

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

This document contains questions and answers about the government's plan to transition all vehicles to a road user charges (RUC) system. They are grouped into three sections:

1. **Policy Q&As** - general questions about the reasons for the transition, the timing, and impact.
2. **Q&As about the Bill** - specific questions explaining what the new legislation does and how it changes the current system.
3. **Technical enquiries** - information for current and potential market participants.

POLICY Q&A

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.

Will fuel companies receive refunds for fuel excise duty paid on petrol held in tanks and not yet sold when the duty is removed?

Fuel companies currently pay excise duty when petrol enters New Zealand, rather than when it is sold at the pump. Road user charges will replace this duty. As we switch from excise duty to RUC, we want to ensure motorists are not taxed twice.

Fuel held by companies between the border and the pump has already been taxed. The Government will need to consider arrangements during this transition that would enable fuel companies to immediately lower their price and pass on the tax reduction once excise duty is removed. This would prevent motorists from paying both excise duty and RUC at the time of the transition.

The Government has not yet set a date or a process for moving petrol vehicles to RUC. The current focus is on improving the system and encouraging third-party providers to provide services to make buying RUC easier for light vehicle owners. We will engage further on this subject as we develop the transition policy.

Q&AS ABOUT THE BILL

Does this Bill mean my petrol car will start paying RUC?

No, not yet. The Bill makes improvements to the RUC system in preparation for the transition of petrol vehicles to RUC. This Bill makes the system ready for that future change.

What does this Bill change for drivers who already pay RUC?

The biggest change is removing all requirements for road users to display, carry, or produce a RUC licence. This applies to both physical paper licences and electronic versions.

If there's no licence displayed, how will the Police know I've paid my RUC?

Your RUC licence will be a digital record held in a central database (managed by the RUC collector, which is NZTA). Enforcement officers will be able to look up a licence plate to see a vehicle's end distance.

Does this Bill change the cost of my road user charges?

No. This Bill is about how the RUC system is administered, not how much it costs. It does not change the RUC rates you pay per kilometre.

What is a “RUC provider” that the Bill talks about?

A “RUC provider” is any company or agent approved by the government to sell RUC licences and collect charges on its behalf. This Bill creates a new, single category for these providers. This includes the companies that provide electronic RUC systems as well as other agents who might just issue licences. The Bill sets clear rules for how these providers are approved, monitored, and what happens if they break the rules.

What does the Bill mean for current electronic system providers and RUC agents?

The Bill replaces the entire existing framework for third-party provision. Existing providers are “treated as” a new “RUC provider” for a limited time - six months from the day this part of the Act commences. They must apply for approval under the new regime (Section 43) within that six-month window. If they fail to apply, or their application is declined, their ability to operate as a RUC agent ceases.

Does this Bill mandate vehicle tracking or electronic technology in vehicles?

No. This Bill does not mandate that every RUC vehicle must be fitted with an electronic, GPS-style tracking device. It continues the long-standing requirement to have an “approved distance recorder”, which can still include traditional, non-tracking devices like an odometer or hub-

odometer.

The existing Road User Charges Act 2012 (see schedule 1) already contains strong privacy safeguards for the management of RUC information. The Bill applies these existing protections to all information held by RUC providers. For a RUC provider to be approved, the collector must be satisfied that “the applicant’s electronic system is secure and reliable”.

When do the RUC changes take effect?

The changes will take effect within six months after the Bill is passed by Parliament and receives Royal Assent.

Technical enquiries

The Ministry has received enquiries from potential market participants. To ensure all interested parties have the opportunity to access to the same information, we are publishing the questions received (without attribution) and the answers provided below. This document will be updated as we receive additional questions.

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.

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 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 electronic RUC 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.

The government has extended the exemption for heavy electric vehicles from RUC until **1 July 2027**.