.
143. NZTA will need to update its Code of Practice to align with the amended legislation. The Code will guide the industry in specifying, setting standards, and approving processes. It is anticipated that the NZTA will consult before finalising the Code.
144. The NZTA funds these functions through cost-recovery fees. More applications for device approval would result in increased fee revenue to cover assessment and approval costs.

Removing the requirement for an electronic distance recorder for alternative payment schemes

145. This change will have no immediate implementation implications or costs. Implementation requirements will emerge when the alternative scheme regulations are created. Once the regulations are in place, NZTA will need to assess third-party provider proposals against them.

Clarifying the RUC collector's role – retail and regulatory roles

146. The NZTA Board will determine what system or organisational changes to make to meet the legislation's intent.
147. It is likely NZTA's role will evolve as the market develops. As more users shift to third-party services, the NZTA's retail role may diminish. In contrast, its regulatory role may expand. Resource implications of this shift are unclear at this stage.

Transitioning the light petrol fleet to RUC

148. The proposals in this paper do not transition the petrol light vehicle fleet to RUC. A transition date and arrangements will be determined once the RUC services market develops and providers offer cost-effective, user-friendly solutions for light vehicles. Several factors will likely be considered when determining the transition date. These include assessing whether user-friendly and cost-effective services exist, evaluating market competitiveness, and

measuring the overall uptake of market services. Strong uptake could indicate public acceptance. Determining the date would be a significant decision and would likely require a regulatory impact analysis.

How will the proposal be monitored, evaluated, and reviewed?

149. The Government's decision to shift the petrol fleet to RUC requires enabling a market for light vehicle RUC services. This market will be monitored, and the effectiveness of these regulatory changes will be reviewed as part of the final decision on when to transition the fleet. A report back to Cabinet will serve as the mechanism for this assessment. A transition date will be set only once it is determined that the market is ready, with evidence of competition, multiple providers, and varied offerings available to help light vehicle owners manage their RUC.

Annex

Technical proposal A: Amend the carry and display requirement

	Option One – Status Quo / Counterfactual	Option Two – Remove the display requirement	Option Three – Remove both the display and carry requirements (Preferred)	Option Four – Make both the display and carry requirements options
End user focus	0 Continues with the current approach, which is becoming increasingly outdated and inconvenient for users as digital technology becomes more prevalent.	+ This change primarily reduces clutter on windscreens and the paperwork associated with physical displays. It allows displaying on devices, making it easier for users, but drivers will still need to carry a licence	++ Removes all requirements for users to show or carry their RUC licence physically. This makes it much easier to use and reduces administrative tasks for users.	++ Reduces the burden for those who prefer digital options while still allowing people who like physical displays to do so. This offers flexibility for users.
Revenue protection	0 Paper licences are becoming seen as a hassle, which can make people less willing to comply and affect the amount of revenue collected, especially as digital technology improves. There is also a risk that people could alter paper licences.	- While the display is removed, the 'carry' requirement still relies on manual compliance. It introduces risks of forgetfulness or excuses, which could negatively impact revenue collection compared to a system that does not rely on such manual elements for enforcement.	++ This option enables real-time checking of RUC using a central, publicly available database. This reduces the chances of fraud through alterations to licences and avoids other potential issues in retaining user responsibility to demonstrate compliance. There is a risk that the database may not be accessible in particular circumstances, but this is assessed as minor	+ Checking RUC status through a database improves accuracy. However, allowing people to display or carry a physical license voluntarily still carries a small, though reduced, risk of alteration compared to a fully digital system.

Future proof	0 Paper licences do not allow for future advancements, such as real-time or variable pricing.	+	This offers some improvement but does not change the underlying paper carry requirements.	++ Relying on a real-time, central database provides the technology needed for digital system pricing (like charging based on time or location).	0 This option leaves the paper system as is, meaning future work will still be necessary to implement real-time or variable charging.
Market-led solutions	0 Paper licences need to be physically produced, and special printers and paper are required to create licences, which limits new business models based on apps. This means app-based companies cannot easily enter the RUC license market, raising costs and stifling new ideas.	+	While this reduces the need for physical displays, it still requires drivers to use devices with screens to display their licences. This adds costs for new companies wanting to offer competitive solutions.	++ A central database could enable various app-based or other digital business models, fostering competition and lower-cost, software-driven solutions.	++ This offers some progress toward market solutions. However, keeping the option for traditional physical display and carry might limit how quickly pure software-based solutions are adopted and how much the market can benefit from lower operating costs.
Rapid results	0 No significant changes or quick results are expected; the current situation is expected to continue.	++	This can be implemented quickly, although some education and materials will be required for road users.	- This requires building a digital platform for creating, holding, managing, viewing, and replacing licences.	- Implementing this approach will likely be slower than Option Two because it must account for both digital and physical preferences, which can make systems marginally more complex.
Overall assessment	0	+		++	0

Key for qualitative judgements:

- ++ much better than doing nothing/the status quo/counterfactual
- + better than doing nothing/the status quo/counterfactual

- 0 about the same as doing nothing/the status quo/counterfactual
- worse than doing nothing/the status quo/counterfactual
- - much worse than doing nothing/the status quo/counterfactual

Technical proposal B: Electronic distance recorder requirements

	Option One – Status Quo / Counterfactual	Option Two – Make requirements less prescriptive and more outcome-based (Preferred)	Option Three – Maintain the prescription but differentiate the requirements between light and heavy vehicles.
End user focus	0 Continues with highly prescriptive requirements, which impose costs due to specific device needs, installation, and specifications requirements. These costs make eRUC inaccessible for most light vehicle users.	++ Aims to reduce costs for end-users by broadening the range of usable technologies, potentially allowing the use of cheaper or pre-existing in-built vehicle systems. This makes the system more convenient and affordable for end users	+ Offers a better end-user experience for light vehicle owners by relaxing requirements, potentially reducing costs and allowing simpler solutions. Heavy vehicle owners will still be subject to existing prescriptive requirements and associated costs.
Revenue protection	0 Current prescriptive requirements aim for accurate distance tracking, which provides for revenue protection. However, the high costs might disincentivise technology adoption that could improve compliance.	+ By focusing on "accurate and verifiable distance measurement" as an outcome, this option aims to ensure robust revenue protection while promoting more and potentially innovative measurement solutions. The focus on verifiability is key.	+ Provides strong revenue protection for heavy vehicles by maintaining strict requirements where the revenue risk is highest. For light vehicles, the relaxed rules strike a balance between reduced compliance burden and lower individual revenue risk.
Future proof	0 The highly prescriptive requirements stifle innovation and may struggle to adapt to future technological advancements, especially for in-vehicle systems, limiting the potential for more integrated and cost-effective solutions.	++ This outcome-based approach creates a flexible framework for new technologies in distance measurement. It is future-proof the system by not tying it to specific, potentially outdated, hardware requirements.	+ By maintaining prescriptive requirements for heavy vehicles, there could be a missed opportunity to adopt innovative solutions. However, relaxing requirements for light vehicles offer some future-proofi potential for a larger part of the fleet.
Market-led solutions	0 The Act explicitly limits installation and certification to "approved electronic service	++ This option significantly opens the market by allowing different types of technology. It allows	+ Allows for increased competition and innovation within the light vehicle market

	providers," which heavily restricts competition and innovation in the market.	greater scope for competition among technology providers and innovation.	segment by relaxing requirements. However, maintaining prescriptive rules for heavy vehicles could limit market-led solutions.
Rapid results	0 No significant changes or rapid results are expected so that the status quo will be maintained.	+	0 The regulatory change for differentiating requirements can be implemented relatively quickly. However, the actual fleet-wide impact on costs and technology adoption will be gradual, especially since heavy vehicles see no immediate change and light vehicle solutions still need to emerge from the market.
Overall assessment	0	++	+

Key for qualitative judgements:

++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
--	much worse than doing nothing/the status quo/counterfactual

Technical proposal C: Alternative payment scheme – Remove the electronic distance recorder requirement

	Option One – Status Quo / Counterfactual	Option Two – Remove the electronic distance recorder requirement for an alternative payment scheme (Preferred)
End user focus	0 Continues with limited options for light RUC vehicle users, forcing them to choose between a basic NZTA system or an expensive electronic eRUC system.	++ Aims to significantly improve convenience and reduce costs for light vehicle users by allowing more diverse and potentially cheaper RUC payment methods. Removing the electronic distance recorder requirement broadens choice beyond the NZTA system or expensive eRUC systems.
Revenue protection	0 The current system lacks alternative convenient payment options that road users might expect; the poor system may discourage compliance among some users.	+ By enabling a wider range of alternative payment schemes, this option encourages compliance through convenience.
Future proof	0 The current requirements for an electronic distance recorder limit its ability to adapt to future advancements in software-only charging platforms.	++ Creates a more flexible approach that is more future-proofed as it enables the adoption of new technology and payment models without being tied to specific hardware.
Market-led solutions	0 The existing electronic distance recorder requirement and lack of specific regulations effectively block third-party providers from offering software-only alternative payment schemes. This prevents market competition and innovation in RUC payment solutions.	++ This option removes a barrier that should enable alternative schemes to be offered more readily by the market.
Rapid results	0 No significant changes or rapid results are expected, as the status quo maintains existing barriers.	+ While requiring a regulatory change, removing the electronic distance recording requirement could open the door to better payment and faster options than a time-consuming reform of the NZTA's set-up.

Overall assessment	0	++
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Key for qualitative judgements:

++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
--	much worse than doing nothing/the status quo/counterfactual

Technical proposal D: Clarifying the role of the RUC collector

	Option One – Status Quo / Counterfactual	Option Two – Clarify NZTA's retail role vs regulator (Preferred)	Option Three – Create a distinct retail unit within NZTA	Option Four – Outsource retail role
End user focus	0 Continues with NZTA performing both retail (issuing licences) and regulatory roles, which may mean NZTA does not have the right incentives, in terms of retail operation, to have a sharp focus on the end user.	+ Clarifying NZTA's roles makes the playing field more transparent for external parties, encouraging their entry into the market to provide innovative services to end-users.	++ This option aims to create a more distinct separation within NZTA, potentially enabling a more commercial and customer-service approach for its retail operations. This could lead to a sharper focus on end-user satisfaction, assuming the unit operates with a specific customer service ethos.	++ Outsourcing retail functions to competitive private providers could provide an improved end-user focus, particularly if these private entities are driven by market competition to offer better service, lower costs, and innovative solutions, directly benefiting the end-user.
Revenue protection	0 NZTA's role in both selling licences and regulating provides a degree of revenue protection, as it manages all aspects from issuance to recovery of unpaid RUC. However, potential conflicts and poor incentives could have an indirect impact on innovation and customer service, which in turn could affect revenue.	+ The fundamental mechanism for revenue collection remains similar to the status quo. However, if more third-party providers enter the market, this has the potential to improve compliance.	+ This option could improve revenue protection through clearer accountability and better customer service, potentially reducing leakage and improving recovery mechanisms through a dedicated focus.	++ Revenue protection could be improved by outsourcing if improved customer service and systems were put in place to make paying RUC and managing RUC as straightforward as possible
Future proof	0 New payment models, such as monthly billing and estimated	+ Clarifying roles could slightly improve the system's adaptability	++ Creating a distinct internal business unit with a commercial	+++ Outsourcing the retail role could enable future proof. External

	billing, are slow to be implemented, and the current system remains stuck in time, making it more challenging to catch up.	by making it easier for new technologies or charging approaches to be included, as the regulatory framework would be more defined. However, the NZTA's internal operational limitations may still hinder significant advancements.	mindset could encourage more proactive adoption of new payment models and technologies, such as monthly billing or estimated billing, providing a greater degree of future proof and enabling different options to appear.	providers, driven by market competition, could have strong incentives to invest in and adopt the latest technologies and innovative payment models.
Market-led solutions	0 NZTA's dominant role in both retail and regulatory functions creates a perceived barrier for private sector companies to enter or compete in the retail RUC market and provide solutions for light vehicles. This stifles innovation and limits market-led solutions.	+ Clarifying NZTA's roles makes the playing field more transparent for external parties, potentially encouraging some private sector interest. However, it does not fundamentally change NZTA's direct involvement in retail; private companies may be able to outperform NZTA, and the market will develop.	++ This option more strongly encourages market-led solutions by separating NZTA's retail arm from its regulatory functions. The 'arm's length' operation and commercial mindset of the retail unit would reduce dual objectives, potentially enabling a more competitive environment for third-party providers in the market.	+++ Outsourcing the retail functions introduces competitive market forces directly into the RUC retail system, driving private providers to innovate and offer diverse solutions to attract and retain customers. This would significantly foster market-led solutions.
Rapid results	0 No significant changes or rapid results are expected so that the status quo will be maintained.	+ This option involves a legal clarification to define roles, which could be implemented relatively quickly compared to a full structural separation. The benefits would primarily be in transparency and perceptions.	- Creating a distinct internal business unit, even if within NZTA, could involve significant internal restructuring and establishing new operational processes. This would likely be a more time-consuming and costly process than simply clarifying roles.	- Outsourcing the entire retail role would be a complex and time-consuming process, involving competitive tendering, contract negotiations, and a significant transition period. While long-term benefits could be high, rapid results in terms of immediate improvements are unlikely.

Overall assessment	0	++	+	++
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Key for qualitative judgements:

++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
--	much worse than doing nothing/the status quo/counterfactual

Technical proposal E: Future-proof the system

	Option One – Status Quo / Counterfactual	Option Two – Enable the RUC system to collect other charges (tolls, time of use)	Option Three – Enable time and location variables in RUC rates (Preferred)
End user focus	0 Continues the current system, which users are accustomed to. No new complexities, but also no improvements in ease of use or cost beyond the current state.	+	0 Has similar benefits to option two in terms of removing the need for multiple payment systems. Introducing variable rates, however, could add complexity and costs for some users.
Revenue protection	0 Continues the current RUC system's revenue collection, which has strengths and weaknesses, but is also more susceptible to non-payment than FED).	+	+
Future proof	0 Explicitly stated as not accounting for time/location variations or alternative charges, which could be for future road pricing.	+	++ This option is explicitly designed for futureproofing, allowing RUC rates to adjust based on real-time information, congestion, or specific routes. This is a direct enabler for a more comprehensive and integrated road pricing system.
Market-led solutions	0	+	+

	Maintains the current market settings; no new opportunities for retail service providers to compete or innovate in new charge types.	Opening the RUC system to collect other charge types creates new opportunities for retail service providers to develop and offer services to users to pay the charges.	Allowing RUC rates to vary by time/location could create opportunities for retail service providers to innovate in areas like real-time information, payment solutions, and by providing ancillary services to help users manage the charges.
Rapid results	0 No changes mean no "rapid results" in terms of improvements, but also no implementation challenges.	+	0 While the amendment itself could be rapid, implementing RUC rates that vary by time/location is a complex undertaking, requiring redesign of the cost allocation methodology. However, no such changes are currently proposed, implying that actual implementation would not be rapid.
Overall assessment	0	+	+

Key for qualitative judgements:

++	much better than doing nothing/the status quo/counterfactual
+	better than doing nothing/the status quo/counterfactual
0	about the same as doing nothing/the status quo/counterfactual
-	worse than doing nothing/the status quo/counterfactual
--	much worse than doing nothing/the status quo/counterfactual