

models. These exemptions should be temporary with the expiry date well-signalled (e.g. 2030 as in proposal 3.5.1 above), and this should limit the use of vehicle combinations that do more damage as they will eventually revert to paying the full RUC rates.

At the very least, the MIA suggests that *electrified* trailers (e-trailers) must also be exempt from RUC to encourage their uptake (even if towed by a diesel truck). Current technological developments include trailers having regenerative axles or electric tractive axles and these will need to be defined in the legislation.

36. *What safeguards would we need to ensure that only trailers towed by exempted vehicles were able to be exempted?*

The MIA agrees there need to be safeguards such as digitally linking the truck and trailer units, and it should be conditional upon operators applying for RUC exemptions having eRUC (if not made mandatory for heavy vehicles).

3.6 Charging RUC for electric and diesel vehicles with GVM of less than one tonne

Questions:

37. *What are the advantages and disadvantages of subjecting road registered very light vehicles that are not powered by petrol to RUC, or a higher annual licence fee, for travel on public roads?*
38. *What principles should we use to determine a RUC rate, or higher annual licence fee, for non-petrol motorcycles and mopeds?*

It is a reasonable principle that all motor vehicle users pay for their use of the road network, and the simplest way for electric motorcycles and mopeds to pay when the EV exemption expires would be through the annual licence levy rather than administering RUC. This amount should be equivalent to what the average petrol motorcyclist pays in FED – around \$75 per annum according to the consultation document.

3.7 Exempting low emission vehicles from RUC based on distance travelled

Question:

41. *What are the advantages and disadvantages of a distance-based rather than time-based exemption to RUC for EVs?*

One advantage of a distance-based RUC exemption would be to phase-in new RUC payers over time (item 3.14 below), rather than have an influx of new users all purchasing RUC at the same time. This is because vehicle owners would use the fixed distance RUC exemption at different rates, and also because exempt vehicles entering the fleet would be given the distance exemption at different times.

3.8 Adjusting the overweight permit regime

Question:

42. *What changes should be made to section 12 of the RUC Act to improve the overweight permit regime?*

The current overweight permit regime is too cumbersome for operators to administer, and we support further industry consultation to review this. It needs to be more simplified to purchase RUCs by axle set and GCW, such as via an online portal with an algorithm for different weight combinations.

3.9 Removing the requirement for light vehicle owners to display a RUC licence

Questions:

44. *What are the advantages and disadvantages of removing the requirement to display a physical RUC label?*

The MIA favours removing the requirement to display a physical RUC label (whilst retaining it as an option), and agree that this would make RUC simpler and more cost-effective, as well as facilitate the purchase of RUC using a cellphone app or in-vehicle device without the cost of a full eRUC device. Removing the label requirement will also make it administratively simpler for new RUC users to commence paying RUC e.g. BEV and PHEV owners. This proposal will be especially beneficial for electric mopeds and motorcycles when they become liable for RUC, as there is not a convenient location to affix a RUC label.

46. *How can Waka Kotahi assist drivers in ensuring they remain compliant with RUC if the label-display requirement is removed?*

RUC compliance can be checked at the WoF or CoF for the purposes of issuing a reminder from Waka Kotahi, but it should not be a WoF/CoF failure as it is not a safety matter. RUC compliance can also be checked when owners renew their annual vehicle licence e.g. by requiring them to declare the current mileage. The mileage reading is also recorded at the WoF, and this could be used to estimate when the RUC is due to expire and trigger a reminder (although a working odometer is not a WoF requirement so this may need to be addressed). If smartphone apps were available to purchase RUC, these could be used to check compliance and to provide reminders, along with the emails if owner email addresses were compulsorily recorded when vehicle licences are renewed online. Waka Kotahi could also work with a third party like AA (which has half of all drivers as members) to develop a compliance portal or reminder process using vehicle data collected from AA members (also for 3.11 below).

The RUC status of vehicles also needs to be readily available to other parties via a website (such as Motochek) e.g. car dealers when buying or selling a vehicle.

3.11 Removing the requirement to display other transport paper labels

Questions:

49. *What are the advantages and disadvantages of removing the requirement to display physical vehicle licence ('rego') labels?*

The MIA supports the proposal to remove the requirement to display a licence label. This is an idea whose time has come. It will reduce administrative costs for motorists, as well as motor vehicle distributors in obtaining paper labels and distributing them to dealers. This will be especially beneficial for motorcycles where it can be inconvenient to find somewhere to display a label, or needing to buy a label holder to affix to the rear number plate.

50. *How can Waka Kotahi assist drivers in ensuring they remain compliant with their vehicle licensing obligations if the label-display requirement is removed?*

The licence reminder notice will be the primary tool to ensure vehicle owners remain compliant, and this can be reinforced through the WoF of CoF check. However, as noted in 3.9 above, Waka Kotahi could work with the AA to develop a compliance portal and the licence renewal could be incorporated in the same cellphone app used to purchase RUC licences and thus also provide alerts about impending expiry of vehicle licence (or RUC).

3.14 Assisting new RUC payers to commence paying RUC

Question:

57. *How should the RUC system help new users purchase RUC from the exemption end date and from the correct initial odometer reading, after the exemption ends?*

There will be an influx of vehicle owners purchasing RUC ahead of the 31 March 2024 expiry of the exemption. This could be potentially phased-in instead by requiring owners to purchase RUC when they renew the vehicle licence after 31 March 2024, and to declare the odometer reading at that time. A similar phase-in could be at the annual WoF, where the odometer reading could be independently verified, except this will take longer in the case of newer vehicles which don't require a WoF until 3 years old. However, both of these would reward some owners more than others, depending on when their vehicle licence or WoF expires.

An alternative could be to provide EV owners with a RUC licence for a set distance *and* time (e.g. 10,000km, expiring at the end of 2023) free-of-charge, after which they will need to purchase RUC. This would stagger them into the system and alert them to the need to purchase RUC after the licence expires, at which point they have to declare their odometer reading, and compliance can be verified at the next WoF.

Technical amendments to the RUC Act

4.1 Clarifying what 'partly' means in the definition of an electrically powered vehicle

Question:

66. *What criteria should be used to define, or replace, the word 'partly' in the definition of electric vehicles and why?*

'Partly' could be defined as having a battery able to be charged via an external power source, and the electric power can drive wheels solely, and that the electric drive system was built by (and homologated by) the OEM (so modifications don't apply).

4.4 Clarifying the definition of accurate for a distance recorder in a light vehicle

Question:

72. *How could 'accurate' be defined in RUC legislation for the distance recorder fitted to a light RUC vehicle?*

The MIA recommends that “accurate” is not defined in the RUC legislation if it would create a unique standard. As the consultation document correctly notes, there are no commonly used international standards for odometer accuracy, and thus manufacturers are unlikely to design odometers to meet a standard unique to New Zealand.

In any event, absolute accuracy will be impossible to achieve as odometers are driven off the same source as speedometers, which are manufactured to over-read true speed by a small margin, as required by EU and US legislation. The critical issue is that there is a *working* odometer, which can be used for RUC compliance, although this is not currently a WoF/CoF requirement, and neither is it a safety matter.

4.8 Clarifying the requirements around the display of heavy vehicle eRUC licences

Questions:

80. *What are the advantages and disadvantages of removing the requirement for an electronic distance recorder (ehubo) to also display the RUC licence?*

The MIA supports the proposal to remove the requirement in the RUC regulations for the distance licence to be displayed on the electronic distance recorder (ehubo), as this will mean the eRUC devices will be smaller and cheaper, which will make mandating eRUC (for heavy vehicles) easier.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

SUBMISSION to the Ministry of Transport

On Road User Charges

From:

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PUBLIC INFORMATION STATEMENT:

We are happy that our submission is included in reports available to the public.

INFORMATION ABOUT NELSUST:

We are an incorporated society of 300 people who have wider sustainability interests as well as transport strategy. This submission is the result of committee consultation.

1. Introduction

We see reform of the Road User Charges (RUC) well overdue; The trucking industry have not been paying their share of the infrastructure necessary to support their heavy vehicles or their share of the road damage they cause. This has caused distortionary effects of things going long distances by road rather than people using local supplies. It has caused distortions in using long distance road freighting when the more environmentally sane options would be using rail and coastal shipping. We are in a climate emergency, it is well past time when we need to eliminate these distortions and the true cost of road freighting be carried by those doing the road freighting.

However we do not believe Green House Gases (GHGs) should be included in RUCs as this is better charged with the fuel itself. We propose that Fuel Excise Duties (FED) be dropped from petrol vehicles and all road going motor vehicles pay RUCs, 95% of which should be in relation to the amount of road damage they do and the amount of extra cost is building new roads, bridges and retaining walls to take their additional weight that is required. GHGs should be directly levied on all fuels regardless of whether they are used on the road or not.

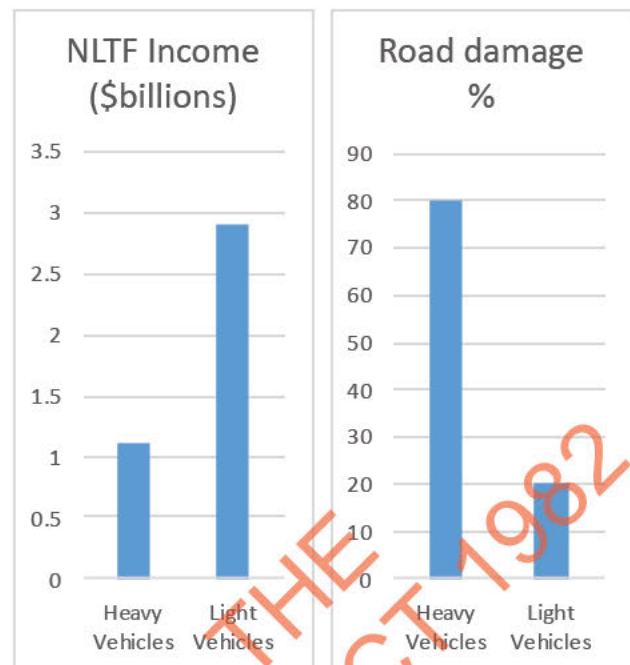
And we consider you have missed a potential huge advantage of using electronic RUCs when charged on all road going motor vehicles (as we believe they should be). That is for eRUCs to be used for peak hour congestion charging on busy roads.

In this submission we concern ourselves here with the big picture issues with the system, we do not get into the technical detail of implementation. So apologies for not answering all the questions posed.

2. Submission -other than answering the Questions

2.1 Trucking Industry Road Damage being subsidised by light vehicles - You say (p11) that "operators of heavy vehicles paid \$1.1b through Road User Charges (RUCs) into the National Land Transport Fund (NLTF) compared to \$2.1b from petrol Fuel Excise Duties (FED) and \$0.8b from light diesel operators. That is Heavy vehicles paid \$1.1b, light vehicles paid $2.1 + 0.8 = \$2.9b$. Light vehicles are paying well over double what heavy users pay, yet 80% of the road damage is attributable to heavy vehicles. Furthermore the reason new and replacement infrastructure is so expensive is that it has to be built to carry

these heavier loads. Right from the extensive road bases, through all the roading layers, the surfacing but also the retaining walls and bridges all have to be extra strong just to take these heavy vehicles. While any motor vehicle using the road needs to pay for signage, mowing of the edges, tree trimming, policing etc this is only insignificant expenditure compared to building these super strong roads in the first place and regularly repairing and renewing them, primarily due to heavy transport. We suggest that 95% of NLTF expenditure on new roads, and 95% of maintenance and renewals should come from heavy vehicle Road User Charges.



2.2 Externalities of Road Freight not recognised in RUC system :Noise and

vibration, intimidation of other road users from large objects moving rapidly close by, Wind gusts created, air and water pollution by heavy vehicles all make it less pleasant for other legitimate road users and do not appear in RUC charges. These externalities need to be included in the RUC. However we do not think RUCs are the best place at all to charge for Greenhouse Gas pollution: these should be levied separately on all fuel.

2.3 All motor vehicles should be paying RUC, as FED is less and less viable with hybrids

We need to move to a system where all motor vehicles pay RUC and one where FED is dropped. We believe electric vehicles should pay RUCs as they still contribute to road congestion, just as much as their fossil equivalents, they still need the road maintenance, the same policing as other vehicles. And they still damage roads in proportion to their weight

2.4 Climate Change emissions should be in Fuel Costs

as its not just road users using fossil fuels that are putting carbon dioxide and other pollutants into the atmosphere, but off-road users, fishing boats trains etc too. Adding GHG charges to RUCs is far to complex to get it equitable whereas when it is fuel based, it is very clear, the more fuel you use, the more carbon dioxide comes out of your exhaust.

2.5 Congestion Charges should be part of RUCs

You seem to have missed the promising potential for eRUCs to be used as a means of congestion charging once all vehicles pay RUCs. The Road User Charges could be ramped up for use of congested arterials at busy times of the day. Other means of congestion charging involve some cost and issues with implementation, but having all road going motor vehicles on eRUCs means this could easily be added to the Road User Charges. Congestion charges have shown themselves to be one of the few viable means of reducing road congestion and they have the benefit of making commuting by active and public transport relatively more attractive. Congestion Charging should definitely be part of any new RUC system

3. Answers to Questions posed

Q 1 What are the advantages and disadvantages of using RUC to recover more than the direct costs of building, operating, and maintaining the land transport system?

A: Currently there is a bias towards road transport over other less polluting, more energy efficient modes and things are often freighted further than they would be if the full costs of this was apparent in heavy freight costs. It is important these externalities are sheeted home to those creating the emissions and pollution, so the costs of these things to our communities, the local and global environment are manifested in the price of heavy road transport to avoid these distortionary effects. While we think carbon emissions would be better regulated through fuel duties which then also capture use off road, on rail and on the water, other externalities of heavy freight and other motor vehicle road users are best captured by Road User Charges. We see no downside to this, it is time to end the free ride motor vehicle users have had for their affects on others and the planet.

Q 2 If RUC should not be used for recovering more than road costs, what alternative approach might be appropriate for recovering those other costs?

A: As above carbon dioxide and other greenhouse gas externalities are better priced through Fuel taxes or levies relative to the amount of pollution caused. We think RUCs are an appropriate method of covering other externalities.

Q 3 What advantages and disadvantages are there to considering externalities when setting RUC rates?

A: The advantage is that these externalities being priced in will result in less goods being transported so far, less goods being carried long distances by the most environmentally damaging system - heavy road freight. While it could be argued that this will increase complication in the system, we think this can be manageable and in any event is necessary to eliminate current distortions in the freight market. Secondly the revenue from these externalities could be returned as compensation to those affected by them - eg your example of noise proportion of RUC could be returned to local bodes to erect sound barriers alongside noisy roads, intimidation factors being given to Waka Kotahi to provide protected cycle and walking paths.

We see significant disadvantages for including GHG in RUCs, eg the present zero road user charges for EVs encourages their use over taking public or active both of which provide lower GHG transport and better outcomes for road congestion and public health.

Q 4 If externalities were to be considered, what criteria could be used to determine what externalities should be taken into account in setting RUC rates?

A: All relevant criteria that create the distorted freight market.

Q 5 If externalities were to be considered, how should these costs be set?

A: We think these have already been worked out - eg the costs of deaths and injuries on the road

Q 6 Would charges for externalities be in addition to the current form of RUC, and potentially used to address the externalities directly, or be a core part of total land transport revenue?

A: The externalities part of it should go to compensate the people and those areas impacted by those externalities

Q 7 How would vehicles not paying RUC be affected?

A: We think all road going motor vehicles should be paying RUC, regardless of their motive power. So the present Fuel Excise Duties would be abandoned, but a greenhouse gas charge added to all fossil fuels

Q 8 What are the advantages and disadvantages involved in changing the purpose of the RUC Act so that climate policy generally, or greenhouse gas emissions specifically, can be considered when setting RUC rates?

A: Disadvantages of having GHG emissions included in RUC is that it misses fossil fuel emissions for internal combustion engines not on the road and secondly it would be difficult to align the amount appropriate for each vehicle in the RUC - as it depends not just on vehicle size, but how it is driven, the state of tune and maintenance on the engine etc. We can see no advantage in having GHG incorporated into RUCs

Q 9 What advantages and disadvantages would there be if there was an explicit requirement to consider RUC exemptions as part of the development of the Government Policy Statement on land transport?

A: No Answer Given

Q 10 What are the advantages and disadvantages of enabling consideration of greenhouse gas emissions when setting RUC rates?

A: We have already stated that we think it inappropriate to include GHG in RUCs and so feel previous answers are sufficient

Q 11 How should the RUC rates be set for vehicles that could use more than one fuel and these fuels had different greenhouse gas emissions?

A: We have already stated that we think it inappropriate to include GHG in RUCs and so feel previous answers are sufficient

Q 12 What advantages and disadvantages are involved in using NLTF revenue to reduce carbon emissions rather than foregoing RUC revenue?

A: We have already stated that we think it inappropriate to include GHG in RUCs and so feel previous answers are sufficient

Q 13 What are the advantages and disadvantages with the source of different fuel types being included in RUC calculations (separately from the direct climate impacts of the fuel used)?

A: We think the fuel type should be irrelevant at setting the RUC as we don't think GHGs should be included in RUCs.

Q 14 What are the advantages and disadvantages with the environmental effects of different fuel types being considered in calculating RUC rates for vehicle types?

A: We have already stated that we think it inappropriate to include GHG in RUCs and so feel previous answers are sufficient

Q 15 How would fuel supply chains be verified?

A: We have already stated that we think it inappropriate to include GHG in RUCs and so feel previous answers are sufficient

Q 16 How could we ensure that, if different fuels are available (for example mineral and biodiesel, or hydrogen from different sources), only approved fuel types were used by the RUC vehicle?

A: Irrelevant as we have already stated that we think it inappropriate to include GHG in RUCs

Q 17 How else would you change the setting of RUC to ensure it is adaptable to future challenges?

A: Have rates set with each GPS

Q 18 What are the advantages and disadvantages of mandating eRUC for heavy vehicles?

A: No Answer Given

Q 19 What vehicle types should or should not be required to use eRUC?

A: Vehicles such as combine harvesters, tractors, specialised farm trailers (eg bail wrap trailers, hay-rakes) that spend very little time on the roads as they should be exempted anyway. Likewise diggers, dozers, mine trucks, off road dump trucks, logging vehicles

Q 20 How would phasing-in of eRUC for the heavy vehicle fleet be best accomplished?

A: No Answer Given

Q 21 Are the existing requirements for eRUC devices reasonable if the technology was to be made compulsory?

A: No Answer Given

Q 22 What alternative technological models should we be exploring for eRUC?

A: One thing that should be done is incorporate congestion charging into RUCS - so time of day and actual road used, whether it is used off peak or on peak could be a very very useful addition to RUC, especially if as we suggest all road going motor vehicles pay RUC (and Fuel excise duties on petrol is replace with a greenhouse gas emissions fee on all fossil fuels). This would mean a very low cost implementation of peak "hour" congestion charging which is something separately needed not just in main centres but also in places like Nelson.

Q 23 How would making eRUC mandatory affect your business?

A: We are not a business

Q 24 What are the advantages and disadvantages of mandating integrated telematics solutions that could support improved productivity and safety compliance, either as part of eRUC systems or as standalone devices?

A: As mentioned about there is also the benefit of congestion charging for using certain roads at peak times that could be incorporated into the eRUC system that would have massive benefits to congestion and hence productivity, vehicle emissions through eliminating stop-start driving etc. The disadvantages are costs for each individual and privacy. If costs of deploying eRUC for each vehicle could be reduced to low levels (say \$100 per year) then that would be no disadvantage.

Q 25 How can privacy concerns be managed if we are going to make greater use of eRUC data?

A: Privacy is a major concern - we do not want to be in a situation where we feel like we are being spied on whenever we use that road and there is always the danger that some future administration could use this capability to spy on your movements. We do not have an answer as to how this could be managed, but it must be a foolproof system so it could never be used to spy on people.

Q 26 What, if any, changes in costs would additional requirements to allow eRUC devices to be used to support improved productivity and safety compliance place on users, eRUC devices and eRUC providers?

A: Compliance compared to existing paper RUCs that most small diesel owners use could be less with eRUC - as it would all be automatic - taken out of a bank account each month for the amount of road distance and congested roads you used at peak times.

Q 27 What are the advantages and disadvantages of enforcement authorities having greater access to eRUC data for enforcement of logbook requirements or other on-road enforcement tasks?

A: Privacy is a major one. I can see that there could be requests from Police to extend the eRUC devices to catch and charge anybody speeding not just on any straight section of road, but also going around any corners faster than the recommended speed for that corner.

Q 28 What are the advantages and disadvantages of allowing the RUC Act to set partial RUC rates to recognise FED paid by dual-fuel vehicles?

A: We dismiss this question as we are convinced all road going motor vehicles should be paying RUCs in proportion to the amount of road damage they do and the extra straight of infrastructure required to be built to support them. Going with that current Fuel Excise Duties on petrol would be removed and GHG emission should be paid for in fuel levies and so avoid that complication with RUCs. We don't think the externalities other than GHG are significantly different for different fuels that could be used in internal combustion engines.

Q 29 According to what criteria should partial RUC rates be determined?

A: Irrelevant if RUCs on all motor vehicles on roads and GHG levies paid for in fuel pricing.

Q 30 Should operators of dual-fuel vehicles with a reduced RUC rate still be able to claim a full FED refund if they used more fuel than the average?

A: Irrelevant if RUCs on all motor vehicles on roads and GHG levies paid for in fuel pricing.

Q 31 What are the advantages and disadvantages of enabling partial RUC rates to help transition exempted vehicles to full RUC rates?

A: We see this as distortionary and encouraging people to use EVs rather than public or active transport. EVs (and Hybrids) are still road users, they still contest the road just as much as fossil fuel vehicles do. In fact there is an argument that because there is no guilt with GHG emissions, EVs may actually encourage more driving. They do not need any more encouragement - using a two tonne metal box to transport 1 or 2 people is a very space and energy inefficient way to transport people.

Q 32 What are the advantages and disadvantages of the heavy EV exemption being extended for more than five years?

A: We see this as distortionary and encouraging people to continue to use road transport rather than mode shifting to inherently more efficient rail or coastal shipping (see below MoT figures showing rail and coastal emits less than 1/3 of the emissions that a heavy truck does per tonne-km. This is not due to marine and rail fossil fuel engines being more efficient than diesel engines in road going trucks, rather it is the simple efficiency advantage of steel wheels on steel rails and ships on water.

Heavy truck emissions vs. other NZ freight modes



Mode	Typical g CO ₂ /tkm
Coastal shipping (oil products)	16
Coastal shipping (other bulk)	30
Coastal shipping (container freight)	46
Rail (electric)	7
Rail (diesel)	29
Rail (NZ average)	28
Long-haul heavy truck	105
Urban delivery heavy truck	390

- ▶ Coastal shipping figures based on international data for ships comparable to those used in NZ
- ▶ Rail figures based on data provided by Kiwirail; electric includes indirect emissions

Q 33 How would extending the end date be effective in encouraging the uptake of heavy EVs?

A: We think EV uptake is better supported though not having to pay GHG fuel levies that we believe need to be imposed across all fossil fuels

Q 34 Should the current exemption be extended to 31 March 2030 to encourage the uptake of heavy electric vehicles? Would an alternative date be better and why?

A: See answer to Q 32 above

Q 35 How would exempting vehicle combinations where the motive power is from a vehicle exempted from paying RUC encourage the uptake of heavy electric vehicles?

A: No Answer given

Q 36 What safeguards would we need to ensure that only trailers towed by exempted vehicles were able to be exempted?

A: No Answer given

Q 37 What are the advantages and disadvantages of subjecting road-registered very light vehicles that are not powered by petrol to RUC, or a higher annual licence fee, for travel on public roads?

A: Huge advantages as then with eRUCs using congested roads at peak times could be charged differently to using them at off peak times. We think you are missing a massive opportunity here if you don't include peak "hour" congestion charging with the eRUCs. Congestion charging is one of the single most effective way of dealing with road congestion but it often comes with implication costs. With eRUCs applying to all road going motor vehicles this additional cost could be avoided and the scheme be made most effective.

Q 38 Under what circumstances should ATVs and motorcycles primarily designed for use off road be required to pay RUC, or a higher licence fee?

A: If they are road registered

Q 39 What principles should we use to determine a RUC rate, or higher annual licence fee, for motorcycles and mopeds?

A: Primarily the amount of road damage they make. If this was the case then the fact that motorcycles at take up much less roadscape and urban area per person carried than cars would automatically be included and incentivised

Q 40 Is having a GVM of less than one tonne an appropriate cut-off point for treating ATVs separately? If not, what is an appropriate cut-off point or other way of defining these vehicles for RUC, and why?

A: We don't think there should be any exemptions for road registered motor vehicles regardless of their weight: They should be charged a low basic RUC like all other vehicles for paying their part of road signage, edge mowing, tree trimming and road policing, but the main part of all RUCs for all vehicles should be the amount of road damage they do, the extra costs of roading infrastructure to support that weight and externalities other than GHGs. With the externality of noise, it has been suggested that some of the noisiest vehicles are motorcycles; they should be charged rather than exempted for this externality. And RUCs for them as well is the logical way for that to be charge.

Q 41 What are the advantages and disadvantages of a distance-based rather than time-based exemption to RUC for EVs?

A: We don't agree with RUC EV exemptions - as stated before EVs contribute at least as much to congestion as fossil vehicles, possibly more because of the lack of guilt for tailpipe emissions and therefore hesitation in taking another trip. We think there are better methods of encouraging EV uptake - eg them not having to pay a GHG levy that fossil fuel users should be paying.

Q 42 What changes should be made to section 12 of the RUC Act to improve the overweight permit regime?

A: No answer given

Q 43 How would other potential changes in this discussion document, such as greater use of eRUC, assist in the overweight permitting process?

A: Perhaps heavy motor vehicles that wanted to be exempt when travelling with a light load could install onboard weight measuring devices that could go with their eRUCs

Q 44 What are the advantages and disadvantages of removing the requirement to display a physical RUC label?

A: Less complicate cost, less waste paper, less hassle for owners. This is important as if all road going motor vehicles are to be subject to RUC, as we suggest, there will be many more people and people new to the whole concept of RUCs having to buy RUCs

Q 45 What problems for non-compliance and enforcement might this cause?

A: We don't see this as any different to someone driving without a current registration or warrant of fitness - its not until you pear closely at these tables on a windscreen currently can you see whether or not a vehicle is current - police could easily run the vehicles number plate through their computer to see if their RUCs were current

Q 46 How can Waka Kotahi assist drivers in ensuring they remain compliant with RUC if the label-display requirement is removed?

A: Through policing and also reminders sent if they fail to p y their RUCs

Q 47 What are the advantages and disadvantages of retaining the option to request a physical licence?

A: No answer given

Q 48 What advantages and disadvantages are there in allowing RUC licences to be purchased in units of less than 1,000 km?

A: We suggest a regime where each month people pay for the RUCs they have used in the last month automatically from a bank account or credit/debit card

Q 49 What are the advantages and disadvantages of removing the requirement to display physical vehicle licence ('rego') labels?

A: None now that police can quickly run a vehicle registration number through their computer to see that it is current

Q 50 How can Waka Kotahi assist drivers in ensuring they remain compliant with their vehicle licensing obligations if the label-display requirement is removed?

A: Through policing and also reminders sent if they fail to pay their RUCs

Q 51 What are the advantages and disadvantages of retaining the option to request a physical vehicle licence label?

A: No answer given

Q 52 What are the advantages and disadvantages of letting Waka Kotahi use historical RUC rates when carrying out an assessment?

A: No answer given

Q53 What are the advantages and disadvantages of removing FED from sales of LPG and CNG and having all road vehicles using these fuels move to paying RUC?

A: None significant - this is what we are in favour of, along with petrol vehicles

Q54 If LPG and CNG powered vehicles are included in the RUC system what reasons would justify their operators paying a different rate than other light vehicles?

A: None - RUCs should be based on a small base charge the same for any vehicle to cover roadside mowing, tree trimming, road sign upkeep, policing etc, but the rest of the RUC should be based on the amount of road damage the vehicles do, the extra costs of building heavier infrastructure for heavy vehicles and the externalities peculiar to that vehicle, other than GHGs.

Q 55 If a partial rate is possible for dual-fuel LPG or CNG vehicles, what principles should be considered in setting the rate?

A: No answer given

Q 56 Are there any new issues that might need to be considered, including those that might justify changes to RUC legislation, to address an influx of new RUC system users when the light EV exemption ends?

A: An easy eRUC system should be in place before they are bought into the system

Q 57 How should the RUC system help new users purchase RUC from the exemption end date and from the correct initial odometer reading, after the exemption ends?

A: No answer given

Q 58 Should the maximum infringements set out in section 89(q) of the RUC Act be amended? If so, how?

A: No answer given

Q 59 Are the existing infringements set at appropriate levels for the offence?

A: No answer given

Q 60 Should the offender type ratios differ between individuals and body corporates? If so, how?

A: No answer given

Q 61 Would you also change the fee/fine ratio? If so, how?

A: No answer given

Q 62 On what basis should the penalty for non-payment of RUC be calculated?

A: No answer given

Q 63 What should be the maximum penalty for non-payment of RUC?

A: No answer given

Q 64 Should the non-payment penalty regime recognise the time the RUC payment has been outstanding? If so, how?

A: No answer given

Q 65 What other improvements do you think are needed in the RUC system?

A: Complete overhaul as noted elsewhere so all road going motor vehicle pay RUCs, FED are eliminated but all fossil fuels have a GHG levy as noted previously

Another major and urgent change not mentioned elsewhere is for heavy road vehicles to adequately pay for the road damage they cause and the extra costs of building heavier infrastructure for heavy vehicles and the externalities peculiar to that vehicle, other than GHGs.

Presently Heavy Road vehicles pay not much more than 1/3 of the income into the National Land Transport Fund but are responsible for 80% of the road damage, let alone massive cost increases for new roads, bridges and retaining walls having to be built so much stronger to take their weight. This is completely iniquitous and has resulted in a distorted heavy freight environment with much more freight going by road that should be on rail or coastal shipping.

And presently there are no externalities paid for in RUCs by heavy vehicles such as for their intimidating of other road users, their noise and vibration effects on people, buildings, houses they pass, the brake and tyre dust they produce and the costs of accidents that class of vehicle is involved in.

Q 66 What criteria should be used to define, or replace, the word 'partly' in the definition of electric vehicles and why?

A. Irrelevant if all road going motor vehicles, including those with any form of electric propulsion pay RUC as we suggest they should

Q 67 What are the advantages and disadvantages of our proposed approach to classifying vehicles with eight axle combinations?

A: No answer given

Q 68 What are the advantages and disadvantages of requiring inspection of the odometer on RUC vehicles at the time of Warrant or Certificate of Fitness inspection?

A: No answer given

Q 69 What form would this inspection take and what would the costs of the inspection be?

A: No answer given

Q 70 What should happen if a Warrant or Certificate of Fitness inspector thought an odometer had been tampered with?

A: No answer given

Q 71 Is it necessary to define 'accurate' in the RUC legislation, or can we rely on existing case law and practices?

A: No answer given

Q 72 How could 'accurate' be defined in RUC legislation for the distance recorder fitted to a light RUC vehicle?

A: No answer given

Q 73 What should happen if a vehicle owner finds that their distance recorder is not accurate and does not correct it?

A: No answer given

Q 74 What are the advantages and disadvantages of requiring vehicle operators to retain weight-based records?

A: No answer given

Q 75 How long should any weight-based records be retained for?

A: No answer given

Q 76 What could Waka Kotahi do to make this requirement more feasible for companies that create weight-based records?

A: No answer given

Q 77 What are the advantages and disadvantages of allowing Waka Kotahi to access third party records to ensure operator compliance with the RUC Act?

A: No answer given

Q 78 What evidence threshold or circumstances would be appropriate for Waka Kotahi to trigger the power to access third-party records

A: No answer given

Q 79 What are the advantages and disadvantages with RUC legislation requiring ESPs to notify Waka Kotahi of changes to the status of RUC payments?

A: Huge advantages in enforcement, no disadvantages seen

Q 80 What are the advantages and disadvantages of removing the requirement for an electronic distance recorder (EDR) to also display the RUC licence?

A: No answer given

Q 81 What requirements should the RUC legislation have around the display of distance on an electronic distance recorder (EDR)?

A: No answer given

Q 82 What are the advantages and disadvantages of completely removing the requirement for carrying or displaying a RUC licence for heavy vehicles?

A: People other than the police would not know whether or not a vehicle carried an up to date RUC licence

Q 83 What are the advantages and disadvantages of exempting off road vehicles from paying RUC if they are only travelling on a public road for the purposes of undertaking a safety inspection or maintenance?

A: None that we can see

Q 84 What are the advantages and disadvantages of giving Waka Kotahi discretionary power to extend the time for independent reviews?

A: No answer given

Q 85 In what instances should an extension be granted, and in what instances shouldn't an extension be granted?

A: No answer given

Q 86 What are the advantages and disadvantages of removing mobile cranes from the list of vehicle types that are exempted from RUC on the basis that all vehicles can now fit eRUC devices?

A: The advantage is that mobile cranes and other such vehicles who do damage the roads and require heavy duty infrastructure would then pay for that privilege. Externalities such as noise and pollution other than GHG would also be captured. We can't see any disadvantages

Q 87 What are the advantages and disadvantages of amending the definition of 'All Terrain Crane' used in the RUC regulations to allow for the use of single large or single mega tyred axles rather than tyre contact area?

A: No answer given

Q 88 What other issues might there be with the way RUC rates are calculated for mobile cranes?

A: No answer given

Q 89 What other technical amendments should be made to the RUC Act, its regulations, or the rules and manuals that make up the RUC system?

A: No answer given

END

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Neste submission on *Driving Change: Reviewing the Road User Charges System*

Thank you for the opportunity to make a submission on *Driving Change: Reviewing the Road User Charges System*.

Neste is the world's largest producer of renewable diesel, which can be deployed as a 100% drop-in replacement for fossil diesel.

We strongly support the objective of this review: to examine opportunities to improve the RUC system to promote the uptake of low-carbon transport technologies.

The New Zealand Government is moving to implement an initial biofuels mandate, which Neste has strongly supported (although calling for it to be more ambitious). However, we see an opportunity for New Zealand to go further and also incentivise the deployment of 100% biofuel options for vehicle users to purchase.

A RUC exemption for vehicles using 100% biofuel would be an effective way to achieve this. The removal of RUC would decrease the cost to users significantly, partially offsetting the higher purchase price of renewable diesel. This would result in more renewable diesel being consumed in New Zealand in place of fossil diesel, reducing greenhouse gas (GHG) emissions by 90%* on the average.

New Zealand needs to examine multiple pathways to decarbonise transport (as stated in Hikina Te Kohupara) in order to reduce GHG emissions. Different technologies that can support this objective should be evaluated on their own merits.

If we look at examples in other markets, such as Sweden, high-blended biofuels are not covered by the reduction obligation scheme and the part of biomass origin in high-blended sustainable biofuels are exempt from both carbon tax and energy tax. As of 2021, Portuguese authorities decided to attract and support biofuels & associated Feedstocks listed in Annex IXa under REDII by incentivising biofuels by 513 EUR/cbm. In France, where vehicles running on pure biofuels are exempted from a ban of highly polluting cars, a fuel sensor is used by officers for verification of the use of 100% biofuels in the vehicle.

Alternatively, fossil and blended diesel could be dyed, just as off-road diesel is dyed in many European countries, the US, and Canada. These approaches would allow for the detection of fossil/blended diesel in vehicles that have not paid RUC to prevent evasion, while allowing vehicles using 100% biodiesel to not be charged RUC.



There would clearly be a fiscal cost to this policy, but it would be relatively small initially. If 2% of the diesel fleet used 100% renewable diesel, the cost would be around \$30m per annum in foregone RUC, which when compared to the impact transport emissions can have on climate change, is marginal.

Neste has done some assumptions looking at on-road transport diesel consumption in New Zealand in 2019, which was 2,636 million litres, or around 2207 kt** resulting in 8.9 MtCO₂ of emissions. We have calculated assuming that 2% of the fleet that is fully using HVO with 90% savings is distributed evenly across the different kinds of vehicles in the fleet, so that the decrease in diesel emissions is 1.8% (2% taking into account the 90% saving), which equals **~0.16 MtCO₂**.

We are aware this proposal sits outside the options examined in the consultation paper, but we think it has real merit and is worthy of consideration. We would be happy to discuss the idea in more detail with Ministry of Transport officials.

** The methodology for calculating life cycle emissions and emissions reduction complies with the European Union's Renewable Energy Directive II (2018/2001/EU)*

***<https://www.eeca.govt.nz/assets/EECA-Resources/Research-papers-guides/Off-road-liquid-fuel-insights.pdf>,*

Date: 21 April 2022

A submission by: The Northland Regional Transport Committee

On: **Te Huringa Taraiwa: Te Arotake I Te Punaha Utu Kaiwhakamahi Rori/Driving Change: Reviewing the Road User Charges System.**

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The Regional Transport Committee wishes to thank Te Manatu Waka, Ministry of Transport for the opportunity to make a submission on the “Te Huringa Taraiwa: Te Arotake I Te Punaha Utu Kaiwhakamahi Rori/Driving Change: Reviewing the Road User Charges System” consultation document January 2022.

Please find below the Regional Transport Committee’s (RTC) comments regarding the Te Huringa Taraiwa: Te Arotake I Te Punaha Utu Kaiwhakamahi Rori/Driving Change: Reviewing the Road User Charges System.

In this instance, the RTC will not be answering all the questions provided in the Te Huringa Taraiwa: Te Arotake I Te Punaha Utu Kaiwhakamahi Rori/Driving Change: Reviewing the Road User Charges System consultation document.

This submission concentrates more on those issues that are that are considered to have a regional impact.

Whilst this submission is made on behalf of the RTC, it included input from the: -

- Northland Regional Council.
- Far North District Council.
- Whangārei District Council
- Kaipara District Council.

This submission also serves to support individual submission made by any of the abovementioned councils.

Question 1 - What are the advantages and disadvantages of using RUC to recover more than the direct costs of building, operating, and maintaining the land transport system?

- a) There are no advantages to using RUC to recover more than the direct cost of building and maintaining the land transport system.
- b) RUC is an easily understood method of providing funds for the NLTP to be used to fund the maintenance of the network that heavy vehicles cause damage to.
- c) RUC requires some refining to account for all the diesel-powered light vehicles that are now caught in the system. However, RUC is still the best way of capturing these vehicles.

As a single source, single use tax system hypothecated to the NLTP RUC must be left to fill this function until such time as a fully reviewed NLTP funding system that takes account of the new fuel types and much heavier electric vehicles (electric buses for example) is developed that may take its place.

There are only disadvantages to watering down an already accepted process for recovering heavy vehicle costs that damage our transport network. The current RUC system can easily accommodate new fuel types if required.

Question 2 - If RUC should not be used for recovering more than road costs, what alternative approach might be appropriate for recovering those other costs?

- a) Externalities such as emissions and climate change are already considered to some degree in setting the tax on each fuel type. Continuing this approach for emissions is an appropriate method of gaining revenue that is to be used for expenditure outside the NLTP.
- b) The whole transport funding issue needs to be reviewed taking a holistic approach to covering any additional areas such as externalities. However, the basic fundamental of RUC and Fuel excise tax being collected and hypothecated to the NLTP for maintenance of the transport network must be a fundamental unpinning principle of any new system.

Road transport causes a range of positive and negative impacts, and these are referred to as externalities.

These externalities can include environmental damage such as air or water pollution, noise pollution, road damage, accidents, or other harms such as congestion. Other than road

damage, these externalities are not explicitly considered when setting RUC, or FED rates for petrol vehicles

We want to look at whether we should be able to consider some of these other costs when setting RUC; especially those associated with greenhouse gas emissions. At the same time, we need to ensure that we continue to raise sufficient revenue for the transport system to operate in a way that achieves our other transport outcomes.

The transport sector is responsible for over 21 percent of New Zealand's gross domestic greenhouse gas emissions and road transport is the fastest-growing domestic source of greenhouse gas emissions. Around two-thirds of our transport emissions come from cars, SUVs, utes and vans. Heavy road vehicles are responsible for around a quarter of transport greenhouse gas emissions, even though they are only responsible for six percent of the total annual vehicle kilometres travelled (VKT) on our roads.

Decarbonising land transport is going to be challenging and a comprehensive set of measures will be needed to achieve the reductions recommended by the Climate Change Commission. We are going to need a wide range of incentives (and potentially disincentives) to move away from fossil fuels. The RUC system could provide the Government with greater flexibility to manage the economic and equity impacts of its greenhouse gas reduction commitments, while continuing to raise enough revenue to maintain the road transport network.

Pricing externalities can recover these other costs – fully or partially – by passing them on to those who created the costs. Managing externalities through pricing could be a fairer way to allocate costs and benefits of transport options and it could be used to influence travel or purchasing decisions.

USING THE RUC ACT TO DO MORE THAN RECOVER ROAD COSTS.

Using RUC to charge motorists for externalities other than road damage would be a significant shift in taxation policy generally and RUC policy specifically.

It would also raise questions about how to address equity between motorists paying RUC and those paying FED as it would not be as easy to apply similar distance-based charges to petrol vehicle. We would need to decide if any charges for externalities were in addition to the current charges, or if they were only used to create discounts (such as the current EV RUC exemptions).

Alternatively, we would change the way we calculate RUC to include new elements, such as contribution to air pollution, in the calculations. This might shift costs between users but not change the total raised overall.

We would also need to consider if the revenue from a component of RUC associated with externalities would be 'land transport revenue'. Would it be part of the National Land Transport Fund (NLTF), spent on the transport system directly, or should it be allocated to a

fund that addressed the externality? For example, a charge for noise pollution could be used to fund local councils to install sound insulation in affected houses near local roads

Question 3 - What advantages and disadvantages are there to considering externalities when setting RUC rates?

- a) There are no advantages to using RUC to recover more than the direct cost of building and maintaining the land transport system.
- b) RUC is an easily understood method of providing funds for the NLTP to be used to fund the maintenance of the network that heavy vehicles cause damage to.
- c) RUC requires some refining to account for all the diesel-powered light vehicles that are now caught in the system. However, RUC is still the best way of capturing these vehicles.
- d) The emissions trading scheme is the model for considering emissions and their effect on climate change. Emissions come from vehicle fuels so the greater use the greater emissions produced. Therefore, tax on emission source is the appropriate way of considering these externalities. The funds are not linked to the NLTP and can be used to offset or subsidise low emission vehicles into the fleet. Such vehicles would still pay their RUC to cover the costs of damage to the network.
- e) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 4 - If externalities were to be considered, what criteria could be used to determine what externalities should be taken into account in setting RUC rates?

- a) Emissions from transport contribute to climate change so taking emissions into account will automatically be taking climate change into account. The current method of taking emissions into account is a suitable and easily administered method that allows the collected funds to be directed to climate related reductions.
- b) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 5 - If externalities were to be considered, how should these costs be set?

- a) Based on the emissions produced by the various emission producing fuels. Fuel tax would be the method of collection either through tax at pump or from wholesaler.
- b) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 6- Would charges for externalities be in addition to the current form of RUC, and potentially used to address the externalities directly, or be a core part of total land transport revenue?

- a) They need to be collected outside of the RUC system and not become part of the core transport funding system.
- b) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 7 - How would vehicles not paying RUC be affected?

- a) All vehicles should be paying either RUC or tax to contribute to the NLTF for funding the maintenance of our transport network. Collection of a tax outside of the RUC system would allow the funds to be used to subsidise low emission vehicles or other mechanisms to reduce the transport emission outputs.
- b) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

One of the key recommendations from the Climate Change Commission was for Government to encourage the production and use of low greenhouse gas-emissions fuels.

One of the main reasons to allow climate policy or greenhouse gas emissions to be considered when setting RUC rates is that vehicles powered by low-carbon fuels are currently more expensive than their fossil fuel counterparts. They either require the use of fuels that are more expensive to purchase, such as biofuels, or require the purchase of new and more expensive vehicles, as in the case of EVs. In the case of hydrogen, both the vehicles and the

fuel are significantly more expensive than diesel or electric alternatives. These costs are expected to reduce as global production increases and technology matures, but at this stage that timing is very uncertain.

Providing an exemption or reduced rate of RUC could help support and promote the uptake of new fuels. This assistance would be most relevant while the transition to low-carbon fuels, and to lower cost technologies, is occurring. This assistance would most likely be through exempting vehicles subject to RUC (as happens with EVs), or through charging a lower RUC rate than equivalent petrol or diesel vehicles, to offset higher operating costs. RUC exemptions or reduced rates would most likely need to be temporary, as with the current EV RUC exemption, in order to minimise any long-term risk to the funding of the land transport system at a time when there are significant demands for investment.

There are risks with changing the purpose of RUC

Providing reduced costs for operators of vehicles using low-carbon fuels may be supported, especially by those receiving the benefit. However, we do not have good information on how important the existing RUC exemptions have been in promoting EV uptake, or what effect exemptions or discounts would have for supporting the uptake of other low-carbon fuels. This would need to be better understood before further exemptions could be proposed and this is why we are seeking feedback on this issue. There may also be other opportunities where it would be more efficient or effective to spend NLTF revenue (that is, revenue from RUC and FED) directly to reduce carbon emissions rather than forego RUC revenue. Potentially a RUC exemption could also be treated as an expense under the NLTF and subject to the same processes for approval as other funding decisions, through the Government Policy Statement on land transport.¹³ This would ensure that the impacts of any exemptions on transport revenue were fully considered.

RUC exemptions and reduced RUC rates risk undermining the key principle of the RUC system, that vehicle owners should pay for the use of roads including pavement damage. They would also reduce the incentive to choose vehicle combinations that minimise damage to the road network

Some in the transport sector may not support using RUC to provide discounts or exemptions because it would undermine the principles of the RUC system, that vehicle owners should pay for their use of the roads. Wider use of discounts or exemptions could also lead to a decline in funds available for building and maintaining transport infrastructure and the likelihood of additional increased costs for other road users to offset the expected revenue loss.

As well as offering a tool to support new technologies through RUC exemptions or discounted rates, there is a strong correlation between transport emissions and the distance or vehicle kilometres travelled (VKT), when vehicles are fuelled by fossil fuels. As a distance-based charge, RUC is a direct way to influence distance travelled and it would be possible to set RUC rates to also reflect greenhouse gas emissions of the fuels being used. However, these are

already addressed through the ETS which is included in the price of all transport fuels so accounting for them in RUC rates would duplicate costs.

Using RUC to provide support separately from the ETS may also cause issues where vehicles can use more than one fuel, and these fuels would have different greenhouse gas emissions which may be subject to different incentives. For example, some hydrogen fuel cell electric vehicles can also recharge their batteries directly from an electrical source, which makes them an electric vehicle under our current law. Should these types of vehicles be considered hydrogen or electric vehicles?

RUC exemptions come at a cost in terms of reduced revenue for the NLTF. Any revenue not collected (foregone), that is not offset by increased costs imposed on other RUC vehicles, will increase the

Regional Transport Committee pressure on the NLTF. The foregone revenue will need to be balanced against the Government's existing GPS investment priorities that may need to be deferred or delayed as a result of the reduced revenue. We are interested in your views as to whether it would be more efficient or effective to spend NLTF revenue directly to reduce carbon emissions, rather than forego RUC revenue.

Question 8 - What are the advantages and disadvantages involved in changing the purpose of the RUC Act so that climate policy generally, or greenhouse gas emissions specifically, can be considered when setting RUC rates?

- a) There are no advantages to changing the purpose of the RUC Act so that climate policy generally or greenhouse gas emissions specifically can be considered when setting RUC rates.
- b) RUC is an easily understood method of providing funds for the NLTP to be used to fund the maintenance of the network that heavy vehicles cause damage to.
- c) RUC requires some refining to account for all the diesel-powered light vehicles that are now caught in the system. However, RUC is still the best way of capturing these vehicles.
- d) The emissions trading scheme is the model for considering emissions and their effect on climate change. Emissions come from vehicle fuels so the greater use the greater emissions produced. Therefore, tax on emission source is the appropriate way of considering these externalities. The funds are not linked to the NLTP and can be used to offset or subsidise low emission vehicles into the fleet. Such vehicles would still pay their RUC to cover the costs of damage to the network.
- e) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 9 - What advantages and disadvantages would there be if there was an explicit requirement to consider RUC exemptions as part of the development of the Government Policy Statement on land transport?

- a) Consideration of RUC exemptions should not be part of the GPS as RUC is required from all network users to maintain the network through the NLTF.
- b) The GPS could be used to indicate subsidies available for low emission vehicles or to assist in providing low emission alternatives to the motor car particularly in larger cities where options are available. The funding coming from emission producing vehicles through a fuel tax system.
- c) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 10 - What are the advantages and disadvantages of enabling consideration of greenhouse gas emissions when setting RUC rates?

- a) Refer to question 8 and 9.

Question 11 - How should the RUC rates be set for vehicles that could use more than one fuel and these fuels had different greenhouse gas emissions?

- a) This does not need to be a consideration if the tax is on fuels used and not on RUC. Keep RUC on all vehicles for the maintenance of the network and let a system outside of the NLTF take care of the rest
- b) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Question 12 - What advantages and disadvantages are involved in using NLTF revenue to reduce carbon emissions rather than foregoing RUC revenue?

- a) RUC is required from all vehicles through the NLTF to maintain the network and allow mobility using the most appropriate vehicles. Foregoing RUC to reduce emissions will only put additional pressure on an already overloaded NLTF. b)

- b) Tax on fuel used outside the NLTF system is the best way of targeting high emission vehicles and providing funds to assist in mode choice efforts and lower emission vehicles. c)
- c) Until the whole Transport Funding system is reviewed, and a holistic approach taken to revenue gathering to meet the maintenance requirements of our transport network then changes such as proposed are only going to lead to further inequities and potential perverse outcomes. Taxing fuel source will not lead to that and will allow the government to use the funds collected for climate change and emission reduction programmes.

Questions 1 to 12 generally apply to funding and where the funding is applied in the NLTP. Questions 13 to 89 are less relevant to the RTC and apply more to the industry and specific users.

Additional Comments

1. If the principle is that RUC and FED pay for road construction and maintenance, then using this as a vehicle to pay for the governments Climate Change objective is a serious departure from script. This is captured in the statements: -
 - a) *"RUC exemptions and reduced RUC rates risk undermining the key principle of the RUC system; that vehicle owners should pay for the use of roads including pavement damage."*
 - b) *"Broadly, road users have accepted regular increase to RUC (and fuel taxes) as well as the idea that heavier vehicles should pay more because they cause more damage to the roads. This consensus is in stark contrast to other jurisdictions where there can be significant protest and unrest when fuel taxes are raised, or where taxes have not been able to be raised, often for decades."*
2. Whilst offering discounts to purchasers of clean vehicles may work towards achieving the Governments Emission Reduction Goals, it will have a profound negative financial impact on lower social economic groupings who may potentially require corresponding support from a separate government funding bucket to achieve this.

In addition, the costs of delivered goods and services will rise correspondingly. Ultimately, the consumer will end up having pay additional for the government's objectives.

3. It is noted on Page 26 of the report, the following statement is made: -

"However, we do not have good information on how important the existing RUC exemptions have been in promoting EV uptake or what effect exemptions or discounts would have for supporting the uptake of other low carbon fuels. This would need to be better understood before further exemptions could be proposed."

The costs of building and maintaining roads doesn't go away or is it diminished by the type of vehicle that uses them, so a scheme that focuses on weighted costs during the transition phase, imposes costs on those who can least afford them. Whilst this is recognized in the report on pages 25 and 27

- a) *"RUC exemptions or reduced rates would most likely need to be temporary, as with the current EV RUC exemption, in order to minimise any long-term risk to the funding of the land transport system at a time when there are significant demands for investment."*
- b) *"Wider use of discounts or exemptions could also lead to a decline in funds available for building and maintaining transport infrastructure and the likelihood of additional increased costs for other road users to offset the expected revenue loss"*

4. Rural residents would be affected the most: -

Page 27 of the report states that: -

"There is a strong correlation between transport emissions and the distance or vehicle kilometres travelled (VKT) when vehicles are fuelled by fossil fuels. As a distance-based charge RUC is a direct way to influence distance travelled and it would be possible to set RUC rates to also reflect greenhouse gas emissions of the fuels being used."

"However, these are already addressed through the ETS which is included in the price of all transport fuels so accounting for them in RUC would duplicate costs."

Given the lion's share of modal choice funds are metro focussed, this is prejudicial to the rural and provincial economy who have limited to no alternate mode share yet are the primary producers of the nation.

5. As New Zealand has 90,000km of road, any suggestions that there is going to be a dramatic move of large volumes of freight to an alternate mode is idealistic at best.

As stated in the report NZ Taxes are designed for revenue generation and are not levers to change behaviour. With the notable exceptions of tobacco and alcohol where excise taxes are designed to influence health impacts.

Fuel excise levies already exist to manage the impact of the transport task on the costs associated with the movement of goods and people. Significant changes to the principles of NZ taxation system would need to be the subject of considered public

consultation if the nation is going to be asked to move to a behavioural influencing taxation system.

6. ERUC may have an opportunity to improve accountability for off-road refund claims and manage tax evasion however it needs to be simple and cost effective for small and short haul operators.

Data transmission will continue to be problematic for areas with unreliable internet. Disruptors such as internet hackers will continue to pose risks for any system that is reliant solely on internet. Therefore, data integrity and security features will need to be carefully considered and monitored.

The question that must be raised here, is that are matters of improved productivity, compliance and safety outcomes really a matter for a taxation instrument?

Moving from a system where the RUC Act prevents the use of RUC data for enforcement is fraught. Privacy in all of its instruments is not a matter to be addressed via a taxation instrument and needs to be carefully considered and not implemented by stealth.

7. It is noted on page 75 that -

"NZ road user charges (RUC) regime was first set in place in 1977. There have been multiple substantive reviews and analysis of the system since its introduction. However throughout the time it has been in place its core concept, that charges are derived based on a VKT and contribution to road wear remains unchanged. Despite its age NZ RUC system is considered world leading. And are used to provide the NLTF with the revenue to deliver the governments land transport priorities."

Given the Cost Allocation Model is based on a set of physical engineering principles (space, weight, pavement wear, common costs, policing then the question arises as to if this is the appropriate vehicle to charge for the governments climate change agenda.

Thank you again for the opportunity for RTC to provide a submission on the Te Huringa Taraiwa: Te Arotake I Te Punaha Utu Kaiwhakamahi Rori/Driving Change: Reviewing the Road User Charges System..

The Regional Transport Committee **does wish to appear and be heard** at the Select Committee hearings for the Te Huringa Taraiwa: Te Arotake I Te Punaha Utu Kaiwhakamahi Rori/Driving Change: Reviewing the Road User Charges System.

Signed on behalf of Northland Regional Transport Committee

s 9(2)(a)



Councillor Rick Stolwerk
(Chairperson)

Dated: 21 April 2022

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National Road Carriers Association Submission to:

Ministry of Transport

On:

Driving Change: Reviewing the Road User Charges System

National Road Carriers Association

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March 2022

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Introduction.

National Road Carriers Association is a representative body with membership comprised of companies and individuals that operate Road Transport Businesses. Founded in 1936 our core purpose is to assist our members operate compliant and profitable businesses that keep the rest of the New Zealand Economy supplied with the goods they need and deliver the goods they make to their customers.

Our 1600 or so members range from sole traders with one vehicle to large multi national and multi modal freight networks.

Our members operate in every part of the supply chain.

National Road Carriers Association is submitting on the Ministry of Transport consultation document "Driving Change: Reviewing the Road User Charges System. The consultation document asks for feedback on eighty-nine questions. Our submission is based on commenting on the questions where we believe we can offer constructive feedback. We have consulted with members and will continue to do so throughout any changes. National Road Carriers Association is happy to facilitate any focus groups or provide a communication channel should the Ministry wish to seek further clarification or explore other ideas.

National Road Carriers Association was involved when the original RUC legislation introduced in 1978. It is fair to say that RUC has been widely accepted by the trucking industry as a fair mechanism for recovering the costs of building, running, and maintaining the roading system.

It is to be commended as being a world leading example of how to attribute cost equitably to road users and it has been a driving force behind many vehicle design choices since 1978.

Later changes to the RUC legislation that have enabled the use of the RUC revenue collected into the National Land Transport Fund to be used for funding other externalities have diluted the integrity of the original RUC legislation. The Minister of Finance is on record as stating there is a considerable amount of catch up required in road infrastructure investment as New Zealand failed to build and maintain at a rate that matched the growth in our population and economy.

Any plans to further dilute the integrity of the RUC legislation will struggle to gain wide support from the trucking industry.

Our answers to the questions where we feel we have sufficient knowledge to comment on are:

Q1. What are the advantages and disadvantages of using RUC to recover more than the direct costs of building, operating and maintaining the land transport system?

A1. A main pillar of the RUC system success is because the revenue collected has been ring fenced for building, running, and maintaining the roading system. Where it has failed is when the RUC revenue has been siphoned off for other projects. E.g., supporting the Rail network, which should recover its costs through a full user pays system.

All road users should contribute their fair share of accessing the roading system, including EV vehicles, alternative fuel vehicles, cyclists, pedestrians, public transport users. Ensuring the Roothing system is fit for purpose.

Using RUC to recover more than the direct costs of building, running, and maintaining the roading system will have a significant negative impact on the entire economy, for which NZ is so heavily reliant.

Every additional dollar that is passed onto heavy vehicle operators is in turn passed onto the freight users.

New Zealand is a country that is further from its export markets than its competitors, some markets are up to 14,000km away. Putting more unnecessary cost onto our exporters is risking their ability to compete in international markets.

Many of the proposals detailed in the Road User Charges Discussion Document are contradictory to the purpose of the existing Road User Charges Act and will negatively affect the integrity of the RUC system, by imposing unfair and disproportionate costs on heavy vehicle road users.

Q2. If RUC should not be used for recovering more than road costs, what alternative approach might be appropriate for recovering those other costs?

A2. If the government has other costs it needs to recover, or they wish to encourage the use of alternative fuels or modes of transport, those costs should be clearly identified and discussed in a transparent manner, not hidden under the guise of road user charges. E.g., if the government wishes to encourage the use of more environmentally friendly vehicles, this can be achieved by making environmental policy more robust and directly targeted.

An option to consider is to include an emission levy on annual Registration fees, based on each vehicle's emissions profile. For businesses looking at new environmentally friendly capital equipment, changes to the tax depreciation allowances, which allow for greater upfront depreciation would encourage quicker uptake.

A depreciation incentive for Euro 5/6 technology would give environmental quick wins, while we wait for further development of alternative powered heavy vehicle technology. Congestion charging is a light vehicle issue. Goods service vehicle operators cannot choose when to travel as other factors such as customer deadlines and opening hours dictate when the goods service vehicle needs to be on a particular part of the network.

Any congestion charging should be levied on the light vehicle users in the population centres causing the issues. E.g., it would not be fair to levy a congestion charge against a rural Southland light vehicle operator versus a light vehicle operator using the Auckland metro areas at peak travel times.

Public transport and active forms of transport including walking and cycling are a community good, and as such should be funded out of general taxation.

Q3. What advantages and disadvantages are there to considering externalities when setting RUC rates?

A3. The NTA does not support using RUC revenue to fund externalities. Using revenue generated by RUC to fund other externalities can cause unintended outcomes, reduces the funding available for building, operating, and maintaining the roading system.

This would see vehicles subject to RUC effectively unfairly subsidising / funding externalities. A 50,000kg truck does the same damage to the roading network regardless of which energy source is used to power it. Funding externalities should use a system where all road users contribute to the cost, not just vehicles subject to RUC.

Q8. What are the advantages and disadvantages involved in changing the purpose of the RUC Act so climate change policy generally, or greenhouse gas emissions specifically, can be considered when setting RUC rates?

A8. New vehicle technology is fast evolving and is being led by overseas development. In the heavy vehicle space, it is still early days to pick a clear technology winner that you could back as the future industry standard. New Zealand is a small country at the bottom of the world that buys about ½ percent of the worlds annual heavy truck production.

Our ability to influence this emerging technology is extremely limited. It is extremely dangerous for our country to pick a clear winner in the new technology at this stage, doing so risks the potential for a significant amount of stranded assets

The best path for New Zealand is to be a fast follower with new heavy vehicle technology rather than a world leader. Government climate policy and greenhouse gas emissions should be considered separately to the RUC Act, with its own legislation that considers incentives, levies etc as the preferred technology becomes apparent

Q9. What advantages and disadvantages would there be if there was an explicit requirement to consider RUC exemptions as part of the development of the Government Policy Statement on land transport?

A9. We are opposed to using RUC exemptions as part of the GPS it dilutes the funding available for the NLTP

Q12. What advantages and disadvantages are involved in using NLTF revenue to reduce carbon emissions rather than foregoing RUC revenue?

A12. As previously stated, RUC revenue should be ring fenced for building, running, and maintaining the roading system. Carbon emissions should be considered as part of separate government climate policy. Using RUC revenue to reduce carbon emissions threatens the integrity of the RUC system. Measures to reduce carbon should be not tied to

Q13. What advantages and disadvantages with the source of different fuel types being included in RUC calculations (separately from the direct climate impacts of the fuel used)?

A13. All road users should pay proportionally for access to the roading system based on the costs they impose on the roading systems. The type of fuel used should not be included in RUC calculations.

A pragmatic approach would see the government reducing the tax component on sustainable biodiesel to make it more price competitive with normal diesel to encourage greater use as an interim environmental improvement solution until newer technologies have reached economic scale.

A truck may use different types of fuel on different days or a mixture of fuels

Q17. How else would you change the setting of RUC to ensure it is adaptable to future challenges?

A17. Give the Director of Land Transport the ability to institute special RUC types. Progressively wind back fuel excise duty and have all road users pay RUC charges.

Q18. What advantages and disadvantages of mandating eRUC for heavy vehicles?

A18. It's too soon to mandate eRUC, but eRUC should be encouraged and more work is needed on alternative ways of purchasing and developing RUC electronically. Many operators own a single vehicle and have no need for telematics. The monthly cost of the existing e-RUC solutions is a significant barrier. Likewise seasonal work where a fixed monthly cost would be unjustified.

A better approach would be sending a clear signal the intent to mandate at a future date to encourage more options to be brought to market.

Q19. What vehicle types should or should not be required to use eRUC.

A19. All road user vehicles should use eRUC. However, the technology is not currently commercially available to make this a viable option.

Q20. How would phasing-in of eRUC for the heavy vehicle fleet be best accomplished?

A20. If eRUC is mandated, the installation should be a requirement for newly registered vehicles from a set date. It should not be a requirement to retro fit to existing vehicles. As stated earlier mandate should only occur when there is greater choice of eRUC providers and options that do not impose a system cost onto the user.

Q21. Are the existing requirements for eRUC devices reasonable if the technology was to be made compulsory?

A21. No, it should not be limited by the existing technology. There is an opportunity for vehicle eRUC (or ELD) devices to connect with alternative technology to transmit distance data. The existing requirements are too prescriptive and prevent alternate solutions from being developed.

Q22. What alternative technological models should we be exploring for eRUC?

A22. Open the technology to the market to encourage new development of technology. Don't limit by what technology is available currently. Define performance requirements and allow suppliers to develop solutions.

Q23. How would making eRUC mandatory affect your business?

A23. This has the potential to add significant cost to operators with vehicles that travel a small number of kilometres per annum unless there are alternative options available.

Q24. What advantages and disadvantages of mandating integrated telematics solutions that could support improved productivity and safety compliance, either as part of eRUC systems or as standalone devices?

A24. Integrated telematic solutions should be left as optional systems. As a significant portion of the vehicle fleet has no need for telematics as they are single vehicle operators. Integrated systems should be able to convince the market of their value without Government mandate.

Q25. How can privacy concerns be managed if we are going to make greater use of eRUC data?

A25. Data should be anonymised before it is used. It should still be possible to gather valuable trend data without identifying individual operators. Telematic providers already do so. Better use of RUC types to provide greater granularity can be added if and when eRUC is more widely used.

Q26. What, if any, changes in costs would additonal requirements to allow eRUC devices to be used to support improved productivity

A26. Unknown as it would depend on the technology.

Q27. What are the advantages and disadvantages of enforcement authorities having greater access to eRUC data for enforcement of logbook requirements or other on-road enforcement tasks?

A27. eRUC data does not necessarily tie the vehicle and the logbook holder together. Some vehicles can have multiple logbook holders over any given period, making the information gathered is often inaccurate.

Q28. What are the advantages and disadvantages of allowing the RUC Act to set partial RUC rates to recognise FED paid by dual-fuel vehicles?

A28. Yes, all road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

Q29. According to what criteria should partial RUC rates be determined?

A29. The criteria should be the same as all other road users.

Q30. Should operators of dual-fuel vehicles with a reduced RUC rate still be able to claim a full FED refund if they used more fuel than the average?

A30. No.

Q31. What are the advantages and disadvantages of enabling partial RUC rates to help transition exempted vehicles to full RUC rates?

A31. All road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

Q32. What are the advantages and disadvantages of the heavy EV exemption being extended for more than five years?

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Q35. How would exempting vehicle combinations where the motive power is from a vehicle exempted from paying RUC encourage the uptake of heavy electric vehicles?

A35. RUC is not the appropriate mechanism for influencing vehicle motive power technology. It is likely that there will over the next decade be additional alternatives to fossil fuel or means to mitigate climate impacts. Regardless of motive power these vehicles will still cause damage to roads that require funding to maintain.

Q37. What are the advantages and disadvantages of subjecting road registered very light vehicles that are not powered by petrol to RUC, or a higher annual licence fee, for travel on public roads?

A37. All road users should pay their share of the costs of building, maintaining, and operating of the land transport system, if infrastructure is built then it requires maintenance and this should be paid for by the users of this infrastructure or by a contribution from general taxation if the infrastructure is for the wider public good. The practice of taking funds paid by one type of user to fund the infrastructure used by another must stop.

Q38. Under what circumstances should ATVs and motorcycles primarily designed for use off road be required to pay RUC, or a higher licence fee?

A38. When they are road registered via a higher annual license fee.

Q40. Is having a GVM of less than one tonne an appropriate cut-off point for treating ATVs separately? If not, what is an appropriate cut-off point or other way of defining these vehicles for RUC, and why?

A40. Yes.

Q41. What are the advantages and disadvantages of a distance-based rather than time-based exemption to RUC for EVs?

A41. We are opposed to any exemption to RUC for EV's.

Q42. What changes should be made to section 12 of the RUC Act to improve the overweight permit regime?

A42. It should be made easier for an operator to move between weight bands and HPMV types.

Q43. How would other potential changes in this discussion document, such as greater use of eRUC, assist in the overweight permitting process?

A43. Yes, it would be easier to do with eRUC than via a manual process.

Q44. What are the advantages and disadvantages of removing the requirement to display a physical RUC label?

A44. National Road Carriers supports removing the requirement for vehicles to display a RUC licence. There is an opportunity for heavy vehicle eRUC (or ELD) devices to connect with Smartphones via Bluetooth, and new satellite technology (Swarm etc) to transmit distance data.

This data would not need to go through existing eRUC providers but could be linked directly to a direct debit system with the regulator. This would remove the need for a monthly eRUC access charge.

Q45. What problems for noncompliance and enforcement might this cause?

A45. The RUC licence information is available online for enforcement. Could also be detected using weigh in motion linked to number plate recognition.

Q46. How can Waka Kotahi assist drivers in ensuring they remain compliant with RUC if the label-display requirement is removed?

A46. Having a label does not in itself ensure drivers are compliant.

Q47. What are the advantages and disadvantages of retaining the option to request a physical licence?

A47. It needs to remain an option until they reach the point of 100% eRUC.

Q48. What advantages and disadvantages are there in allowing RUC licences to be purchased in units of less than 1,000 km?

A48. We believe this would become difficult to administer. Any perceived cashflow advantages would be negated by the additional transaction fees. E.g., A light diesel vehicle making ten purchases of 100km would attract \$48.00 transaction fees in addition to the \$76.00 RUC for a total cost of \$124.00, a 50% increase in cost versus the existing \$76.00 plus \$4.80 totalling \$80.80.

Q49. What are the advantages and disadvantages of removing the requirement to display physical vehicle licence ('rego') labels?

A49. No disadvantages.

Q50. How can Waka Kotahi assist drivers in ensuring they remain compliant with their vehicle licensing obligations if the label-display requirement is removed?

A50. Waka Kotahi can still send out reminder letters. Can also be checked at COE or WOF. Fleet owners that use Telematics can see the status of registration COF and potentially other time expiring certification. Expand the capability of Moto Check to provide interface with operators fleet management systems.

Q51. What are the advantages and disadvantages of retaining the option to request a physical vehicle licence label?

A51. No advantage.

Q52. What are the advantages and disadvantages of letting Waka Kotahi use historical RUC rates when carrying out an assessment?

A52. Historical RUC rates for assessment are the fairest method for all parties. No one is advantaged or disadvantaged.

Q53. What are the advantages and disadvantages of removing FED from sales of LPG and CNG and having all road vehicles using these fuels move to paying RUC?

A53. Perhaps now is the time to consider putting all road user vehicles onto the RUC system and removing Fuel Excise Duty from petrol. This would level the playing field and ensure that all vehicles using the roading network are paying their fair share of the network costs.

Q54. If LPG and CNG powered vehicles are included in the RUC system what reasons would justify their operators paying a different rate than other light vehicles?

A54. No justification. The impact on road infrastructure is the same.

Q55. If a partial rate is possible for dualfuel LPG or CNG vehicles, what principles should be considered in setting the rate?

A55. Yes, all road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg

car impose the same costs on the roading network, regardless of the fuel source or type.

Q56. Are there any new issues that might need to be considered, including those that might justify changes to RUC legislation, to address an influx of new RUC system users when the light EV exemption ends?

A56. Perhaps new RUC payer's vehicles should have to do a one-off odometer verification process at a local WOF / COF testing station before the new RUC licence goes live.

Q57. How should the RUC system help new users purchase RUC from the exemption end date and from the correct initial odometer reading, after the exemption ends?

A57. As the exemption date approaches, they get sent a communication that explains what they need to do. It can be validated at the next WOF / COF.

Q58. Should the maximum infringements set out in section 89(q) of the RUC Act be amended? If so, how?

A58. Only if it can be demonstrated that doing so would have a material impact on offending. Some of the listed offences that could be considered for increased infringement fees, are those where the potential reward is greater than the existing infringement fee.

Q59. Are the existing infringements set at appropriate levels for the offence?

A59. Many of the listed infringements listed will no longer be an offence if the requirement to display an RUC label is removed.

Q60. Should the offender type ratios differ between individuals and body corporates? If so, how?

A60. Yes, they should follow the other legislation where there is a difference between corporate and individuals.

Q61. Would you also change the fee/fine ratio? If so, how?

A61. No.

Q62. On what basis should the penalty for non-payment of RUC be calculated?

A62. The penalty level should be set at a level to discourage non-payment of RUC. Perhaps a 1,000km tolerance before additional penalties are applied.

Q63. What should be the maximum penalty for non-payment of RUC?

A63. Existing is sufficient.

Q64. Should the non-payment penalty regime recognise the time the RUC payment has been outstanding? If so, how?

A64. No. Waka Kotahi should focus on timely enforcement. If there are regular enforcement opportunities then there will be no substantial outstanding time.

Q65. What other improvements do you think are needed in the RUC system?

A65. Greater ability to adapt to changing technology. Increase ability for the Director of Land Transport to add RUC types without the need to change the primary RUC legislation.

Q66. What criteria should be used to define, or replace, the word 'partly' in the definition of electric vehicles and why?

A66. If all road users are paying RUC for access to the roading network will negate the need for this consideration.

Q67. What are the advantages and disadvantages of our proposed approach to classifying vehicles with eight axle combinations?

A67. This aligns it up with the bands allowed within VDAM.

Q68. What are the advantages and disadvantages of requiring inspection of the odometer on RUC vehicles at the time of Warrant or Certificate of Fitness inspection?

A68. Support the regulated inspection of the odometer on RUC vehicles at WOF or COF. Appropriate penalties should be put in place to discourage tampering and evasion of RUC liability. Also believe there is an opportunity for misrepresentation of a vehicles value at time of sale if the odometer has been tampered with. Protocols and regulation are already in place for used vehicles imported into NZ that could be applied to vehicles already in the NZ fleet.

Q69. What form would this inspection take and what would the costs of the inspection be?

A69. Best answered by MTA / MVDI.

Q70. What should happen if a Warrant or Certificate of Fitness inspector thought an odometer had been tampered with?

A70. Same penalty as tampering with a hubometer.

Q71. Is it necessary to define 'accurate' in the RUC legislation, or can we rely on existing case law and practices?

A71. Perhaps accurate could be described as meeting the OEM specifications when the vehicle was new to the road in NZ. An obligation should be put on original vehicle suppliers to confirm a vehicle models odometer accuracy within a given range.

Q72. How could 'accurate' be defined in RUC legislation for the distance recorder fitted to a light RUC vehicle?

A72. Perhaps accurate could be described as meeting the OEM specifications when the vehicle was new to the road in NZ. An obligation should be put on original vehicle suppliers to confirm a vehicle models odometer accuracy within a given range.

Q73. What should happen if a vehicle owner finds that their distance recorder is not accurate and does not correct it?

A73. Same as a faulty hubometer.

Q74. What are the advantages and disadvantages of requiring vehicle operators to retain weight-based records?

A74. Better use of Weigh In Motion (WIM) will negate the need for operator to retain weight base records.

Q75. How long should any weight-based records be retained for?

A75. Better use of WIM will negate the need for operator to retain weight base records.

Q76. What could Waka Kotahi do to make this requirement more feasible for companies that create weight-based records?

A76. Better use of WIM will negate the need for operator to retain weight base records.

Q77. What are the advantages and disadvantages of allowing Waka Kotahi to access third party records to ensure operator compliance with the RUC Act?

A77. Disadvantages are unreliable accuracy and disincentive operators to maintain records.

Q78. What evidence threshold or circumstances would be appropriate for Waka Kotahi to trigger the power to access third-party records?

A78. Retain existing thresholds.

Q79. What are the advantages and disadvantages with RUC legislation requiring ESPs to notify Waka Kotahi of changes to the status of RUC payments?

A79. Support the requirement of ESPs to report any suspected device tampering to NZTA.

Q80. What are the advantages and disadvantages of removing the requirement for an electronic distance recorder (EDR) to also display the RUC licence?

A80. Support removing the requirement for ehubo's to display the RUC label, but still display the distance travelled

Q81. What requirements should the RUC legislation have around the display of distance on an electronic distance recorder (EDR)?

A81. Support the proposal for the distance display on an eHubo to be detailed in the eRUC code of practice and not in the regulation.

Q82. What are the advantages and disadvantages of completely removing the requirement for carrying or displaying a RUC licence for heavy vehicles?

A82. It simplifies compliance.

Q83. What are the advantages and disadvantages of exempting off road vehicles from paying RUC if they are only travelling on a public road for the purposes of undertaking a safety inspection or maintenance?

A83. Support the exemption of off-road vehicles paying RUC if travelling on the road for undertaking a safety inspection or maintenance. This should be limited to within a defined distance radius from their normal base of operation. Any other travel on public roads should be subject to RUC. E.g., agricultural vehicles carrying goods on the road in competition with licenced transport operators.

Q84. What are the advantages and disadvantages of giving Waka Kotahi discretionary power to extend the time for independent reviews?

A84. Support NZTA having the ability to extend the 20-working day period to request an independent review of an RUC assessment. Exemptions should be considered for genuine reasons including health, currently overseas, bereavement, or inability to arrange an independent review.

Q85. In what instances should an extension be granted, and in what instances shouldn't an extension be granted?

A85. The Director of Land Transport should be given the authority to grant an extension.

Q86. What are the advantages and disadvantages of removing mobile cranes from the list of vehicle types that are exempted from RUC on the basis that all vehicles can now fit eRUC devices?

A86. All vehicle types that are currently exempt from paying RUC should be reviewed. E.g., agricultural vehicles carrying goods on the road in competition with licenced transport operators.

Q87. What are the advantages and disadvantages of amending the definition of 'All Terrain Crane' used in the RUC regulations to allow for the use of single large or single mega tyred axles rather than tyre contact area?

A87. We will leave this one for the Crane Association to answer.

Q88. What other issues might there be with the way RUC rates are calculated for mobile cranes?

A88. We will leave this one for the Crane Association to answer.

Q89. What other technical amendments should be made to the RUC Act, its regulations, or the rules and manuals that make up the RUC system?

A89. National Road Carriers believes that provided the purpose of RUC is to fund the maintenance of the land transport road network then the Act should contain the core requirements needed to maintain this funding. Use regulation to dictate the means to comply with the Act.

Manuals and guides need to focus on how to comply. They should be simple and available in a variety of formats and languages.

We look forward to continuing to work with both Ministry of Transport and Waka Kotahi on ways to keep Road User Charges System simple to use, easy to comply with and world leading.

Conclusion

In addition to these questions National Road Carriers would suggest that further dialog on fine tuning of Road User Charge Vehicle types would be beneficial especially when there is opportunity to address some unintended consequences of simplification.

We believe that wherever possible flexibility should be built in that allows the Director of Land Transport to respond nimbly to changes in vehicle design or technology.

Finally as stated earlier National Road Carriers are prepared to assist both Ministry of Transport and Waka Kotahi to further improve what is already a world leading solution.

Road User Charges is the best option to replace Fuel Excise Duty and New Zealand is in a very unique position of having the foundations well established.

Regards

James Smith

Chief Operating Officer

National Road Carriers Association

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982



New Zealand Trucking Association Submission to:

Ministry of Transport

On:

Driving Change: Reviewing the Road User Charges System

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

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March 2022

Since 1988 the New Zealand Trucking Association (NTA) has been actively representing and supporting trucking related businesses. The NTA represents 1,400 members ranging from small owner-operator businesses through to large corporate partners. Our members operate 12,000 vehicles in the trucking and logistics sectors. Our role is to influence and inspire our members to succeed in both business and in their engagement with the wider community. As a not-for-profit organisation, the NTA promotes, supports, and encourages our members to operate sustainable, ethical, and profitable businesses. The NTA acts to positively influence our members long term business viability by providing support, advocacy, advice, assistance, and information.

The NTA is proud of its industry initiatives that focus on showcasing the industry, road safety, careers and driver health and wellbeing. We are the developers of the Safety MAN Road Safety Truck, Trucking Industry Show, Trucking Industry Summit, Trucking New Zealand Club and Trucking Careers Hubs.

The NTA is submitting on the Ministry of Transport consultation document "Driving Change: Reviewing the Road User Charges System. The consultation document asks for feedback on eighty-nine questions. Our submission is based on commenting on the questions where we believe we can offer constructive feedback. We have consulted with our members and will continue to do so throughout any changes. NTA is happy to facilitate any focus groups or provide a communication channel should the Ministry wish to seek further clarification or explore other ideas.

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Q12. As previously stated, RUC revenue should be ring fenced for building, running, and maintaining the roading system. Carbon emissions should be considered as part of separate government climate policy. Using RUC revenue to reduce carbon emissions threatens the integrity of the RUC system.

Q13. All road users should pay proportionally for access to the roading system based on the costs they impose on the roading systems. The type of fuel used should not be included in RUC calculations.

A pragmatic approach would see the government reducing the tax component on sustainable biodiesel to make it more price competitive with normal diesel to encourage greater use as an interim environmental improvement solution until newer technologies have reached economic scale.

A truck may use different types of fuel on different days or a mixture of fuels

Q17. Give the Director of Land Transport the ability to institute special RUC types.

Progressively wind back fuel excise duty and have all road users pay RUC charges.

Q 18. It is too soon to mandate eRUC, but eRUC should be encouraged and more work is needed on alternative ways of purchasing and developing RUC electronically.

Q19. All road user vehicles should use eRUC. However, the technology is not currently commercially available to make this a viable option.

Q20. If eRUC is mandated, the installation should be a requirement for newly registered vehicles from a set date. It should not be a requirement to retro fit to existing vehicles.

Q21. No, it should not be limited by the existing technology.

There is an opportunity for vehicle eRUC (or ELD) devices to connect with alternative technology to transmit distance data.

Q 22. Open the technology to the market to encourage new development of technology.

Q23. This has the potential to add significant cost to operators with vehicles that travel a small number of kilometres per annum unless there are alternative options available.

Q24. Integrated telematic solutions should be left as standalone. As a significant portion of the vehicle fleet has no need for telematics.

Q25. Data should be anonymised before it is used.

Q26. Unknown as it would depend on the technology.

Q27. eRUC data does not necessarily tie the vehicle and the logbook holder together. Some vehicles can have multiple logbook holders over any given period, making the information gathered totally inaccurate.

Q28. Yes, all road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

Q29. The criteria should be the same as all other road users.

Q30. No.

Q31. All road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

Q32. All road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

New vehicle technology is fast evolving and is being led by overseas development. In the heavy vehicle space, it is still early days to pick a clear technology winner that you could back as the future industry standard. New Zealand is a small country at the bottom of the world that buys about ½ percent of the worlds annual heavy truck production.

Our ability to influence this emerging technology is extremely limited. It is extremely dangerous for our country to pick a clear winner in the new technology at this stage, doing so risks the potential for a significant amount of stranded assets. The best path for New Zealand is to be a fast follower with new heavy vehicle technology rather than a world leader.

Q35. RUC is not the appropriate mechanism for influencing vehicle technology.

Q37. All road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

Q38. When they are road registered via a higher annual license fee.

Q40. Yes.

Q41. We are opposed to any exemption to RUC for EV's.

Q42. It should be made easier for an operator to move between weight bands.

Q43. Yes, it would be easier to do with eRUC than via a manual process.

Q44. Support removing the requirement for vehicles to display a RUC licence. There is an opportunity for heavy vehicle eRUC (or ELD) devices to connect with Smartphones via Bluetooth, and new satellite technology (Swarm etc) to transmit distance data.

This data would not need to go through existing eRUC providers but could be linked directly to a direct debit system with the regulator. This would remove the need for a monthly eRUC access charge.

Q45. The RUC licence information is available online for enforcement.

Q46. Having a label does not in itself ensure drivers are compliant.

Q47. It needs to remain an option until they reach the point of 100% eRUC.

Q48. We believe this would become difficult to administer. Any perceived cashflow advantages would be negated by the additional transaction fees. E.g., A light diesel vehicle making ten purchases of 100km would attract \$48.00 transaction fees in addition to the \$76.00 RUC for a total cost of \$124.00, a 50% increase in cost versus the existing \$76.00 plus \$4.80 totalling \$80.80.

Q49. No disadvantages.

Q50. Waka Kotahi can still send out reminder letters. Can also be check at COE or WOF.

Q51. No advantage.

Q52. Historical RUC rates for assessment are the fairest method for all parties. No one is advantaged or disadvantaged.

Q53. Perhaps now is the time to consider putting all road user vehicles onto the RUC system and removing Fuel Excise Duty from petrol. This would level the playing field and ensure that all vehicles using the roading network are paying their fair share of the network costs.

Q54. No justification.

Q55. Yes, all road users should pay their share of the costs of building, maintaining, and operating of the roading system, regardless of the fuel used to power the vehicle. A 50,000kg truck or a 2,000kg car impose the same costs on the roading network, regardless of the fuel source or type.

Q56. Perhaps new RUC payer's vehicles should have to do a one-off odometer verification process at a local WOF / COF testing station before the new RUC licence goes live.

Q57. As the exemption date approaches, they get sent a communication that explains what they need to do. It can be validated at the next WOF / COF.

Q58. Yes, some of the listed offences should be considered for increased infringement fees, especially those where the potential reward is greater than the infringement fee.

Q59. Many of the listed infringements listed will no longer be an offence if the requirement to display an RUC label is removed.

Q60. Yes, they should follow the other legislation where there is a difference between corporate and individuals.

Q61. No

Q62. The penalty level should be set at a level to discourage non-payment of RUC. Perhaps a 1,000km tolerance before additional penalties are applied.

Q63. Existing is sufficient.

Q64. No.

Q65. Greater ability to adapt to changing technology. Increase ability for the Director of Land Transport to add RUC types without the need to change the primary RUC legislation.

Q66. If all road users are paying RUC for access to the roading network will negate the need for this consideration.

Q67. This aligns it up with the bands allowed within VDAM.

Q68. Support the regulated inspection of the odometer on RUC vehicles at WOF or COF. Appropriate penalties should be put in place to discourage tampering and evasion of RUC liability. Also believe there is an opportunity for misrepresentation of a vehicles value at time of sale if the odometer has been tampered with. Protocols and regulation are already in place for used vehicles imported into NZ that could be applied to vehicles already in the NZ fleet.

Q69. Best answered by MTA / MVDL.

Q70. Same penalty as tampering with a hubometer.

Q71. Perhaps accurate could be described as meeting the OEM specifications when the vehicle was new to the road in NZ. An obligation should be put on original vehicle suppliers to confirm a vehicle models odometer accuracy within a given range.

Q72. Perhaps accurate could be described as meeting the OEM specifications when the vehicle was new to the road in NZ. An obligation should be put on original vehicle suppliers to confirm a vehicle models odometer accuracy within a given range.

Q73. Same as a faulty hubometer.

Q74. Better use of Weigh In Motion (WIM) will negate the need for operator to retains weight base records.

Q75. Better use of WIM will negate the need for operator to retains weight base records.

- Q76.** Better use of WIM will negate the need for operator to retain weight base records.
- Q77.** Disadvantages are unreliable accuracy and disincentive operators to maintain records.
- Q78.** Retain existing thresholds.
- Q79.** Support the requirement of ESPs to report any suspected device tampering to NZTA.
- Q80.** Support removing the requirement for ehubo's to display the RUC label, but still display the distance travelled.
- Q81.** Support the proposal for the distance display on an eHubo to be detailed in the eRUC code of practice and not in the regulation.
- Q82.** It simplifies compliance.
- Q83.** Support the exemption of off-road vehicles paying RUC if travelling on the road for undertaking a safety inspection or maintenance. This should be limited to within a defined distance radius from their normal base of operation. Any other travel on public roads should be subject to RUC. E.g., agricultural vehicles carrying goods on the road in competition with licenced transport operators.
- Q84.** Support NZTA having the ability to extend the 20-working day period to request an independent review of an RUC assessment. Exemptions should be considered for genuine reasons including health, currently overseas, bereavement, or inability to arrange an independent review.
- Q85.** The Director of Land Transport should be given the authority to grant an extension.
- Q86.** All vehicle types that are currently exempt from paying RUC should be reviewed. E.g., agricultural vehicles carrying goods on the road in competition with licenced transport operators.
- Q87.** We will leave this one for the Crane Association to answer.
- Q88.** We will leave this one for the Crane Association to answer.
- Q89.** We look forward to continuing the collaboration.

In addition to these questions NTA would suggest that further dialog on fine tuning of Road User Charge Vehicle types would be beneficial especially when there is opportunity to address some unintended consequences of simplification.

We believe that wherever possible, flexibility should be built in that allows the Director of Land Transport to respond nimbly to changes in vehicle design or technology.

Finally, as stated earlier NTA are prepared to assist both Ministry of Transport and Waka Kotahi to further improve what is already a world leading solution.

Road User Charges is the best option to replace Fuel Excise Duty and New Zealand is in a very unique position of having the foundations well established.

Kind Regards

s 9(2)(a)



David Boyce

Chief Executive Officer

New Zealand Trucking Association.

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OFFICIAL INFORMATION ACT 1982

22 April 2022

RUC Consultation 2022,

Ministry of Transport,

PO Box 3175,

Wellington 6140.

Who we are:

1. The Bus and Coach Association NZ (BCA) is a membership organisation representing the interests of the bus and coach industry. We provide industry leadership, advocacy, networking, and services for more than 300 members (and their 6,000 buses and coaches). The BCA represents the majority of New Zealand's bus and coach operators and domestic and international bus manufacturers.

Introduction:

2. We welcome the opportunity to submit our industry perspective on the proposed RUC changes.
3. A strong public transport system is vital to keep New Zealand thriving. Buses are the most efficient way of utilising limited road space.
4. We support the principle of transport pricing better reflecting negative externalities.

Recommendations

5. The BCA supports the proposal to include externalities in the pricing structure of the transport network.
 - 5.1. Buses and coaches are a key means of mitigating or eliminating most of the external costs that the transport system places on the taxpayer.
 - 5.2. This should be reflected in the charging system.
6. The BCA believes that NZTA needs to introduce a new RUC class for two axle buses.
7. The BCA does not support mandating eRUCs.
8. Fuel taxes should be retained while a considerable proportion of hybrids remain in the fleet.

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	Question	BCA Response
Q1	What are the advantages and disadvantages of using RUC to recover more than the direct costs of building, operating, and maintaining the land transport system?	<p>RUC is a potential means of correcting some of the current market failure of the transport system. It can cleanly allocate costs to vehicles based on their registration. It also allocates cost based on distance travelled – a good proxy for harm caused.</p> <p>Buses and coaches reduce the impacts of externalities supporting the government's environmental goals through reducing traffic volume. Doing so should be reflected in the costs associated to the sector through the payment system.</p> <p>The main disadvantage is that RUC does not apply to petrol vehicles which are the largest contributors to congestion and greenhouse gas emissions. Mileage is also not a perfect means of distributing harm, as driving in different areas have considerably different externalities.</p>
Q2	If RUC should not be used for recovering more than road costs, what alternative approach might be appropriate for recovering those other costs?	<p>Registration fees are the tidiest alternative means of recovering some of these costs. Vehicles could be classified by weight, safety and emissions, and charged accordingly. ACC levies are still an appropriate method of capturing injury costs related to vehicle safety.</p> <p>Congestion charging in the main cities should be introduced as soon as possible – with the money placed back into public transport. The majority of network inefficiency occurs during peak hours in urban areas – driven by a car-dependent mindset and insufficient disincentives. Cars need to be disincentivised if the government wishes to achieve mode-shift – improving alternatives is not enough.</p>

Q3	What advantages and disadvantages are there to considering externalities when setting RUC rates?	<p>RUC is a good potential option to look at rebalancing the funding of the transport network. It will also help to start educating the public about the overall costs of the network, and potentially influence behaviour out of an urge to reduce costs upon themselves.</p> <p>Costs relating to emissions can still be captured at the pump as the fleet transitions from ICE and hybrid vehicles, to fully electric - essentially “user pays”. This will also help modify vehicle purchasing behaviours.</p> <p>The largest downside is that it does not include petrol vehicles. The actual costs of externalities also fall on other government entities (such as the Ministry of Health and ACC) – the funds captured do not go to the departments responsible for these costs. Another downside of RUCs is that they do not account for regional differences in externalities faced – for example, urban areas suffer the vast majority of congestion.</p>
Q4	If externalities were to be considered, what criteria could be used to determine what externalities should be taken into account in setting RUC rates?	<p><i>Congestion</i></p> <p>Congestion has huge, hidden flow-on costs</p> <ul style="list-style-type: none"> - It wastes fuel, increasing carbon and local emissions. - It is a sedentary, stressful activity, and has been directly linked to impacting people’s health. Obesity costs the health system at least \$620m per year. Every 30 minutes you spend each day in a car increases your risk of being obese by 3%. - In 2012, the HAPINZ study conservatively estimated that air pollution costs \$4.28b per year (this is not limited to transport and includes all emissions). Individuals generally receive their largest exposure to harmful emissions while driving in traffic. - People stuck in traffic are not productive. The lost income, wasted time, and pollution caused by road congestion is estimated to cost Auckland alone \$1.3b per year. - Increased brake dust and other vehicle run-off. <p>Buses improve or remove these externalities altogether. This should be reflected in how they are charged. Motorbikes are also overcharged in general, despite being a net-benefit for the road network.</p>

Road wear

Road wear is still a critical aspect of cost-recovery. At present heavy vehicles are currently subsidised due to damage increasing by axle-weight to the fourth power. The tax system should be used to incentivise freight being shifted to rail.

Crash impact

High-riding vehicles are a liability for other road users. They are more likely to roll in a crash, and considerably more dangerous for regular vehicles and pedestrians (particularly children). The rise in SUV and Ute ownership has resulted in a global increase of pedestrian fatalities – despite cars generally becoming safer. RUC, ACC levies or registration fees should be used to disincentivise these vehicles, with small, low cars receiving reduced fees. This would also still apply after the shift to electric vehicles – with a Nissan Leaf paying less than a Mitsubishi Outlander.

Public transport is also considerably safer per-km than driving. This should be reflected in the tax system.

C02

Tax on fuel is currently the best means of capturing C02. This is because it still closely correlates with distance travelled and type of travel. For example, two hybrid vehicles could do the same mileage – but one using significantly more petrol than the other. However, the ETS sets the cost of carbon very low, and the price is insufficient to disincentivise driving.

A journey taken by bus is 8-9 times more efficient in terms of carbon than taken by car a regular ICE car. Even when the fleet becomes predominantly electric, the externalities listed above are still relevant and should be captured in the tax system.

Q5	If externalities were to be considered, how should these costs be set?	Proportional to their impact on the New Zealand economy, individuals and the environment – while keeping costs reasonable for those on lower incomes.
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Q6	Would charges for externalities be in addition to the current form of RUC, and potentially used to address the externalities directly, or be a core part of total land transport revenue?	<p>Either option could work. It is critical that the process of setting them is transparent. If done well, it could lead to improving decisions and reducing these externalities.</p> <p>One risk of using RUC revenue is that it currently only finances the transport network. There is no clear means of transferring the costs of the transport network on other areas of government. Using RUC purely to recover road wear is simple to understand and administer.</p> <p>There is a good argument that using ACC, fuel taxes and registration fees are a better way of allocating these costs to the areas involved. For example – a pre-Euro 6 diesel could pay a ‘harmful emissions levy’ that would be captured by the Ministry of Health, and an SUV/Ute would pay higher ACC costs to reflect their increased risk of injuries.</p> <p>However, this potentially risks underfunding the basic maintenance of the transport network, or pricing out low income households who cannot afford modern vehicles. It is also more difficult to tie to distance travelled, unlike RUC or fuel tax.</p>
Q7	How would vehicles not paying RUC be affected?	Adding taxes to fuel to capture externalities would also serve the same purpose, but there is a lack of political will to do so – plus petrol taxes will become increasingly irrelevant with the advent of EVs. Eventually all vehicles should come under the RUC system, or equivalent costs added to the registration process.
Q8	What are the advantages and disadvantages involved in changing the purpose of the RUC Act so that climate policy generally, or greenhouse gas emissions specifically, can be considered when setting RUC rates?	It would be worth giving NZTA/the Government authority to amend RUC rates more easily to track transport system trends in a time of technological change. RUC is one of many tools to potentially tackle externalities. That would mean including more than just greenhouse gas emissions in the new RUC Act. This also applies to question Q17.

Q9	What advantages and disadvantages would there be if there was an explicit requirement to consider RUC exemptions as part of the development of the Government Policy Statement on land transport?	This would ensure that the government was made to consider, and able to react quickly to the fast technological development we are currently witnessing with the increased use of Zero emission vehicles such as urban EV's and HFCEV's now being trialled.
Q10	What are the advantages and disadvantages of enabling consideration of greenhouse gas emissions when setting RUC rates?	<p>The advantage is that policy makers can set relatively accurate emissions charges by distance travelled, and the stated emissions levels from manufacturers.</p> <p>However, carbon emissions from hybrids can vary considerably, with some almost never using the petrol motor. This is not accounted for if they were to fall entirely under the RUC system – but FED captures the carbon emissions from the petrol used.</p>
Q11	How should the RUC rates be set for vehicles that could use more than one fuel and these fuels had different greenhouse gas emissions?	As stated in Q4 – the rise of dual-fuel vehicles means that it is worth retaining keeping taxes on fuels.
Q13	What are the advantages and disadvantages with the source of different fuel types being included in RUC calculations (separately from the direct climate impacts of the fuel used)?	There would be significant issues confirming if Biodiesels were being used on a consistent basis, the nature of biofuels means a diesel vehicle can be switched from one to the other depending on an operator's choice.
Q14	What are the advantages and disadvantages with the environmental effects of different fuel types being considered in calculating RUC rates for vehicle types?	This works well and is easy to calculate with current ICE vehicles. However it would be very complicated to apply RUC to vehicles that can switch day to day between fuels with different environmental effects, such as Mineral Diesel to Bio Diesel, or Grey to Green Hydrogen.

Q18	What are the advantages and disadvantages of mandating eRUC for heavy vehicles?	<p>eRUCs are a useful tool in the administration of road costs. Some heavy vehicle operators may have routes that alternate between on and off-road for small increments. eRUCs are a simple and easy way accurately measuring and paying for these distances.</p> <p>However, eRUCs are not always suitable for commercial operations. The administrative fees of leasing the devices can add considerable costs over multiple vehicles, and they are prone to failure. While we therefore strongly recommend retaining a manual hubometer option, incentivising eRUC through reduced fees is also supported.</p> <p>'Hubbos' are also not immune from fraud and tampering. Many operators have privacy concerns. It is also unsuitable for non-commercial vehicles which may only operate a low annual milage.</p>
Q24	What are the advantages and disadvantages of mandating integrated telematics solutions that could support improved productivity and safety compliance, either as part of eRUC systems or as standalone devices?	<p>Issues would include privacy, commercial sensitivity, and system management (which requires a large amount of resourcing) Telematics as with any technology by nature is not fail proof and data accuracy can often be questioned based on system variables including equipment reliability and calibrations.</p> <p>The cost associated with systems development, managing and enforcing would be significant and if challenged would likely create legal complications.</p>
Q32	What are the advantages and disadvantages of the heavy EV exemption being extended for more than five years?	<p>We support continuing the current EV extension. However, as more of the fleet transitions to the RUC system, it is critical to consider how fees will be applied in the future – looking beyond merely road wear.</p> <p>Electric buses are a huge net benefit for the transport network as a whole. They reduce congestion (and its knock-on effects), they do not produce harmful emissions, and negligible amounts of carbon. It is absolutely critical that NZTA reflect this in the pricing system. Getting the public onto public transport of any type is immediately beneficial, and government institutions should be pulling every lever they can to reduce costs on public transport operators and incentivise uptake.</p>

		<p>In terms of road wear, heavy trucking is subsidised by the light fleet – as trucks do not pay proportionately for the damage they cause. And the massive externalities of the light fleet (cars, vans, SUVs) are subsidised by the taxpayer. This should be better reflected in the tax system by whatever means possible.</p> <p>Advantages: Extending the current exemptions for EV's will help subsidise the high capital costs of implementation as well benefit from the environmental benefits from reduced emissions</p> <p>Disadvantages: There would be a reduction in revenue for roading maintenance and other transport related investment. However, the bulk of heavy EV's are council contracted services where the RUC costs would be passed on through the contract as related cost. This is ultimately being paid by regional and central government and ratepayers.</p>
Q33	How would extending the end date be effective in encouraging the uptake of heavy EVs?	Extending the exemption would provide ongoing cost offset for the additional capital required to fund the purchase of EVs over the cost of diesel equivalents, as currently experienced the cost and weight of EV's is reducing while the range is increasing. Delaying the RUC implementation would also allow additional time to better understand the true costs associated with roading maintenance, particularly when considering the passenger service industry where loadings are only high at peak times during the day.
Q34	Should the current exemption be extended to 31 March 2030 to encourage the uptake of heavy electric vehicles? Would an alternative date be better and why?	The initial exemption period to 31 March 2030 could be extended though to 2035 with supporting new EV purchase projections. Currently Council contracted services are the main source of new EV's due to the availability of funding underpinned by emissions goals, this is much less evident in the commercial setting (such as trucks) where the benefits and operational complexities remain difficult to justify the additional cost.
Q39	What principles should we use to determine a RUC rate, or higher annual	Motorcycles reduce congestion, cause almost zero road wear and are extremely fuel efficient. As a result, this should be reflected by either low or no charges. Motorcycle uptake is often overlooked and should be incentivised.

	licence fee, for motorcycles and mopeds?	
Q59	Are the existing infringements set at appropriate levels for the offence?	Penalty rates for individuals who have clearly, deliberately bypassed the RUC device should be made more severe – and its enforcement should be increased. Speedo tampering by diesel users (particularly older models) are avoiding RUCs and passing the costs on to the general public
Q89	What other technical amendments should be made to the RUC Act, its regulations, or the rules and manuals that make up the RUC system?	<p>NZTA should introduce a new bus-specific, twin axle heavy vehicle RUC licence class. At present, twin-axle buses are bundled in with trucks. There should be some recognition in the RUC system of the value-added of businesses running buses. This is particularly crucial if the government wishes to represent externalities and incentivise PT uptake.</p> <p>It is also worth noting that buses only spend a small proportion of their time near, or at their quoted GVM weight (which is what RUC is based on). And the time they are close to the limit they are transporting more people than any other road-based mode. This means that buses are currently paying above the road wear they are actually causing. Considerations should also be made raising GVM weights (relative to RUC bands) for EV buses due to generally higher weights compared to their diesel counterparts.</p>

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We look forward to continuing to work with government as this review progresses and we are happy to provide further information as required.

Kind Regards

s 9(2)(a)



Ben McFadgen
Chief Executive Officer

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RUC Discussion Document – Ministry of Transport

Submission from: NZ Heavy Haulage Association

Address: PO Box 3873, Wellington 6140

Contact: Jonathan Bhana-Thomson, Chief Executive s 9(2)(a)

Date: April 2022

This Association is the national representative organisation for specialised transport operators that move large indivisible freight items that are overdimension and overweight.

The Association has been advocating for our industry for over 50 years and we have a wide range of experience in ensuring that the regulatory system and the roading system in NZ is fit for the purpose of transporting large loads around the country.

While the number of these large loads may be small as a proportion of the total traffic that uses the roading network, the ability to transport oversize loads is a necessity as these loads are often key to infrastructure projects, are used in important industries (such as commercial or civil construction), or are pre-fabricated items that are being transported to the final location. In addition, the use of recycled houses and buildings contributes to the nation's houses stock, while new homes are able to be delivered straight to site, and classrooms can be delivered for when schools need to expand to cater for increasing roles.

The regulatory controls that permit the use of NZ's roads to move overdimension and overweight loads need to be structured and balanced to ensure that large infrangible loads are able to be transported safely and efficiently.

Section 1: Use of the RUC System to Recover More Than Road Costs

The discussion paper states that currently the RUC legislation provides for the setting of RUC rates to be in proportion to the costs that the vehicles generate. These costs have historically been limited only to the direct costs of damage caused by the vehicles' use of the roads.

The Ministry is seeking feedback on whether it is appropriate to expand the costs that could be taken into account when setting RUC under the RUC Act. The kind of programmes to address these costs includes ones that focus on road safety, vehicle emissions, regulatory development, and smart infrastructure investments.

The NZ Heavy Haulage Association does not support the use of the RUC system to gain revenue to address costs other than the wear on roads. The current RUC system is a direct correlation of the costs associated with the maintenance of the roads being used, and we would not like to see this revenue diluted with some of the existing funds being syphoned off to alternate uses. This would only serve to reduce the amount of funding available for the maintenance and development of roads. Alternatively if the cost of these extra programmes is laden on those purchasing RUC, then ultimately this cost will need to be added to the transport cost by the clients and customers that pay for goods to be transported. We would question if this is the most efficient way to achieve this outcome.

The disadvantages that we see, is that the move away from the pure cost recovery for RUC at the present time, would set a dangerous precedent for the political masters of the day to add new or extra programmes onto RUC payers, when this may have unexpected effects or outcomes.

One possible alternative solution is to use the vehicle licensing (registration) fee for vehicles to identify those vehicles that may have the potential to address the programmes that the government wishes to pursue. With this, there is the opportunity to incentivise (discount) some vehicles over other ones. For example, those vehicles with a higher safety rating could qualify for a registration discount compared to other less safe vehicles. Those with a lower emissions could gain a discount over those that emit higher emissions, and alike. In our view this could provide a way to much better target those vehicles that address the issues the Government is wishing to focus on. The Licence fee already includes other funding aspects for other reasons – such as the ACC levy.

2.1 Including externalities in the costs considered in setting RUC rates

The Discussion Paper says that Road Transport creates a number of impacts, and these externalities can include environmental damage such as air or water pollution, noise pollution, road damage, accidents, or other harms such as congestion. Further the Paper says that the RUC system could provide the Government with greater flexibility to manage the economic and equity impacts of its greenhouse gas reduction commitments, while continuing to raise enough revenue to maintain the road transport network.

The Association is concerned by this development to add extra costs onto the transport of goods, and in particular the freight objects that members of the Association move - oversize freight. The issue would be calculating an equitable way to establish a charging regime that was fair. In the case of oversize freight, the transport of such loads is often undertaken at lower speeds than normal freight, and the external impacts for this sector could be assessed as being lower. However if the RUC system was used, then this is based on a pure distance-based charge, and doesn't take account of the mode of freight transport. Equally, if a sector – such as the oversize industry – has a lower level of accidents in the sector, then the RUC system would not be able to take this into account.

If these externalities were to be included in the RUC rates, then there would need to be established a process by which these impacts were able to be quantified. The same as there is a Cost Allocation Model by which the wear on the road is calculated, is there a process by which air pollution, noise, or accidents and alike can be quantified to be measurable on a weight-based analysis that then can be charged directly on the number of kilometres that the vehicle travels?

If the Government wishes to encourage the uptake of lower emission fuels, then this should be on the basis of consuming that fuel. Exempting alternative fuel vehicles from RUC will only over time reduce the amount of money gained from RUC for the purpose of maintaining and upgrading roads. The wear on the road is the same no matter what fuel is being used to transport those goods.

Another option, may be to offer purchase incentives for trucks with zero/low emissions. The Canadian Government has recently launched such a programme that provides for over \$500M to incentive the purchase of zero emission heavy vehicles in the private sector.

We believe that it would be better to use alternative sources of funding to incentive the use of lower emission fuels, than to use the RUC system to exempt vehicles based on their fuel type. This may need to come from the NLTP, but we are concerned that this would lead to an erosion of the overall amount available for the maintenance and upgrade of the roading system. A more efficient and safe roading system leads to better outcomes for fuel efficiency – examples such as the full Waikato Expressway and the Kapiti/Otaki Expressways in comparison to the old/current SH1 routes with lots of stop/start travel.

Section 2: Improving the RUC System for End Users

Reviewing the requirements for electronic RUC and mandating eRUC for all heavy vehicles

The Discussion document is seeking views on whether there is merit in mandating eRUC for all heavy vehicles.

This Association would not be in favour of mandating eRUC for all heavy vehicles. For the oversize freight sector there are a number of reasons that we would be opposed to this:

- The potential cost of installing and implementing eRUC devices on heavy haulage vehicles would place a high up front cost on operators – compared to the current RUC payment system
- The on-going cost of eRUC devices for vehicles in the heavy haulage and oversize transport fleet would mean a monthly on-going cost of the devices across a number of vehicles – some of which may be on vehicles that do not travel a large number of kilometres every month. In particular the costs would be onerous on those operators that may need particular vehicles for specialist transport operations, and are not used on a regular basis.
- The other benefits of using eRUC devices – such as tracking off-road running would not be able to be offset against the costs, if the oversize units were not often used for off-highway running,
- In our experience, the eRUC devices are not able to be configured for where multiple heavy haulage trailers are used in combination to transport a heavy load
- In the oversize industry often smaller units/extra axles or load dividers are carried on the main transporter on the outward or return journey when they are not being used. If connected with GPS then this relocation without incurring travel can cause difficulties for the eRUC device.
- Some heavy haul combinations are used in off-road situations where the units may be subject to extra dirt and mud – for example the transport of logging equipment into harvest sites.

There are advantages in the automatic purchase of the normal distance RUC licences, however for additional licences when travelling on overweight permits then, a manual purchase would still need to be made to cover these individual trips.

If eRUC was to be mandated in some form, then this should be for new vehicles only, from a specific date that was nominated in advance. This way the install cost could be factored into the overall cost of the new heavy vehicle. However, we anticipate that there would still be difficulties for some truck units that would from time to time be used for the multi-axle combinations discussed above in the heavy haulage sector, that there would need to be some type of exemption for, if eRUC providers are not able to deal with the complexity of these combinations.

If eRUC was to be made compulsory, then a simpler option for just registering RUC payments needs to be provided by the suppliers. If the device was able to be mounted in a location that was able to be away from the dirt and muck from off-road travel then this would be advantageous.

Due to the specialised nature of vehicles used in the transport of oversize freight, then we would see that there are advantages to excluding these from a mandated eRUC. These factors include:

- The low kilometre running that much of the oversize fleet does. The cost of running the device would need to be spread over a smaller number of kilometres each month. Without needing the devices then this lowers the cost of compliance.

- Jinkers, beam trailers and tank vessels are just some of the specialised trailers that can be parked up for months between jobs. These types of trailers should be excluded from having to pay an expensive monthly connection eRuc fee.
- Rows of eight transporters that undertake forestry work should be exempt. In our experience, eRUC units fitted to rows of 8 trailers do not handle the rough riding hydraulic suspension on gravel/forestry roads that are corrugated (especially when empty).

Using eRUC Devices to Improve Road Safety

The Discussion Document raises an option for using eRUC devices, or any other systems, to monitor worktime compliance and fatigue management for heavy vehicle drivers. In particular if there was mandatory use of telematic solutions for fatigue management and worktime compliance then what issues would there be.

The Association would be concerned if there was a mandatory use of eRUC devices for monitoring worktime compliance, as this would imply that eRUC devices would be mandatory to have on all heavy vehicles – which we have already expressed concern about. In different sections of the oversize freight industry, then personnel can be involved in a majority of other work – besides driving – in any particular week. The risks of driving fatigue needing to be managed with other work undertaken for example in a house moving crew, where there can be a variety of work tasks. How would eRUC devices be able to track this differentiation?

Extending the heavy EV RUC exemption to 31 March 2030 to support their uptake

The Discussion Document estimates that if there is an extension to the RUC exemption to 2030 for heavy EVs, this equates to a cumulative total of foregone RUC of between \$30 million and \$95 million by 2030.

While there is a benefit to the transport industry for running costs to be lower for heavy electric vehicles, in the same respect there is still wear on the roads by the use of these vehicles. In addition, these vehicles are more expensive to purchase up front, and if the Government wished to offer incentives for uptake of them, then perhaps a better option would be a rebate on the capital purchase costs. This is so that the on-road usage would be on the same competitive footing as other transport operators. In addition, there would not be the deficit in terms of foregoing income to the Land Transport Fund.

Therefore the Association's recommendation is not to extend the exemptions from RUC for heavy EV's, and instead provide an incentive in terms a purchase rebate for those heavy vehicles that qualify.

Exemptions for vehicle combinations where the motive power is from a vehicle exempted from paying RUC

There have been public calls for trailers being towed by RUC-exempt vehicles to also be exempt from RUC. The Association believes that this will be hard to police, if the heavy EV and the trailers and not solely used in that combination exclusively. The same arguments apply to heavy EV's plus trailer, as they do for heavy EV's alone, in that the once operational, then the combination should be contributing to the cost of maintaining the road, according to their usage – and not getting an unequal benefit as compared to other transport operations not using a heavy EV.

Adjusting the Overweight Permit RUC Regime

The Discussion Document states that this area was in need of review, however there is a lack of clarity, whether this section is referring to those vehicles and loads travelling on overweight permits (and need an additional RUC licence) or whether this is for those vehicles travelling under the HPMV regime.

The members of the Association primarily transport loads that are on overweight permits, and for each load will need an additional RUC licence to move that individual item. In the view of this Association, this system appears to be working adequately, and there are no specific matters that need to be adjusted. In addition, a number of specialised heavy haulage trailers on RUC Special Type licences, and we advocate that these need to continue to be available as they are at present. In general, we see no need to change any aspects of the RUC regime here.

The issues mentioned in the evaluation, seem to be more about HPMV RUC issues than for Overweight Permit transport.

However if the Ministry has any specific changes that they wish to advance for additional RUC permits, then the Association would be more than happy to engage and discuss directly these proposals.

Removing the Requirement to Display Other Transport Paper Labels

It is proposed in the Discussion Document to remove the requirement to display a physical motor vehicle licence label.

This Association would support this proposal. With the reminders and renewals able to be undertaken online, and with enforcement agencies able to validate this info without the sticker, then this proposal would make good common sense.

Allowing The Use of Historic RUC Rates When Carrying Out an Assessment

The Discussion Document proposes that NZTA should be required to use the relevant historical RUC rates when carrying out a RUC assessment.

To the Association it is inequitable that current RUC rates would be used when going back a number of years if the NZTA wished to undertake a RUC assessment. The rates relevant at the time of the transport being undertaken should be applied in this situation. We support this proposal.

Section 3: Technical Amendments

Clarifying the Requirements That Certain Persons Must Make and Retain Certain Records

It is proposed to amend section 65 of the Land Transport Act 1998 to require that weight-based records, where available, must be made and retained by the operator.

The length of time that records like this need to be retained should be in line with other transport records, such as worktime logbooks.

Clarifying The Provisions Relating To Access To Records Held By Third Parties

It is proposed to change the ability for NZTA to be able to access third party records to check on operator compliance with the RUC Act. The concern that the Association has is that weight records

held by third parties, will always be at variation from other weight records that are held by an operator or an enforcement weigh. How will the accuracy of one set of records be able to be assessed against another set? Will NZTA place more evidentiary weight on one set as against another one, and how will this be judged? The Association understands that NZTA might see that this is another set of records that may be useful in establishing operators compliance with RUC purchases – however we do not believe that accessing third party information is justified to do so.

Clarifying The Requirements Around the Display Of Heavy Vehicle eRUC Licences

For heavy vehicles, the Discussion Document points out that RUC labels are still required but the regulations allow these to be carried anywhere inside the vehicle, rather than displayed on a windscreen. After removing the requirement for the licence display, the ehubo would still be required to display the distance, in a similar manner to a mechanical hubo.

It is proposed to remove the requirement in 16(b) for the distance licence to be displayed on the electronic distance recorder (the ehubo). It is proposed that the format for the distance display on an ehubo would be set out in the eRUC Code of Practice, and not in regulations

The Association supports these proposals, as it would make compliance with the requirement, easier and potentially cheaper.

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New Zealand Motor Caravan Association Inc.

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Te Manatū Waka | Ministry of Transport

DRIVING CHANGE

Reviewing the Road User Charging System

Submission from the NZMCA

nzmca.org.nz

PO Box 72147
Papakura 2244



SUBMISSION TO Te Manatū Waka | Ministry of Transport

REGARDING Driving Change: Reviewing the Road User Charging System

DATE 8th April 2022

SENT TO RUC Consultation 2022
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WISH TO SPEAK Yes if there is an opportunity to do so

Introduction to the NZMCA and its interests

1. This is the submission of the New Zealand Motor Caravan Association (Inc) (NZMCA and the Association) to Te Manatū Waka | Ministry of Transport's review of the road user charges system.
2. The NZMCA is a not-for-profit membership-based organisation representing the interests of private motor home and caravan owners in New Zealand. It was established as an informal club in 1956 – somewhat coincidentally to advocate for changes in road user charges on motor caravans. The Association became an incorporated society in 1970. The purpose of the NZMCA is to foster and advance the motor caravan movement by providing relevant services and information and by promoting fellowship, vehicle safety, road courtesy and protection of the environment.
3. NZMCA has around 110,000 individual financial members. These members have registered approximately 50,000 camping vehicles with the Association.
4. In making this submission the NZMCA is motivated by three objectives consistent with the objects of the Association. That:
 - members (and indeed all New Zealanders) have continued access to a roading network which is safe, efficient and convenient for everyone,
 - progress toward a low-carbon economy be supported in order to protect communities and our natural environment, and
 - NZMCA members contribute towards these aims and pay a fair and proportionate share of the costs required for this.
5. It is not the Association's intention, in this submission, to plead the exceptional case for its members as road users and owners of camping vehicles. Rather, it is to ensure that they contribute fairly and proportionately to the costs associated with building and maintaining our roading network and meeting New Zealand's emissions reduction obligations. We are also interested in ensuring that this contribution is made efficiently as possible and without unnecessary compliance costs
6. NZMCA's database of members' vehicles has limited content so it is difficult to accurately report characteristics of these vehicles. However, of the members' vehicles registered with us, caravans and 5th Wheeler trailer campers make up 44% of the fleet, buses 13% and motorhomes 42%. Motor vehicles therefore make up about 56% or 28,000 of the camping vehicles registered with NZMCA. While we do no record vehicle weights in our register, we estimate that perhaps 5% to 8% of the motorhomes and buses have GVM of more than six tonnes while 40% of the motor vehicles have a GVM of less than 3.5 tonnes. Similarly, while we do not record the fuel type of members' camping vehicles, we estimate that 80% to 85% of these are diesel powered. A very small number of our members' vehicles are EVs and in fact EV camping vehicles are just emerging in Europe as a viable option. Electric campervans have been introduced into New Zealand but only have a reported range of 120kms so will have limited market appeal at this stage.
7. Our members' interest in Road User Charges (RUCs) are as diverse as that of New Zealanders overall. Many will drive medium to high-capacity petrol powered vehicles for towing caravans and so pay RUCs as Fuel Excise Duties (FEDs). Probably a majority of members drive diesel

vehicles and pay RUC's as distance licences. Of these diesel vehicles perhaps up to half have a GVM of between 3.5 tonnes and 6.0 tonnes. Most members would probably drive their camping vehicle less than 12,000 kms per year. It is against these road use/user characteristics that this submission has been developed.

Overview of the Association's submission

8. The Association's submission covers three topic areas which are as follows:
 - the distribution of the burden of road user charges across various types of vehicles and groups of road users;
 - the mechanisms for applying and administering road user charges and fuel excise duties;
 - minor amendments to the way heavy vehicle weights are classified.
9. This review appears to be the first time in ten years that the basis of New Zealand's road user charges has been reconsidered and opened up for public input. This provides the opportunity for various interest groups to lobby for changes which advantage them at the expense of others. NZMCA does not wish to this but is mindful that the goal posts may shift with such lobbying. With such shifts, the status quo might be significantly reformed, so creating unexpected losers who perhaps took no part in the review because they did not anticipate such changes. In general, NZMCA is happy with the status quo distribution of road user charges and costs and through this submission is advocating for these to be more or less retained in any post-review charging system.

Distribution of RUC's

10. The Ministry's intent in reviewing RUCs appears to include the introduction of additional charges to incentivise the take-up of alternative fuels to mineral carbon-based ones. NZMCA is opposed to RUCs being used to do this as it confuses the purpose of such charges and does not attribute the incentives/disincentives associated with such taxation efficiently or fairly.
11. The Review's consultation document justifiably focuses on the future beyond 2024 when the RUC exemptions enjoyed by EVs lapse. NZMCA believes that at this time EVs should be expected to contribute their fair share to road construction and maintenance costs as they contribute to these costs in just the same way as similar sized vehicles using mineral carbon fuels do. The same parity applies to vehicles which may use other fuels such as hydrogen or biofuel.
12. NZMCA submits that RUCs should solely be used to raise taxes to pay for roads and if necessary public transport as a means of relieving road congestion. In our view, any costs associated with reducing greenhouse gas emissions should be charged against the consumption of fuels and not road use. Such an approach can make renewable transport energy relatively cheaper and so more attractive to consumers. It will also ensure that non-road users of mineral carbon fuels, such as businesses in the primary sectors which operate off-road vehicles, will pay their fair share toward emissions reductions or the cost to taxpayers of any offsets.
13. Such an approach means of course that excise duties may be charged against diesel in addition to the RUCs operators of diesel-powered vehicles already pay. This in turn creates the opportunity to reconsider how operators of diesel vehicles pay RUCs and this is considered as an issue below.

Collecting RUCs

14. The consultation document correctly identifies (p.43) that trends to purchasing licences on-line and perhaps through smart phone apps will reduce the transaction costs for owners of light diesel vehicles. Dispensing with the need to display the licence will also reduce these costs and such a move is supported by NZMCA. We agree with the conclusion offered in the consultation document, that rates of compliance are unlikely to change with doing away with requiring physical evidence of a licence. There may however may be an increased risk of unintentional non-compliance because drivers have no physical reminder of the limit of their current licence. WoF and CoF inspections can continue to be used to monitor compliance with distance licences and some leniency for low levels of unintentional non-compliance should be given. It may also be useful to send vehicle owners email and text reminders based on their driving history once the move to on-line purchasing of licences is more widespread. This would allow drivers to purchase licences in smaller increments although a minimum of 1000 kms should still apply.
15. Unless Government decides to extend the RUC exemption of EVs beyond 2024 owners of these vehicles will also be required to purchase distance licences. This means that as EVs become more common in the light vehicle fleet, an increasing proportion of this fleet will become liable to have distance licences. At some point, perhaps in ten years time, the majority of light vehicles will need distances licences so at some time it is worth considering if all vehicles should have distance licences and the collection of transport related tax revenue through fuel excise duties ends. Even more efficient technologies to monitor vehicle travel and to charge for road use will mean that RUCs can become more precisely related to where and when a vehicle is travelling. This means that congestion charges and cordon tolls can be implemented more easily and that charges based entirely on distance travelled or fuel used can be reduced. The consultation document does not fully consider such a possibility and probably should have.
16. As noted above, as many as half the motor vehicles registered with the Association have a GVM of 3.5 to 6.0 tonnes. These vehicles are therefore required to run a hubometer. We note in the consultation document an admission that, 'Vehicles weighing less than around 6 tonnes do almost no damage to roads and so they impose very similar costs on the roading network.' (p.74). We note too that the tax rate for diesel vehicles with a weight of 3.5 tonnes or less is \$76 per 1000kms (including GST), for a vehicle between 3.5 and 6.0 tonnes with two single-tyre axles it is \$82 per 1000km and for the same weight of vehicle with a twin-tyre axle it is \$80/1000kms. While there is some difference in these rates this is not significant relative to the rates paid by heavier vehicles. This being the case NZMCA suggests that one rate (perhaps of \$76/1000km) be charged for all vehicles requiring distance licences up to 6.0 tonnes, that vehicle owners have a choice to use odometers rather than hubodometers to record/report distances and that WoF and CoF inspections explicitly include assessments for odometer tampering.
17. NZMCA submits that while the cost of purchasing and fitting hubodometers is not onerous – probably \$200 to \$300, this cost is still unnecessary when vehicles have odometers and pay very similar RUC rates on their travel distances. The question of the accuracy of odometers versus that of hubodometers appears unresolved and poorly informed (see p.64). Perhaps this is so because it has not been seen as a significant enough problem from a tax collection or compliance perspective to warrant closer attention. Without reliable manufacturer specifications which define the accuracy of both hubodometers and speedometers, it is not really feasible to insist, in regulation, that whatever equipment measures vehicle travel distances needs to be accurate within certain tolerances. On any account we note a 2008 NZTA

report that odometers in light diesel vehicles were likely to over-report distances travelled and so overcharge RUCs¹. While this bias is potentially to the disadvantage of road users, such as our members, the risk of foregone tax revenue from a move away from reliance of hubodometers is probably minimal. Most likely too the accuracy of speedometers, especially with the introduction of digital technologies, has improved over the intervening 14 years.

Classification of heavy vehicles

18. A vehicle's GVM is established at the time of its original registration. The actual weight of a vehicle may change if its use is changed – an example common amongst NZMCA members is the conversion of passenger buses to house buses. For some NZMCA members this weight difference and change of use is significant in terms of the RUCs they must pay. A passenger bus of up to 18 tonnes pays a RUC rate of \$336/1000km. As a non-passenger vehicle of 12 tonnes or more it will pay a rate of \$315/1000km. However, if its registered weight is reduced to below 12 tonnes (because it no longer carries passengers) the RUC rate faced is \$172/1000km. On an annual travel distance of just 5000km this is an extra cost of \$700 to \$800. This to us seems unfair.
19. We submit that an accurate assessment of the loaded weight of a vehicle should be admissible when its use is changed. Under the current system of vehicle registration and certification, the only way the registered weight of vehicle can change is if its registration is cancelled and it is registered anew. This is an expensive and sometimes uncertain process which can easily be avoided if changes to vehicle weights were allowed simply through reweighing and confirmation of changed use.

Conclusions

20. NZMCA welcomes the Government's recently announced Sustainable Biofuels Mandate to begin the introduction of biofuels in 2023. We are also supportive of moves by the Ministry to incentivise the take up of alternatives to fossil fuels in New Zealand's road transport system.. Such incentives can equally be subsidies or taxes. In making choices between these and when designing policies around them, it is important, in our opinion, to ensure that any new arrangements are efficient and fair.
21. Around the question of fairness is the choice, groups of people, have to adjust in the face of changes in relative prices caused by new subsidies and taxes. The rush to subsidise EV's and to exempt them from RUCs is an illustration of this fairness question considered poorly. While the majority of NZMCA's members' travel is recreational and largely discretionary, they have, at this stage and for the foreseeable future, no viable option to shift to alternative non-fossil fuels. Consequently, that must pay whatever additional RUCs are introduced to reduce the transport sector's GHG gas emissions. This is inevitable but should not negate the need for policy makers to run policies which are still fair and efficient.
22. Outside of suggestions for changing vehicle weight classifications, NZMCA is generally happy with the status quo distributions of RUCs across the transport sector and encourages the Ministry to retain these. Any increase in taxes to meet climate change related policy objectives should, in the Association's view, be charged through fuel excise duties, charged on importation or at the pump, and based on the CO_{2e} equivalence of the fuel used.

¹ McBride, C. and Parker, C. (2008) *Road User Charges Review: Expert Technological Advice*, Hyder Consulting Ltd p.24

Our Reference: A766659

22 April 2022

Road User Charges Consultation
Ministry of Transport
PO Box 3175
Wellington 6140

By email: RUCconsultation22@transport.govt.nz

Otago and Southland Regional Transport Committees combined submission on Road User Charges

1. The Otago and Southland Regional Transport Committees (RTCs) thank the Ministry of Transport (MoT) for the opportunity to make a submission on the funding of the transport system and Road User Charging.

Background and context

2. The RTCs are committees of their respective Regional Councils. The RTCs comprise the authorised organisations who plan transport activities in the Otago and Southland regions. The members are representatives of the five territorial authorities in Otago, three territorial authorities in Southland, the Otago Regional Council, Southland Regional Council (Environment Southland) and Waka Kotahi. The purpose of the committee is to set the direction for transport investment in the regions in a combined Regional Land Transport Plan and monitor the implementation of the Plan to meet the needs of Otago and Southland communities.
3. All members actively participate in the committee: Queenstown Lakes, Central Otago, Clutha, Waitaki Southland and Gore District Councils, Dunedin and Invercargill City Councils, Otago and Southland Regional Councils and Waka Kotahi.
4. We note that member organisations may also be making individual submissions in their own right. This submission does not necessarily reflect any individual member organisation responses.

General Comment

5. The proposal outlined in the consultation documents falls into two general categories. The first 12 questions relate to the use of Road User Charges and the remainder to potential collection and management methods. The RTCs have concentrated on the first 12 questions and leave the remainder to industry players who are better placed to comment.
6. The RTCs are concerned that the approach being taken will result in a more fragmented and less transparent use of RUC and Fuel Excise Duty (FED). When RUC was introduced, the intention was for funds collected to be used to pay for the damage caused by heavy vehicles to

our transport network. This situation has changed significantly in recent years with increasing funding from the National Land Transport Fund (NLTF) being used to cross subsidise other transport modes. The current proposal will only serve to make the use of RUC less transparent as funding is used to achieve the Government's agenda to address climate change and emissions (worthy objectives in themselves).

7. The RTCs believe that the current funding arrangements that make up the National Land Transport Fund are no longer fit for purpose and in fact are leading to inequities across the sectors that contribute through RUC and FED to the NLTF.
8. The RTCs note that a funding review is underway but suggest this review should be completed before central Government makes any short-term changes such as those proposed in this consultation. The RTCs request this proposal be delayed until after the full funding review is completed.
9. This submission therefore, focuses on the future state of RUC which a clean sheet review may deliver.

Setting of Road User Charges based on actual and reasonable costs

10. The RTCs agree that RUC should be set based on the actual and reasonable costs to operate and maintain the transport network and charged per kilometre travelled per vehicle. This includes cost related to:
 - road surface maintenance;
 - managing demand; and
 - emergency repairs and recovery.
11. The RTCs also support the use of RUC to cover direct environmental damage, such as pollution from particulate matter and copper and zinc deposited by vehicles in the road environment.
12. The RTCs consider all the costs to manage and maintain roads should be borne by road users, such as:
 - curbing and channelling (and other treatment devices) to manage stormwater run-off;
 - putting in intersection controls to manage demand;
 - maintaining and resurfacing the sealed network;
 - repairing potholes and other ongoing maintenance (e.g. re-metaling and treating dust on unsealed roads); and
 - reinstatement works after a disruptive event, e.g., flooding, landslips.
13. The RTCs support emissions reduction within a short timeframe, but do not support RUCs covering the cost of this step change. These interventions need to be funded from sources such as FED, the Emissions Trading Scheme (ETS) or other sources of government financing. The RTCs also support the Ministry seeking climate emergency funding to enable this transition.

14. The RTCs see a review of FED as key. FED could be charged on all fossil fuels and be used as a transport behaviour change tool, with revenue going towards the costs for road users and the road networks to transition to a low emissions future. The ETS charges contained in fuel costs are insufficient for the pace of change needed, as transport is seen as low hanging fruit to achieve emission reduction targets. FED should be set with the MoT to ensure the Ministry has sufficient sphere of control to achieve emission reduction targets.

Collecting Road User Charges

15. The RTCs agree that all vehicle users should begin to pay RUC, irrespective of fuel-type used. This would also increase the amount of RUC collected and spread it across a broader section of road users. Using fuel type is no longer a fit for purpose factor for road user charging. As energy technology changes, and we transition to a low emissions transport system, no or low emission vehicle users will quickly become the core road users. Use of these vehicles will still create costs in relation to:
- road surface maintenance;
 - managing road run off;
 - managing demand;
 - operations; and
 - emergency repairs and recovery.
16. It is essential that sufficient funds are recovered from these users to invest in maintaining and operating the transport network. The RTCs do not support any approach that would lead to less funding being available than currently available and has been shown in the 2021 NLTP to be substantially below that actually required to maintain and operate the network.
17. The RTCs do not agree that the GPS should set exemptions for RUC as RUC is required from all network users to maintain the network, with equity and accessibility being the exceptions. As the GPS is reviewed frequently, it has the potential to destabilise the revenue stream if exemptions also changed frequently. Transport investment takes a long time to plan, and revenue models need to be stable to give assurance around income.

Expenditure and Distribution of Road User Charges

18. The RTCs agree that RUC need to be distributed to where it is collected to address the direct impacts of road use, and to the maintenance and operation of the transport network, as that is the basis on which it is charged. The RTCs seek greater alignment of funding investment with land transport regional priorities, but do not support a system where Road User Charging is inequitably distributed to other parts of the country, or to other parts of the transport system such as coastal shipping. There may be other funding mechanisms more suited to this, which need to be explored through the transport funding system review.

The Funding System

19. As indicated above, the RTCs consider the current funding system is no longer fit for purpose. However, a RUC system covering all vehicle types regardless of motive power in place of the current split RUC and FED process is likely to fit the requirements in years to come. The RUC system collects funds from the vehicles that use the transport network most.
20. Removing the current tax on fuel and replacing it with an emissions tax to encourage the use of lower emissions fuels would be acceptable to the RTCs.

Conclusion

21. Thank you once again for the opportunity to make a submission on the discussion document. Should you require any further information please contact Russell Hawkes, Lead Transport Planner, Environment Southland on s 9(2)(a)

s 9(2)(a)

Cr Lloyd McCallum
Chair
Southland Regional Transport Committee

s 9(2)(a)

Alexa Forbes
Chair
Otago Regional Transport Committee

New Zealand Police

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

- **Q 9 - What advantages and disadvantages would there be if there was an explicit requirement to consider RUC exemptions as part of the development of the Government Policy Statement on land transport?**
 - Police, along with other transport sector agencies, use a safe system approach made up of key interacting pillars that all contribute to road safety. “Safe roads and roadsides” are a key pillar of this approach where good road infrastructure is integral. Police recognises that poor quality infrastructure is often a factor in deaths and serious injuries on our roads.
 - As recognised in the discussion document a key disadvantage of the wider use of discounts or exemptions could be the impact of reduced funds available to maintain and improve road infrastructure (p. 25) if non-exempt vehicle rates are not adjusted.
 - Police supports a system of RUC (and FED) that equitably recognises the harm to infrastructure from all vehicles regardless of the fuel type that they use. Therefore, Police does not support this proposal as it does not align with the goal of improving road safety, or the vision of the Road to Zero strategy.
 - In our view mechanisms, other than RUC, should be considered to recognise the contribution that different vehicles make to carbon emissions.
 - For the same reasons articulated above Police do not believe the exemptions for heavy EV vehicles discussed in pages 36 and 37 and to which questions 32 to 34 are raised should be extended.
- **Q 18 - What are the advantages and disadvantages of mandating eRUC for heavy vehicles?**
 - Police acknowledge the advantages of enabling RUC to be paid electronically through eRUC is that it enables greater compliance by reducing the compliance burden.
 - Police acknowledge a potential disadvantage is that it could create a barrier to compliance for small transport businesses who operate heavy transport where they may not be able to afford the costs associated with an eRUC device. Even if such businesses could afford the upfront cost of the eRUC device, the ongoing costs of operation may not make it feasible for a small business. Consideration should be given to how to mitigate this issue, potentially through mediums such as a transition phase (mandating eRUC devices coming into force but allowing a time period for businesses to obtain and install the necessary equipment).
 - Does the Ministry of Transport (MoT) have any insights as to how many businesses are currently already using eRUC? This may be helpful in understanding the scale of the proposal's impact.
- **Q 24 - What are the advantages and disadvantages of mandating integrated telematics solutions that could support improved productivity and safety compliance, either as part of eRUC systems or as standalone devices?**
 - Police is supportive of the mandatory use of telematic solutions for fatigue management and worktime compliance. Transport sector agencies know fatigue is a key factor behind vehicular incidents, particularly those incidents involving commercial vehicles. From a road safety perspective, telematic solutions reduce the risk of fatigue (through proper fatigue management).

- Police acknowledge that the mandatory use of telematic solutions may raise concerns from both privacy and legal perspectives.
- In legislating for this proposal, MoT must ensure sufficient powers for Police, including powers to inspect, that accompany it (for example, Section 113A, Land Transport Act 1998). There will be issues about ensuring the device is installed and maintained for operational use, what can be examined on the device and ensuring the Police officer is permitted access. There will also be issues around copying of the information for evidentiary purposes. These are practical legal issues that will require consideration if legislation is pursued in this area.
- From a privacy perspective, there are issues that arise depending on the connection point of the telematic solution: connected to the vehicle, connected to a work phone, or connected to a personal phone. If the telematic solution is connected to a vehicle or a work phone, there is a low privacy interest. However, if the telematic solution is connected to a personal device, there would need to be accommodation of privacy considerations. The Privacy Act is subject to other laws that authorise or require personal information to be made available (see Section 24, Privacy Act 2020). While there is no privacy impediment to this proposal, we would expect the legislation to be drafted in a way that did recognise and protect a driver's privacy interest.
- We understand consultation on the use of electronic logbooks will be undertaken separately. Police would like to be engaged with on this work stream if possible.
- **Q 27 - What are the advantages and disadvantages of enforcement authorities having greater access to eRUC data for enforcement of logbook requirements or other on-road enforcement tasks?**
 - Police is supportive of the proposal to consider changes to the RUC Act that enable RUC data to be used for enforcement purposes (p. 33). This proposal would support the necessary culture change to encourage compliance.
- **Q 28 - What are the advantages and disadvantages of allowing the RUC Act to set partial RUC rates to recognise FED paid by dual-fuel vehicles?**
 - Police are now testing hybrid vehicles for operational use. As such, this proposal is one that impacts on Police operations, particularly if an uptake of hybrid vehicles is the outcome of testing. Operationally, having one simple rate of RUC would be beneficial to Police, especially if in the future, different models of hybrid vehicles are used (which would necessitate different rates being calculated).
 - Police supports the proposal for a lower rate of RUC for hybrid vehicles as opposed to a differential (partial) rate. For regulations to be easily digestible for the public and complied with, they need to be simple.
- **Q 45 - What problems for non-compliance and enforcement might this cause?**
 - It may be useful to keep the option to request physical RUC licences as despite the increase in price, it supports equitable access for those who do not have access to online renewals. We imagine many of those in the older demographic may also find obtaining a physical copy easier.
- **Q 49 - What are the advantages and disadvantages of removing the requirement to display physical vehicle licence ('rego') labels?**
 - The same issues outlined in bullet points 1-3 for Q 45 apply to this proposal as well.
 - Further to this, could you please confirm whether reminders for renewals will be electronic? (in the event that this proposal is accepted and instituted). Without the visual reminder of the registration expiry date on the label displayed on a vehicle, it

could lead to increased unintentional non-compliance, particularly among the older demographic.

- **Q 59 - Are the existing infringements set at appropriate levels for the offence?**
 - The current penalty for individuals being overdue on their RUC is comparatively high considering that it is a non-risky offence in terms of road safety. RUC enforcement on light vehicles will not be a priority for Police as it is not a safety risk.
- **Q 60 - Should the offender type ratios differ between individuals and body corporates? If so, how?**
 - Yes, Police's understanding is that a distinction applies due to the desire to place a greater health and safety onus on companies. While we have no further substantive comment on the difference, we wish to highlight that the Ministry of Transport's Effective Financial Penalties Framework and Tool could potentially be used here to ensure that the fines and fees are equitable and consistent.
- **Q 66 - What criteria should be used to define, or replace, the word 'partly' in the definition of electric vehicles and why?**
 - Police has no comment on potential criterion but would like to acknowledge that operationally, this proposal would provide more clarity for Police considering our fleet is now hybrid.

Privacy Commissioner's submission on *Driving Change: Reviewing the Road User Charges System*

1. The Ministry of Transport (the Ministry) has released a discussion document *Driving Change: Reviewing the Road User Charges System*. The document seeks feedback in a number of areas, including changing the purpose of Road User Charges (RUC) to include addressing wider Government priorities, rather than just solely recovering direct costs.

Commissioner's mandate

2. The Privacy Act 2020 ("Privacy Act") governs agencies' collection, retention, use and disclosure of individuals' personal information. Under the Privacy Act, one of my functions as Privacy Commissioner is to examine and comment on proposed policy that may affect individuals' privacy. I hope the following comments will assist Ministry officials to properly consider the privacy impacts of the options presented in the discussion document.

Key privacy considerations

3. I am supportive of the Government's objectives to improve safety, clarity, compliance and efficiency in the RUC system. This submission sets out my expectations that privacy is properly considered and that proposals are purpose-driven rather than technology-driven. It highlights particular areas where the purpose and privacy implications need to be carefully worked through as part of the Ministry's policy process.
4. If vehicle information can be used to identify a person, then it will fit the definition of personal information in the Privacy Act.¹ All information of this nature is subject to the Privacy Act requirements.
5. If any proposals that could impact privacy move forward past the options analysis phase, I would expect the Ministry to undertake a Privacy Impact Assessment. Guidance on how to do a Privacy Impact Assessment is available here: <https://privacy.org.nz/publications/guidance-resources/privacy-impact-assessment/>

Changes to eRUC data requirements and use

6. The discussion document outlines an option to use eRUC data to improve safety outcomes (sub-section 3.2). This may include collecting data about worktime compliance and fatigue management.
7. Sub-section 3.2 is misplaced in this discussion document which is largely focussed on "making the RUC system work better". Given the nature of the document, the discourse in this section is technology-driven (if we have this technology how else might we use it)

¹ Section 7 of the Privacy Act defines personal information as "information about an identifiable individual".

rather than purpose-driven (what are the leading causes of road deaths and injuries and what are various options to address them).

8. In this context, the question ends up being "How can privacy concerns be *managed* if we are going to make greater use of eRUC data?" (Q25). While I note the references to the need for considerable further work, there is a risk that the inevitably light treatment of this issue in the RUC document and the technology-driven approach leads to skewed responses to the questions.
9. If the issue is approached from a road safety lens the question would be "What evidence is there that monitoring (electronic or otherwise) improves road safety – deaths, injury and driver/operator well-being generally?". This information is necessary in order to make decisions about whether the collection, use and disclosure of personal information is warranted and any privacy-enhancing mitigations that might be required.
10. Sub-section 3.2 refers to the fact that consultation on the use of technology generally (including electronic logbooks and their relationship to eRUC) is also expected to take place in a separate "Road to Zero" road safety work stream. This is the more appropriate locus for questions about the potential use of eRUC data to improve road safety. I note that the responses to the 3.2 questions are to be fed into the broader "Road to Zero" road safety work-stream. I would be concerned if decisions on the use of eRUC data were taken in advance and outside of this workstream.
11. If these proposals are to be considered further (following a purpose-driven policy assessment as part of the "Road to Zero" road safety workstream), analysis would need to include:
 - **Use of information for enforcement purposes.** The discussion document identifies that evidentiary quality, privacy, data integrity and accuracy would be important. I agree that the Ministry would need to have a very high degree of confidence in the accuracy of information if it were to be used for enforcement. The Ministry would also need to consider whether any linkages might need to be made across datasets and how this could be done in compliance with the Privacy Act 2020.
 - **Access to information.** I understand that the New Zealand Police have access to eRUC records for compliance purposes. Any proposal would need to be clear on whether this existing access would expand to include any additional worktime compliance and fatigue management information. If expansion of access was to be considered, undertaking a privacy impact assessment would be critical. This would need to include a clear policy justification for the intrusion into privacy rights.
12. The potential privacy implications of the eRUC data collection proposals are amplified by the related proposal to mandate eRUC use for all heavy vehicles (sub-section 3.1). The Ministry will need to consider what personal information is collected, for what purpose(s) and how it is stored safely. I appreciate that eRUC is already used but making it mandatory has potential additional privacy implications – those that may not be confident that they can use eRUC in a way that is privacy protective could currently opt-out.

Clarifying record keeping and access

13. If any changes to record keeping or access provisions are considered, the Ministry will need to be clear on whether any additional collection of, or access to, personal information will occur. This would need to include analysis on what the necessary purpose of this would be, and how any personal information would be kept safe.

Conclusion

14. Thank you to the Ministry for their positive engagement with my Office. I trust that this submission will be useful to the Ministry in its considerations and for ongoing discussions with my Office.
15. Please contact s 9(2)(a) in the first instance if you want to discuss this matter further.

s 9(2)(a)



Liz MacPherson
Acting Privacy Commissioner

28 April 2022

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

29 April 2022

Via Email: RUCconsultation22@transport.govt.nz

To whom it may concern

SUBMISSION TO THE MINISTRY OF TRANSPORT ON DRIVING CHANGE: REVIEWING THE ROAD USER CHARGE SYSTEM

Thank you for the opportunity to present our submission on Driving Change: Reviewing the Road User Charge System.

Queenstown Lakes District Council would further like to thank the Ministry of Transport for the deadline extension to provide our submission.

The Queenstown Lakes District Council (QLDC) supports work by the Ministry of Transport on Driving Change: Reviewing the Road User Charge System. Points of emphasis and recommendation regarding the implications of the proposed changes to the Queenstown Lakes District include that:

- QLDC is supportive of changes proposed to the Road User Charges system that take into account externalities, especially greenhouse gas emissions
- changes proposed to the display of RUC licence and other transport paper labels will not affect QLDC operations, as it currently accesses this information electronically using licence plates as a reference point.

QLDC recommends that the Ministry of Transport further considers the environmental impacts of vehicles and Road User Charges throughout the Queenstown Lakes District and wider Aotearoa New Zealand.

Please note that this submission reflects the position of officers and has not been ratified by full Council.

Thank you again for the opportunity to comment.

Yours sincerely,



Mike Theelen
Chief Executive

SUBMISSION TO THE MINISTRY OF TRANSPORT ON DRIVING CHANGE: REVIEWING THE ROAD USER CHARGE SYSTEM

1.0 Background

- 1.1 Queenstown Lakes District is an essential component of the national tourism economy, responsible for 43.7% of Aotearoa New Zealand's largest export industry¹.
- 1.2 Reducing greenhouse gas emissions is central to the adoption of regenerative economics, a mindset advocated by the district's Regenerative Recovery Advisory Group². Whilst the formation of this group was in response to the Covid-19 pandemic, the regenerative approach applies over the long term, moving from a conventional economy through sustainability and on to a regenerative economy.
- 1.3 QLDC broadly supports the submission by Taituarā on behalf of the local government sector in relation to the review of the Road User Charges system.

2.0 Queenstown Lakes District residents are climate conscious and any change to the Road User Charge system should reflect the significance and effort required to meet New Zealand's climate change obligations

- 2.1 Queenstown Lakes District has an average daily population of 50,550 (visitors and residents) and a peak daily population of 112,1503.
- 2.2 Our residents are highly climate conscious and passionate about the integrity of the environment. Most people move to the district because of a connection with the lakes and mountains. This connection drives many to participate in climate action, sustainability, and conservation initiatives.
- 2.3 The district is proud to have a number of highly active community groups that are focused on sustainability and environmental protection, that have contributed to the development of an engaged, informed, and diverse population.
- 2.4 In June 2019, Council declared a climate and ecological emergency and has since established a Climate Action Plan, focusing on emissions reduction mitigation activities as well as adaptation considerations⁴.
- 2.5 Investment in large scale behaviour change is required to decrease the number of vehicles on New Zealand roads, and also requires appropriate infrastructure. QLDC supports work to mitigate the impacts of climate change, and the changes proposed to the Road User Charge system support the delivery of these measures.

3.0 QLDC is supportive of changes to Road User Charges that take into account externalities

- 3.1 As stated in the review, other than the Emissions Trading Scheme, only the problem gambling levy and tobacco and alcohol excise taxes are designed to influence behaviour. The proposed changes to Road User Charges would represent a shift away from taxes being as 'neutral' as possible, to incentivising and influencing certain behaviour.
- 3.2 Currently Road User Charges focus solely on recovering direct costs of roading. QLDC supports changes to Road User Charges so that they take into account externalities, especially greenhouse gas emissions. It also supports consideration of other

¹ <https://ecoprofile.infometrics.co.nz/Queenstown-Lakes%2bDistrict/Tourism/TourismGdp>

² <https://www.qldc.govt.nz/recovery/regenerative-recovery-advisory-group>

³ <https://www.qldc.govt.nz/community/population-and-demand>

⁴ <https://www.qldc.govt.nz/your-council/our-vision-mission/climate-action-plan>

environmental damage, such as air and water pollution and noise pollution. To achieve the kind of shift necessary to achieve climate change and other goals, these other externalities need to be built in to Road User Charges.

- 3.3 Incorporating externalities will require careful legislative design both from a policy level and at an operational level. For example, the mechanism for regular review and setting of Road User Charges should be done in a manner that does not require a change to legislation.
- 3.4 Council understands that the scope of this review relates solely to Road User Charges. However, it shares the concern in the discussion document that the proposed changes raise questions about how to address equity between motorists paying Road User Charges and those paying Fuel Excise Duties, as it would not be as easy to apply similar distance based charges to petrol vehicles.
- 3.5 In addition, more detail is required around what specifically the new income stream for externalities from Road User Charges would be put towards. QLDC supports this revenue being directed to specific purposes, to avoid it being a general unspecified income stream.
- 3.6 The impacts of the proposed changes on industries that will be particularly affected by any changes must be considered. QLDC supports a staged transition to ensure that these sectors are not disproportionately impacted.

4.0 Proposed changes to the paper label display requirements in vehicles

- 4.1 At an operational level, it is proposed to remove the requirement for light vehicles to display a RUC licence and other transport paper labels (rego).
- 4.2 All Councils would be required to access to Waka Kotahi databases for enforcement purposes, using the licence plate as a reference point.
- 4.3 From the information provided, it does not appear that this would materially change how QLDC collects parking and roading infringement fines. Council currently issues these fines electronically through Waka Kotahi's databases using licence plate numbers, or through scanning the Road User Charge paper bar code. The latter method will not longer be available, but this does not constitute a large proportion of how fines are issued by QLDC. Accordingly, this proposed change would not impact our operations.

From: s 9(2)(a)

Sent: Sunday, 13 February 2022 11:53 pm

To: RUC Consultation 22 <RUCConsultation22@transport.govt.nz>; s 9(2)(a)

Subject: Request for change

Hi Team,

We are users for Commercial VAN - Almost all are Diesel and it will be very convenient if the tax for RUC or Diesel Tax is already added in Diesel cost as that is in most of the countries.

My Suggestion and very much needed change for value for money.

Benefits to add RUC Charges / Diesel Tax at Source:

- (1) This will recover the tax inputs - 100%
- (2) This will eliminate Black marketing for saving / RUC or not paying
- (3) This will eliminate Miss payments and Debts
- (4) This will help budget the costing and not ending paying extra for RUC later
- (5) This will be easy system and save lots of Manpower for NZTA - which can be huge savings in terms of cost which NZTA spends to run RUC system
- (6) No need to spend millions on Stickers, Adding Pollutions, Extra Plastic, Ink and Paper and also hazel for users
- (7) Taxed it at Source will save lots of money for NZTA which goes in lengthy recovery process
- (8) This will help people managing budget
- (9) This change will be welcomed by all in the Industry as Positive and Progressive

Why should a person who is not using Diesel should pay RUC ?

Well, if you have that question, then there are below Parameters:

- (1) They still use the same road to commute and use Diesel to produce the same pollution, as

burning fuel in any form is the same pollution.

(2) The more you use the Diesel - the more you pay tax as it is added in per Litre cost

(3) Road user charges change will control inflation as there will be less tax if you want to get the same amount at the end, or the Government can keep more tax with this saving of resources - Direct RUC charges in Diesel price will save a lot to all.

(4) Just in case - if this is an argument that, Farm vehicles and other equipments like Generators, don't use Road, why should they pay on source - then solutions is:

One time Solutions: User can register they equipment with online system and they can issued voucher which will give them discount of (RUC Charges) on all pumps with Certain limits - Its a system - which can be possibly made or can be customized around so that this small Segment of users are not put in loss.

The Authorities should look at the bigger picture and also they are using Diesel anyway - so they should be paying RUC, because as far as I know, petrol RUC are there as well - but that is Included in the price already.

It's high time now - that Diesel sales in NZ should be Included with RUC cost - this is local demand - I have done research on this a lot.

Thanks a lot

s 9(2)(a)

Managing Director
Seasons Tours & Travels NZ Limited
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s 9(2)(a)

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By email

7 April 2022

Office of the Chairperson
100 Cuba Street
Wellington
T 04 384 5708
www.gw.govt.nz

Email to: RUCconsultation22@transport.govt.nz

Tēnā koutou

Submission on the Ministry of Transport's *Te Huringa Taraiwa: Te arotake i te pūnaha utu kaiwhakamahi rori* / *Driving Change: Reviewing the Road User Charges System*

Thank you for the opportunity to provide feedback on *Te Huringa Taraiwa: Te arotake i te pūnaha utu kaiwhakamahi rori* / *Driving Change: Reviewing the Road User Charges System*.

In keeping with government direction, the Wellington Regional Land Transport Plan (RLTP) 2021-24 has ambitious targets to reduce carbon emissions and increase mode share in favour of public transport and active modes. We welcome the opportunity to provide feedback on something that is both integral to achieving this and directly impacted by its success.

Our submission focuses on transport funding as a wider consideration and charging for externalities, including equity considerations.

National Land Transport Funding

The National Land Transport Fund (NLTF), of which Road User Charges (RUC) currently contribute 45%, is the main funding source for the RLTP programme of activities. The NLTF is currently partially debt funded. Without further intervention, we can expect pressures to increase, particularly in light of the expected announcement of the Emissions Reduction Plan mid-year that will further guide transport in leading efforts to reduce emissions.

We appreciate that the Ministry of Transport (the Ministry) is already looking into the future of transport funding. Relying principally on road user charges and fuel excise duty (FED) to fund the transport network, while simultaneously discouraging the use of private vehicles appears counter-intuitive. Although the use of electric vehicles (EVs) will make a considerable difference to tailpipe emissions, it will fail to resolve other issues like parking and congestion.

We look forward to discussions with the Ministry on a more integrated and sustainable way to fund transport in the near future, including the availability of road pricing tools to influence how, when and where people travel.

While it is difficult to look at RUC in isolation from the overall funding situation, we support the Ministry's proposals to ensure that the collection and monitoring of RUC is done efficiently and with minimal administrative burdens as we investigate new ways of revenue generation. We support the use of technologies to enhance this process.

Exemptions and Externalities

Fundamentally, we believe users should pay their fair share for use of the road network. We support the long-standing principle that underpins RUC that charges are based on distance travelled and vehicle weight and this approach should be applied to all vehicles irrespective of power source. The exception to this could be public transport and school services to signal support for decarbonisation and uptake of public transport. We support all other EVs being integrated into the RUC system after the current exemptions expire. Research shows the greatest barrier to shifting to an EV is the higher capital outlay, so an incentive like the Clean Car Discount is better placed to encourage initial uptake.

We disagree that charging for externalities through RUC is the right step and would prefer to see charges closer to harm or to the behaviours we want to change. The Emissions Trading Scheme is an example of where the charge is applied at the source and if hypothecated back into the transport fund, could increase investment in future technologies that support decarbonisation and alternatives to the private vehicle. This apportions the charge to those using the fuel, further incentivising a shift to alternative fuels. We do believe there is some merit in a small environmental charge for non-tailpipe related emissions, such as tyre and brake particulates, but again this should be based on vehicle type and distance travelled.

Influencing travel demand management and mode shift

A suite of road pricing tools would be more appropriate to encourage or disincentivise targeted behaviours than applying a universal congestion charge to RUC (and Fuel Excise Duty). The transparency of these charges indicates a more accurate cost of travelling at certain times by certain means, and allows for greater decision making in the home. Critical to changing behaviour is making available viable alternatives in the form of public transport and active modes or work-from-home support and we would expect any revenue generated to be invested back into this.

Separation of charges such as these support a more equitable shift as they would be imposed on those using the service or infrastructure at a specific time and not to people travelling in less congested areas. As an example, Let's Get Wellington Moving is investigating pricing tools as part of a travel demand management package to support the wider programme of public transport and active mode improvements.

Equity

All New Zealanders must be considered in the transition to a low-carbon future. Lower income households are less likely to have the capital to invest in an EV, and heavy vehicles currently have very few viable alternatives available or are faced with significant initial capital costs and different cost models when compared with traditionally powered vehicles. Unless these issues are addressed, these users will be left paying a disproportionate share of the transport system cost without choice. We support ongoing investment in the alternatives to fossil-fuelled vehicles as policies to curb greenhouse emissions are developed. We support user-pays on its current actual and reasonable cost basis, and that these principles be applied to any road pricing tools and emissions related charges.

We look forward to continued work with the Ministry of Transport around long-term funding solutions.

Ngā mihi nui

s 9(2)(a)

Daran Ponter

Chair

Greater Wellington Regional Council

For further discussion on the specifics of this submission, please contact s 9(2)(a)

Changes to the Road User Charges (RUC)

Submission from Spokes Canterbury, www.spokes.org.nz

Submission prepared by Stephen Wood, Spokes Canterbury,
www.spokes.org.nz

This submission is in response to the discussion document issued by the Ministry of Transport in September 2021, see [Road User Charges Consultation](#)

Full consultation document: [Driving Change: Reviewing the road user charges system](#)

FAQs: [Consultation on amending the road user charges system](#)

Question 1: What are the advantages and disadvantages to using RUC to recover more than the direct costs of building, operating, and maintaining the land transport system?

We believe the RUC Act should be able to do more than recover the direct cost of operating and maintaining the land transport system. If a fuller range of externalities are costed into RUC, then it becomes a more useful system. At present the differing treatment of vehicles by fuel type masks giving a consistent message.

Using the RUC system to incentivise low-carbon fuels potentially doubles up on incentives created by the emissions trading scheme. Transitioning the New Zealand vehicle fleet to zero-carbon and low carbon fuel is a slow way of reducing transport emissions, but reducing private motor vehicle use is faster and more effective. The RUC system could play a key role in encouraging a mode shift to active and public transport.

Advantages of this are that it provides a mechanism to effect transport policy by incentivising behaviour change, it could more accurately reflect the real costs of driving vehicles, and raise revenue to address more of those costs.

The disadvantages are that the RUC system becomes more complex and it weakens the original intent of RUC – i.e. charging vehicle operators according to their contribution to damage to roads, and to generate revenue to be used solely for the Land Transport Fund.

Question 2: If RUC should not be used for recovering more than road costs, what alternative approach might be appropriate for recovering those other costs?

These costs could be funded from general taxation, or from targeted taxes that related to the source – e.g. increased excise duty on fuels, an excise duty on vehicle

Changes to the Road User Charges (RUC)

Submission from Spokes Canterbury, www.spokes.org.nz

tyres, an increased ACC levy on vehicle registrations, or some form of congestion charging.

Question 3: What advantages and disadvantages are there to considering externalities when setting RUC rates?

The advantage is a clearer signalling of the costs of operating vehicles and providing revenue to address these costs. These costs include:

- congestion
- air pollution, and other environmental effects such as road run-off, micro-plastics
- greenhouse gas emissions contributing to climate change.
- deaths and injuries from road crashes
- indirect health effects, e.g. from noise and light pollution, the inactivity crisis

Commented [CA1]: Google "NZ obesity crisis eg"
Quality references include: <https://www.health.govt.nz/health-statistics/health-statistics-and-data-sets/obesity-statistics>

Question 4: If externalities were to be considered, what criteria could be used to determine what externalities should be taken into account in setting RUC rates?

Setting overall transport policy and deciding which costs appropriately signal that policy intent. The list of costs from driving vehicles is long – see previous answer. If road safety is a priority in the transport system, increase RUC to reflect the cost of road deaths and injuries. If other health externalities are deemed important, such as air and noise pollution or the inactivity crisis, then charge vehicles accordingly. If we want to prioritise reducing greenhouse gas emissions above other things then some charging based on fuel type and their emissions is appropriate.

Question 5: If externalities were to be considered, how should these costs be set?

Establish a fund for addressing the cost, deciding what levels of funding from RUC to address that cost is appropriate, and set RUC rates to achieve that funding with contributions from each vehicle type based on its contribution profile to that cost.

Question 6: Would charges for externalities be in addition to the current 'standard' form of RUC, and potentially used to address the externalities directly, or be a core part of total land transport revenue?

Regardless of other costings, there is still a need to fund road maintenance and safety measures, so the "standard" RUC should remain, and additional RUC added. However, if the roading component is kept to maintenance and safety improvement rather than new capital expenditure, then more of the revenue can be targeted to

Changes to the Road User Charges (RUC)

Submission from Spokes Canterbury, www.spokes.org.nz

the extra included costs.

Question 7: How would vehicles not paying RUC be affected?

Ideally a system that charged RUC on all vehicles over 500kg (this is an arbitrary figure which excludes all motorbikes and cycles) would be more equitable than a mixture of RUC and FED (Fuel Excise Duty). The large numbers of light petrol vehicles could still be managed by a FED if the levels are adjusted to reflect costing added to RUCs. However, care would be needed to remove or address anomalies, e.g. where a vehicle can use a variety of fuels, e.g. ethanol or bio-diesel blends, or is a hybrid such as diesel-electric or petrol-electric.

Question 8: What are the advantages and disadvantages involved in changing the purpose of the RUC Act so that climate policy generally, or greenhouse gas emissions specifically, can be considered when setting RUC rates?

The advantage in including climate policy and greenhouse gas emissions is that the government can then create an incentive for behaviour change that reduces climate impact from motor vehicle use.

The disadvantage is that it may erode the funding stream for road maintenance, especially if this is only achieved through discounting or exemptions. Also it is applying incentives against the use of fossil fuels in road transport, rather than the use of fossil fuels generally.

Question 9: What advantages and disadvantages would there be if there was an explicit requirement to consider RUC exemptions as part of the development of the Government Policy Statement on land transport?

The advantage is that short-term incentives in the form of RUC exemptions could be applied without the need for further legislative change.

The disadvantages are that there could be hostility directed at road users that have RUC exemptions because they don't "pay their way" on the roads, and if too successful exemptions will erode the revenue gathering role of RUC. It sends a mixed message, allowing road users to damage roads for free, if they do it with an exempted vehicle.

Question 10: What are the advantages and disadvantages of enabling consideration of greenhouse gas emissions when setting RUC rates?

The advantage is that the government can create an incentive for shifting to low-or zero emission options for fuelling motor vehicles

The disadvantages are that it places less emphasis on the options of reducing

Changes to the Road User Charges (RUC)

Submission from Spokes Canterbury, www.spokes.org.nz

vehicle use or mode shift as a way of reducing emission, and an even lower emphasis is placed on other real costs of vehicle use.

Question 11: How should RUC rates be set for vehicles that could use more than one fuel and these fuels have different greenhouse gas emissions?

This illustrates a weakness in using the RUC system of charging on vehicle kilometres travelled. It would be better handled by a fuel excise duty which had rates for each fuel set according to emissions, or differential pricing in fuels from the emissions trading scheme. However a possible solution is to charge a dual-fuel vehicle at the higher rate of RUC, and allow an owner to claim some of this back if alternative fuel use could be demonstrated.

Question 12: What advantages and disadvantages are involved in using NLTF (National Land Transport Fund) revenue to reduce carbon emissions rather than forgoing RUC revenue?

The advantage could be that the revenue is maintained in close to its current form and that anomalies arising from different vehicles paying different contributions are minimised. The disadvantage is that it removes the direct incentive on individual vehicle users.

Question 13: What are the advantages and disadvantages with the source of different fuel types being included in RUC calculations (separately from the climate impact of the fuel used)?

The advantage is that it can signal costs for the whole supply chain rather than at the point of end use. The disadvantages are increased complexity and requirement for verification, as indicated by questions 15 and 16. Many of these complexities could be avoided by using different levels of duties on the different fuels.

Question 14: What are the advantages and disadvantages with the environmental effects of different fuel types being considered in calculating RUC rates for vehicle types?

The advantage is that it removes the focus on just one of the “external” costs of vehicle use and allows another to be incorporated. The disadvantage is increased complexity.

Question 17: How else would you change the setting of RUC to ensure it is adaptable to future challenges?

Question 18: What are the compliance advantages and disadvantages of

Changes to the Road User Charges (RUC)

Submission from Spokes Canterbury, www.spokes.org.nz

mandating eRUC for heavy vehicles?

We don't feel able to comment on the technical details of this (questions 19-27), except to say that mandating eRUC would need to be balanced against increased compliance costs and privacy issues. If mandating of eRUC can be justified, then it may flow on to changes in compliance and enforcement in the future, with benefits in the safety of heavy vehicles on the road.

Question 28: What are the advantages and disadvantages of allowing the RUC Act to set partial RUC rates to recognise FED paid by dual-fuel vehicles?

This is another illustration that the RUC system is ill-suited to apply incentives or charges based on fuel use. Treating a proportion of the light vehicle fleet differently by paying their RUC contribution via a fuel excise duty (FED) causes hybrid vehicles to be an anomaly that is difficult to address. A partial RUC rate and removing the ability to claim back FED is a solution tailored for easier administration, but it removes much of the incentive to use the vehicle in a way that is better for climate change.

Question 32: What are the advantages and disadvantages of the heavy EV exemption being extended more than 5 years?

The advantage is continuing to support the uptake of heavy EVs, the disadvantage is that if the incentive is successful, there is reduced RUC revenue.

Question 35: How would exempting vehicle combinations where the motive power is from a vehicle exempted from paying RUC encourage the uptake of electric vehicles?

It would lower the cost of using these vehicles.

Question 36: What safeguards would we need to make to make sure that only trailers that were towed by exempted vehicles were able to be exempted?

There's no clear indication of the ways that things will develop, but heavy trailers that were equipped to use regenerative braking by charging the towing vehicle's batteries could be exempted, while conventional heavy trailers were not.

Question 37: What are the advantages and disadvantages of subjecting road-registered very light vehicles that are not powered by petrol to RUC, or a higher licence fee, for travel on public roads?