

FREQUENTLY ASKED QUESTIONS (FAQS) – TRANSITIONING ALL VEHICLES TO ROAD USER CHARGES

Here are general frequently asked questions about the government's plan to transition all vehicles to a road user charges (RUC) system. More technical questions are addressed further down the page.

Why is the Government transitioning to RUC?

All road users contribute to the costs of maintaining, operating, and improving our transport network. Petrol vehicle owners contribute through fuel excise duty, while diesel, heavy, and electric vehicle owners pay through road user charges (RUC).

As a distance and weight-based charge, RUC is a fairer way for people to pay, as it relates directly to how much someone uses the road. While fuel excise duty is an efficient way to collect revenue, a vehicle's fuel economy creates wide differences in how much various users pay per kilometre. This is particularly noticeable as our fleet of fuel-efficient vehicles and petrol hybrids grows.

To ensure everyone contributes fairly regardless of their vehicle, the government is working to transition all vehicles to RUC. This reform addresses the unfairness in the current system where some people underpay or overpay.

When will petrol vehicles become subject to RUC?

The government has not set a firm date for the full transition of the light petrol fleet. The fleet will only transition once the market is ready and offers a range of user-friendly solutions for vehicle owners.

Cabinet will consider a transition date in 2027, once new legislation and regulations are in place and a range of options is available in the market. The private sector has a strong track record of providing user-friendly solutions for heavy vehicles and could play a similar role for light vehicles.

Will I pay more or less?

No decision has been made on the rates that will apply when the fleet transitions to RUC, as a transition date has not been set. However, once subject to RUC, all road users will pay for their road use based on distance, rather than through fuel excise duty, which will be abolished.

Will shifting to RUC mean my vehicle is electronically tracked?

This reform is not about mandatory electronic tracking. The government is reforming the rules for electronic distance recorders to allow for more technology options, including systems already built into modern vehicles. Road users will be able to opt in to using this technology to make it easier for them to pay RUC, but they will also have the option of manual alternatives.

The existing Road User Charges Act contains strong privacy safeguards, and strictly limits what information can be accessed.

Why does the RUC system need to be improved before transitioning petrol vehicles to it?

The RUC system was designed in 1977 with heavy vehicles in mind. As a result, many of the processes and requirements are outdated and not tailored towards individual vehicle owners. By developing a more flexible system with a range of payment options, we can ensure paying RUC is simple and manageable for all households.

In addition, fuel excise duty is a significant revenue source, raising more than \$2 billion per year. System improvements will help ensure that this revenue is collected fairly and efficiently once we move to RUC.

Why are you focusing on the market rather than a public sector solution from NZTA?

A competitive market drives better service for users. Private companies must provide good service and value, or they risk losing customers. We want people to have options so they can choose the service that best suits them. As the market develops, NZTA's role will evolve. It will move into regulating, setting standards, and monitoring the market, rather than being the main retail provider or seller of RUC.

How will you know when the market is ready?

Following the passing of new legislation, the government will decide on the next steps based on the market's response and an assessment of its ability to cater for an additional 3.5 million petrol vehicles. This assessment will include a review of the range, availability, and quality of RUC solutions for light vehicles.

TECHNICAL ENQUIRIES

Since the announcement, the Ministry has received enquiries from potential market participants. To ensure all interested parties have access to the same information, we have provided answers to the questions we've received below. This page will be updated if we receive additional enquiries.

What has been decided for the display RUC licences?

Cabinet has agreed to remove all requirements to display, carry, or produce RUC licences, for both paper and electronic versions. This includes removing the requirement that an electronic distance recorder must have a screen capable of displaying a licence.

What has been decided for electronic distance recorders?

Cabinet has agreed to relax the prescriptive requirements for electronic distance recorders. The intent is to enable a broader range of technology, including manufacturers' built-in telematics, to encourage innovation and reduce compliance costs.

What is the status of the Cabinet decisions?

The Minister of Transport has been invited to draft a Bill that gives effect to the proposals agreed by Cabinet. The law has not yet changed. For the law to change the Bill will need to be passed by Parliament.

Will electronic distance recorders need to display a current distance reading?

Cabinet has agreed to remove licence display and carry requirements, meaning electronic distance recorders will not need to display licences. We still need to determine how distance information may be accessed, including for roadside enforcement. We are exploring several options and will seek input on potential solutions during the upcoming market engagement process.

What do these changes mean for heavy vehicles?

While Cabinet's decisions focused on preparing the RUC system for light petrol vehicles, they did not distinguish between them and heavy vehicles. This provides flexibility to introduce broader eRUC options for heavy vehicles if needed.

The specific requirements will be set out in secondary legislation and the Code of Practice. An upcoming market engagement, beginning after the Bill is introduced, will help shape these requirements. We welcome your feedback during the market engagement.