Ministry for Cities, Environment, Regions & Transport

OC260534

27 July 2026

[redacted]

Thank you for your email received by the Ministry for Cities, Environment, Regions, and Transport (the Ministry) on 26 June 2026 , requesting the following under the Official Information Act 1982 (the Act):

> "[redacted] seeks information about whether motorcycles, mopeds, electric motorcycles, petrol motorcycles, scooters, trikes, powered two-wheelers, or motorcycle-class vehicles are being considered for inclusion, exclusion, exemption, deferral, or separate treatment in any current or proposed Road User Charges reform, electronic RUC system, fleet-wide RUC system, distance-based charging system, road-pricing system, time-of-use charging system, congestion-charging system, or related vehicle charging reform.
>
> For context, NZTA has advised [redacted] that it does not hold information addressing whether motorcycles are within scope of any current or planned transition to electronic RUC, has not been asked to provide advice on the inclusion, exclusion or treatment of motorcycles within the RUC system, and has not undertaken substantive work on including motorcycles in the RUC framework. NZTA also advised that broader policy work relating to electronic or fleet-wide RUC, including decisions about vehicle scope and system design, is led by the Ministry of Transport.
>
> [redacted] is seeking to understand whether motorcycle-specific policy analysis exists, whether motorcycles are being considered at all, and whether future charging systems could affect motorcycle owners and riders.
>
> Please provide all information held by the Ministry of Transport from 1 January 2023 to the date of this request concerning whether motorcycles, mopeds, electric motorcycles, petrol motorcycles, scooters, trikes, powered two-wheelers, or motorcycle-class vehicles are to be included, excluded, exempted, deferred, or separately treated in any current or proposed:
>
> - Road User Charges reform;
> - electronic RUC system;
> - fleet-wide RUC system;
> - distance-based charging system;
> - road-pricing system;
> - congestion-charging system;
> - time-of-use charging system;

- tolling or tolling reform;
- vehicle licensing reform;
- registration or licensing charge reform;
- transport revenue reform; or
- related vehicle charging, compliance, or enforcement system.

This request includes, but is not limited to:

- advice;
- briefings;
- Cabinet papers;
- Cabinet committee papers;
- aide-memoires;
- ministerial briefings;
- internal emails;
- meeting notes;
- file notes;
- working group papers;
- implementation planning;
- legal advice;
- privacy advice;
- equity analysis;
- regulatory impact analysis;
- cost modelling;
- revenue modelling;
- vehicle-class analysis;
- system-design material;
- risk registers;
- procurement material;
- consultation material;
- communications with NZTA, ACC, Treasury, MBIE, Police, Ministers, ministerial offices, local government, or external advisers.

Please include any records discussing:

1. whether motorcycles are considered part of the “light vehicle fleet” for future RUC, eRUC, fleet-wide RUC, or road-pricing purposes;
2. whether motorcycles may be treated separately from cars, light vehicles, heavy vehicles, or electric vehicles;
3. whether electric motorcycles are being considered for RUC or eRUC;
4. whether petrol motorcycles may later be brought into RUC, eRUC, road pricing, congestion charging, time-of-use charging, or distance-based charging;
5. whether motorcycle ACC levies could be collected, replaced, adjusted, merged, offset, or administered through any future RUC, eRUC, road-pricing, vehicle-licensing, or vehicle-charging system;
6. whether motorcycle distance travelled, road use, vehicle class, registration status, ownership, or fleet characteristics can be measured, verified, estimated, charged, or enforced under any proposed system;

7. whether camera systems, ANPR, tolling systems, safety cameras, average-speed cameras, Motor Vehicle Register matching, driver licensing records, RUC records, vehicle licensing records, ACC levy records, tolling records, or infringement records could be used for motorcycle charging, compliance, enforcement, modelling, or policy design;
8. whether motorcycles create any specific privacy, fairness, enforcement, compliance, technical, safety, equity, cost, or administrative issues under future RUC, eRUC, road-pricing, time-of-use, congestion-charging, or distance-based charging systems;
9. whether motorcycle owners with multiple motorcycles have been considered in any future vehicle-charging or road-user charging model;
10. whether any modelling has compared charging motorcycles through registration/licensing against charging motorcycles by distance travelled, actual road use, fuel use, vehicle class, rider-based charging, or other alternatives.

For the avoidance of doubt, this request is not limited to final decisions. It includes draft, exploratory, preliminary, advisory, internal, or options-stage material.

If any information is withheld, please provide a document schedule showing, for each withheld document or part-document:

- date;
- title or subject;
- author or originating team/agency;
- recipient or intended audience;
- general description of the document;
- withholding ground relied on.

If the Ministry holds no information within scope, please confirm clearly whether the Ministry has not undertaken, received, commissioned, considered, or been provided with any motorcycle-specific analysis concerning the inclusion, exclusion, exemption, deferral, or separate treatment of motorcycles in future RUC, eRUC, fleet-wide RUC, road-pricing, time-of-use, congestion-charging, tolling, or distance-based charging systems."

Request refinement

On 6 July 2026 you refined part of your request to:

"For clarity, when I referred to "related vehicle charging reform", I was referring to any current or proposed government workstreams, advice, policy development, modelling, consultation material, Cabinet material, internal briefings, emails, or reports relating to changes in how vehicle owners or road users are charged for land transport use, ownership, registration, licensing, or compliance.

This includes, but is not limited to:

- Road User Charges reform, including any extension or future application of RUC to petrol vehicles, light vehicles, motorcycles, mopeds, or other vehicle classes;

- electronic RUC, digital RUC, distance-based charging, or market-led/private-provider RUC systems;
- Continuous Vehicle Licensing, including vehicle licensing periods, exemptions, putting vehicles on hold, or changes to the three-month on-hold rule;
- annual vehicle licensing / registration charges, administration fees, transaction fees, or related collection mechanisms;
- any interaction between vehicle licensing, RUC, ACC levies, motorcycle levies, or other transport-related charges collected through the licensing system;
- any proposals or advice relating to Warrant of Fitness / Certificate of Fitness frequency, enforcement penalties, automated enforcement, cameras, ANPR, or compliance systems where those matters are linked to vehicle licensing, charging, registration, or road-user compliance.

The main focus of my request is how these reforms may affect motorcycles, mopeds, riders, motorcycle owners, ACC motorcycle levies, registration/licensing behaviour, compliance, and future charging options for motorcycles.

I am not seeking unrelated general transport policy material unless it has a connection to vehicle charging, road-user charging, registration/licensing, enforcement of vehicle licensing/WOF/COF, ACC levy collection, or motorcycle-related charging/compliance issues."

Interpretation

We have interpreted your request as being for information about how motorcycles or related vehicles may be treated under the following transport system reforms:

- Road User Charges (RUC)
- Tolling
- Time of Use Charging (or "congestion charging")
- Vehicle registration and licensing
- Related compliance and enforcement system(s)

Road User Charges

We have identified 16 documents within the scope of this part of your request. Of these, I am releasing one document to you in full and seven documents to you in part as listed in the document schedule attached as Annex 1.

We are refusing six documents in full under section 18(d) of the Act as they are publicly available on the Ministry website. The links are noted in the document schedule attached as Annex 1.

Two documents are withheld in full under the following section of the Act:

9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

The Ministry would like to clarify that no official decision has been made on whether motorcycles (or other listed vehicles) will be in scope of a future transition to Road User Charges (RUC). Additionally,

no official decision has been made on how ACC levies for motorcycles (or other listed vehicles) will be treated in the future RUC system.

The Ministry is currently preparing for the first step of the multi-phased transition which involves modernising the RUC system for existing users. The changes announced to date will enable the market to develop new, user-friendly solutions that will improve efficiency and make it easier for users to pay.

Detailed policy design for moving the full fleet to the new RUC system will be considered once the Ministry has a better understanding of the market response. This will include matters such as who will pay, the rates they will pay, the compliance and enforcement approach, and how the transition will occur. This will be subject to a separate legislative process and will include consultation.

Tolling

The Ministry does not hold any information in scope this part of your request.

Thus, this part of your request is refused under section 18(g) of the Act – that the information requested is not held by the Ministry, and it has no grounds to believe that the information is held by another department.

Time of Use Charging

Three documents are within scope of this part of your request. However, they are refused in full under section 18(d) because they are publicly available on the Ministry website. The links are noted in the document schedule attached as Annex 1.

Under the Land Transport Management (Time of Use Charging) Amendment Act, any motor vehicle (as defined in the Land Transport Act) that enters a time of use charging area is liable for a charge, except for emergency vehicles. Motorcycles fall within the definition of motor vehicles so are included.

Vehicle registration and licensing

One document is within scope of this part of your request (document 20) and is being released to you with some information withheld.

Related compliance and enforcement system(s)

All documents in scope of this part of your request have been addressed in previous responses to you.

Certain information is withheld from the documents provided under the following sections of the Act:

9(2)(a)	to protect the privacy of natural persons
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials

9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty

Some information in these documents is also marked as out of scope of the request.

With regard to the information that has been withheld under section 9 of the Act, we are satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

If you would like to discuss this decision with us, please do not hesitate to contact us at OIA@mcert.govt.nz.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

Please note that due to the public interest in our work, the Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on its website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Louise Hornabrook
Manager RUC Transition
Ministry for Cities, Environment, Regions, and Transport

Annex 1: Document Schedule

#	Date	Reference	Title of Document	Decision on request	Notes/link
Road User Charges					
1	01/02/2024	OC240047	Definition of a very light electric vehicle - Briefing	Refused under section 18(d)	This document was released under a previous OIA request (OC250751 refers) and is available at: https://www.transport.govt.nz/assets/Uploads/OIA-response/Inclusion-of-Motorcycles-in-RUC-framework.pdf
2	March 2024	N/A	Final Departmental report to the T&I Committee on the RUC (Light Electric RUC Vehicles) Amendment Bill - March 2024	Refused under section 18(d).	This document is available at: https://www3.parliament.nz/resource/en-NZ/54SCTIN_ADV_60f18385-f31e-4c3e-1dba-08dc38a90c66_TIN1071/84617014dd2118613b91b1305a190e0af8ec60e0
3	14/05/2024	N/A	Email from: Andrew de Montalk to Warwick Bignell (Customs) Subject: RE Customs - moving vehicles to RUC	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv), and 9(2)(g)(i).	
4	June 2024	N/A	(Draft) June 2024 - Implications for other levies (ACC, LAFT and PEFML) of removing FED	Release with some information withheld under section 9(2)(f)(iv). Some information removed as out of scope.	This document is a later version of the attachment provided for document 5.

#	Date	Reference	Title of Document	Decision on request	Notes/link
5	06/08/2024	N/A	Email from: Grace McKibbin to Amber McGovern-Wilson (MBIE) Subject: (MBIE ACC comments) RE_ (Draft) June 2024 - Implications for other levies of removing FED _ Attachment 1: MBIE ACP feedback - Implications for other levies of removing FED Attachment (draft) 2: Final ACC submission analysis report 2019-21 Levies(1)	Released with some information withheld under section 9(2)(f)(iv). Some information in Attachment 1 marked out of scope. Withheld Attachment 2 as out of scope because it falls outside of the specified timeframe of the request.	
6	Last modified August 2024	N/A	Preferred legislative option for removing FED (policy investigation paper Aug 2024)	Withheld in full under section 9(2)(f)(iv).	
7	12/09/2024	N/A	Email from: Carla Hemmes to Dominic Cowell-Smith Subject: Question re ACC levies from Ministers meeting with vehicle stakeholders	Released with some information withheld under section 9(2)(a).	
8	30/10/2024	OC241152	Email from: Carla Hemmes to MOT Revenue Team Subject: FW Transitioning the fleet to RUC and removing FED - Briefing - Policy (6) Attachment: OC241152 Transitioning the fleet to RUC and removing FED - Briefing - Policy (6)	Released in full. Withheld attachment in full under section 9(2)(f)(iv).	
9	06/11/2024	OC241152	Briefing – Policy: Transitioning the fleet to RUC and removing FED	Withheld in full under section 9(2)(f)(iv).	

#	Date	Reference	Title of Document	Decision on request	Notes/link
10	22/11/2024	N/A	Email from: Carla Hemmes to MOT RUC Team Subject: handover notes - removing FED and impact on other agencies Attachment: Handover notes CH Ongoing matters re removing FED Nov 2024	Released with some information withheld under section 9(2)(a). Some information marked out of scope.	
11	December 2024	N/A	Meeting slides: Defining the scope of very light RUC vehicles for fleetwide transition for NZTA / MOT discussion	Refused under section 18(d).	This document was released under a previous OIA request (OC250751 refers) and is available at: https://www.transport.govt.nz/assets/Uploads/OIA-response/Inclusion-of-Motorcycles-in-RUC-framework.pdf
12	Last modified 20/02/2025	N/A	2024 Defining the scope of light RUC vehicles for fleetwide transition	Released with some information withheld under section 9(2)(f)(iv).	
13	16/07/2025	N/A	Transitioning to road user charges - Initial decisions	Refused under section 18(d).	This document is available at: https://www.transport.govt.nz/assets/Uploads/Transitioning-to-Road-User-Charges_-Initial-Decisions_Redacted.pdf
14	24/07/2025	N/A	Road user charges - Modernising the system in preparation for the fleetwide transition	Refused under section 18(d).	This document is available at: https://www.transport.govt.nz/assets/Uploads/Road-User-Charges_-Modernising-the-System-in-Preparation-for-the-Fleetwide-Transition_Redacted.pdf
15	06/01/2026	N/A	RUC Transition Policy Analysis: Definition of a light vehicle	Released with some information withheld under section 9(2)(f)(iv).	
16	Last modified 09/01/2026	N/A	Treatment of very light vehicles	Refused under section 18(d).	This document was released under a previous OIA request (OC250751 refers) and is available at: https://www.transport.govt.nz/assets/Uploads/OIA-response/Inclusion-of-Motorcycles-in-RUC-framework.pdf

#	Date	Reference	Title of Document	Decision on request	Notes/link
Time of Use Charging					
17	06/11/2024	OC241260	Land Transport Management (Time of Use Charging) Amendment Bill – Draft Leg Paper	Refused under section 18(d).	This document is available at: https://www.transport.govt.nz/assets/Uploads/OC250024-Redacted-and-combined.pdf
18	04/03/2025	CBC-24-MIN-0072	Cabinet Business Committee Minute of Decision - Land Transport Revenue Action Plan: Time of Use Charging	Refused under section 18(d).	This document is available at: https://www.transport.govt.nz/assets/Uploads/Time-of-Use-Charging-Cabinet-Material-Proactive-Release.pdf
19	April 2026	N/A	Proposed time of use charging regulations under the Land Transport Management (Time of Use Charging) Amendment Act 2025	Refused under section 18(d).	This document is available at: https://www.transport.govt.nz/assets/Uploads/Consultation/Consultation-proposal-time-of-use-charging-regulations.pdf
Vehicle registration and licensing					
20	13/07/2026	N/A	Data used to calculate annual vehicle licence fees	Released with some information withheld under section 9(2)(a)	

From: BIGNELL Warwick
To: Andrew de Montalk
Cc: Matthew Skinner; Huan Lan Yap; Chris Roblett; STRICKSON Paula
Subject: RE: RE: Customs - moving vehicles to RUC
Date: Tuesday, 14 May 2024 3:26:00 pm
Attachments: image001.png
image002.png
image003.png

IN-CONFIDENCE

Hi Andrew
We do collect the ACC levy. But like PEFML, this is a small addition which is hitched to a to a very large (comparatively) excise wagon. Adding these small things in as "duty" enables us to collect them easily along with the excise and excise equivalent duties charged. Given they are mostly charged to the same people and for the same goods, Customs can do so for very little marginal cost.
As a matter of interest in 2022/23, we charged $20k to collect $207m for ACC, and $20k to collect $51m for MBIE (PEFML). These costs are so low because we charged $150k to collect the nearly $1.4billion in fuel excise and excise-equivalent duty transferred to the National Land Transport Fund. s 9(2)(g)(i)
s 9(2)(f)(iv)
[redacted]
Can you advise when you need a more formal response from Customs please?
Regards
Warwick

IN-CONFIDENCE

From: Andrew de Montalk
Sent: Tuesday, May 14, 2024 2:54 PM
To: BIGNELL Warwick
Cc: Matthew Skinner ; Huan Lan Yap ; ROBLETT C ; STRICKSON Paula
Subject: RE: RE: Customs - moving vehicles to RUC

IN-CONFIDENCE

Hi Warwick,
Thanks that really helpful. s 9(2)(f)(iv)
[redacted]
Also, does Customs collect the 6 cents ACC levy on petrol?
Cheers,
Andrew

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IN-CONFIDENCE

From: BIGNELL Warwick <warwick.Bignell@customs.govt.nz>
Sent: Tuesday, May 14, 2024 2:35 PM
To: Andrew de Montalk <a.demontalk@transport.govt.nz>
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Huan Lan Yap <H.Yap@transport.govt.nz>; Chris Roblett <c.roblett@transport.govt.nz>; STRICKSON Paula <Paula.Strickson@customs.govt.nz>
Subject: RE: RE: Customs - moving vehicles to RUC

IN-CONFIDENCE

Hi Andrew
I have asked for some input from our excise experts. When do you need a response by?

s 9(2)(f)(iv)



I am happy to discuss.
Regards
Warwick

IN-CONFIDENCE

From: Andrew de Montalk <a.demontalk@transport.govt.nz>
Sent: Monday, May 13, 2024 12:32 PM
To: BIGNELL Warwick <warwick.Bignell@customs.govt.nz>
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Huan Lan Yap <H.Yap@transport.govt.nz>; ROBLETT C <C.Roblett@transport.govt.nz>; STRICKSON Paula <Paula.Strickson@customs.govt.nz>
Subject: RE: RE: Customs - moving vehicles to RUC

Hi there Warwick

s 9(2)(f)(iv)



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Looking forward to your thoughts!

Cheers Andrew

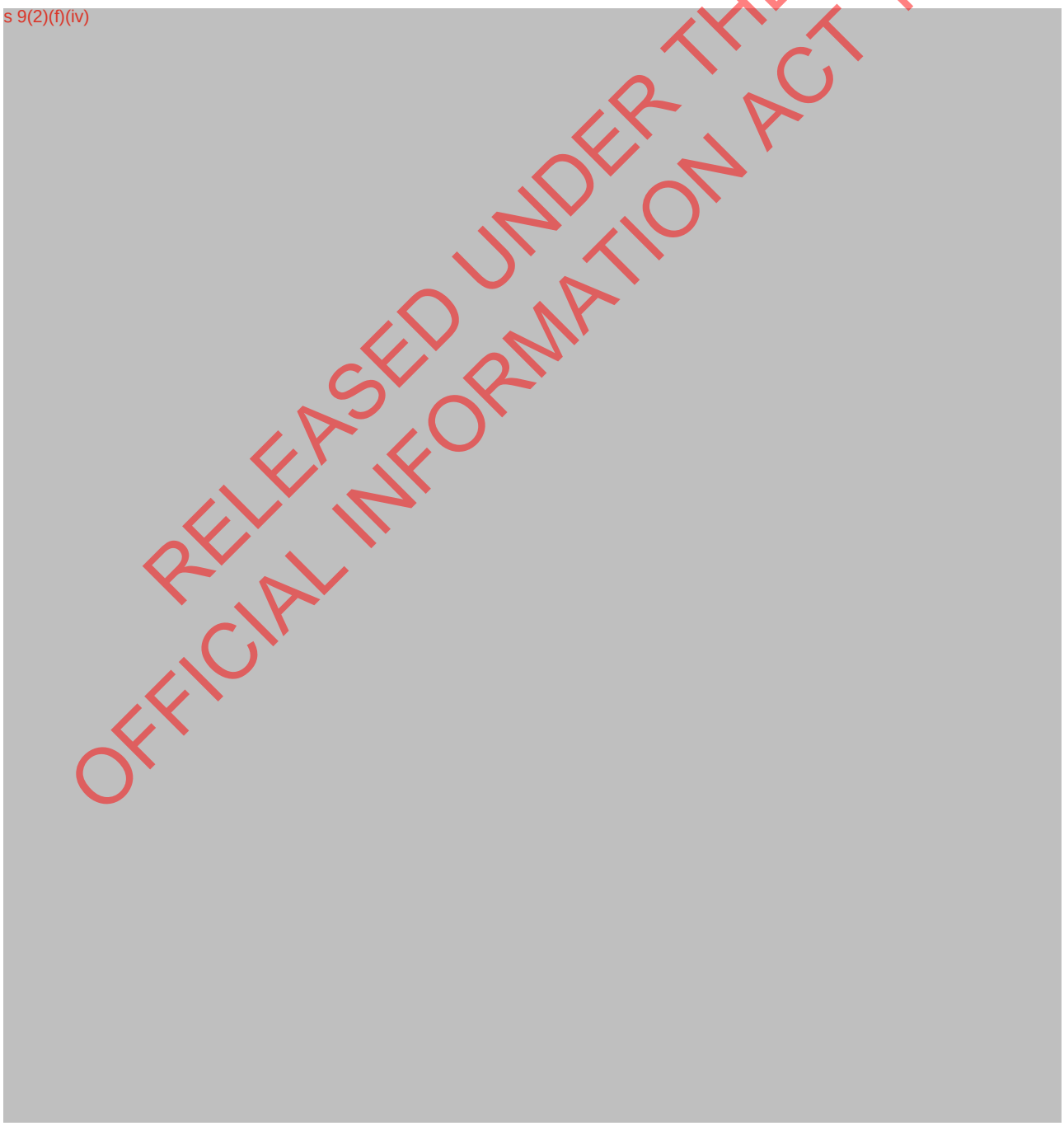
From: BIGNELL Warwick <warwick.Bignell@customs.govt.nz>
Sent: Monday, April 29, 2024 5:12 PM
To: Andrew de Montalk <a.demontalk@transport.govt.nz>
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Huan Lan Yap <H.Yap@transport.govt.nz>; STRICKSON Paula <Paula.Strickson@customs.govt.nz>
Subject: RE: Customs - moving vehicles to RUC

IN-CONFIDENCE

Hi Andrew

Sorry for not replying earlier but I have up to my neck in a whole lot of other things.

s 9(2)(f)(iv)



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s 9(2)(f)(iv)



I hope that's a good overview of the issues. There are likely a lot of details around some of that to be worked through if the change is to proceed so we probably need to discuss more as things progress.

I am happy to discuss.

Ngā mihi mahana

Warwick

Warwick Bignell | Senior Analyst, Revenue Policy | New Zealand Customs Service | PO Box 2218 Wellington 6140, New Zealand | Mobile +s 9(2)(a) | warwick.bignell@customs.govt.nz | www.customs.govt.nz

Connect with us:

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IN-CONFIDENCE

From: Andrew de Montalk <a.demontalk@transport.govt.nz>
Sent: Monday, March 25, 2024 9:57 AM
To: BIGNELL Warwick <warwick.Bignell@customs.govt.nz>
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Huan Lan Yap <H.Yap@transport.govt.nz>; WARDROP John <John.Wardrop@customs.govt.nz>; STRICKSON Paula <Paula.Strickson@customs.govt.nz>
Subject: RE: Customs - moving vehicles to RUC

Thanks John!

Hi Warwick, would you have any time this week to meet for half an hour?

Kind regards Andrew

From: WARDROP John <John.Wardrop@customs.govt.nz>

Sent: Monday, March 4, 2024 3:05 PM
To: Andrew de Montalk <a.demontalk@transport.govt.nz>
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Huan Lan Yap <H.Yap@transport.govt.nz>; STRICKSON Paula <Paula.Strickson@customs.govt.nz>; BIGNELL Warwick <warwick.Bignell@customs.govt.nz>
Subject: RE: Customs - moving vehicles to RUC

Hi Andrew

Warwick (cc'd) is the person who has been working on this, and is the appropriate person to talk to.

Cheers

John

From: Andrew de Montalk <a.demontalk@transport.govt.nz>
Sent: Monday, March 4, 2024 1:47 PM
To: WARDROP John <John.Wardrop@customs.govt.nz>
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Huan Lan Yap <H.Yap@transport.govt.nz>
Subject: Customs - moving vehicles to RUC

Hi there John,

We would to discuss the implications for Customs of switching all vehicles to road user charges (RUC), a distance charge rather than a litre charge via excise. Switching to RUC would likely involve no longer collecting excise on petrol, LPG and CNG for transport. I think Customs collects other payments alongside fuel excise – such as the ACC petrol levy and the PEFML . ACC is also interested in switching to an RUC-type distance charge, and we haven't had any conversations with MBIE about PEFML , but I doubt there's much interest in moving that from litres to distance.

Would it be okay for me to set up a meeting? Is Elisabeth McDonald still in your team?

Cheers, Andrew

MINISTRY OF TRANSPORT

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Auckland | NZ Government Auckland Policy Office | 45 Queen Street | PO Box 106238 | Auckland City | Auckland 1143 | NEW ZEALAND | Tel: +64 4 439 9000 |

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Implications for other levies (ACC, LAFT and PEFML) of removing Fuel Excise Duty

Purpose of paper

To set out the implications of removing fuel excise duty (FED) for the other duties, taxes and levies that are included in the retail price of petrol and diesel.

Problem definition

There are several levies and taxes that are included in the retail price of petrol and diesel. These are FED, the Accident Compensation Corporation (ACC) levy, Petroleum or Engine Fuel Monitoring Levy (PEFML), and Local Authority Fuel Tax (LAFT). FED, the ACC levy and PEFML are currently collected by Customs when fuel is imported. While the intention is to remove FED, s 9(2)(f)(iv) . This however raises the issue of whether Customs would remain the best option for collecting the ACC levy and PEFML. If a new approach was to be implemented, there needs to be thought given to what this might be and how it would work.

A notable concern of the removal of FED is the flow-on implications it may have for other Government agencies. s 9(2)(f)(iv) . Under the current system, Customs provides MBIE monthly data on imports and exports for liquid biofuels. This is used by MBIE as input to the international reporting obligations to the International Energy Agreement (IEA) on oil stocks and supply – which supports the MBIE function of monitoring fuel security. Any changes to how the levies are collected, or who collects the levies would result in the ability of MBIE to collect and produce this data. It is unclear if any other data is at risk and what the further implications for data collection is after the removal of FED.

Background

New Zealand collects a range of taxes, duties and levies on petrol and diesel to pay for various investments and activities. Most of this funding is collected by the New Zealand Customs Service (Customs) and passed through to various parts of the government. The key elements of this are:

- Fuel excise duty – 70.024 cents per litre, collected on all petrol at the point of import into New Zealand. Revenue from FED is placed into the National Land Transport Fund (NLTF) and use to find the maintenance and upkeep of the land transport network.

- Accident Compensation Corporation (ACC) levies, used to cover the cost of vehicle accidents. Currently 6 cents per litre.

- Petroleum or Engine Fuel Monitoring Levy (PEFML) is mainly used to meet the Crowns compliance costs under the IEA for oil stockholding, and funds MBIE Trading Standards' fuel quality and quantity monitoring and regulatory compliance activities. This levy may also be used to meet some costs of the Energy Efficiency and Conservation Authority

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(EECA) under the Efficiency and Energy Act. This levy is currently set at 0.69 cents per litre.

- Local Authority Fuel Tax. This is not collected by customs. This levy is set at a rate of 0.66 cents per litre.

Collection costs for these taxes are currently low in proportion to the amount of money collected. Customs charge $20,000 to collect the ACC levy and This fee has not been recently reviewed under the assumption that from a cost recovery perspective it is sufficient to cover Customs operational expenses. These charges are proportional to the amount that is collected, if Customs are collecting $6 billion annually, it is estimated that this works out to be $200 a vehicle. Another $20,000 is charged to MBIE for PEFML collection. For MBIE the charge is paid for by the Markets team for the data that is used for oil supply and stock monitoring.

Both these charges are low as Customs charges the Ministry of Transport an additional $150,000 to collect fuel excise and excise equivalent duties. Removing FED will therefore have implications for the collection of the other levies.

Changes are coming to the way road users will pay for transport

The current land transport revenue system is a hybrid model of how road users pay for their usage. This is either through road user charges (RUC) (vehicles that are powered by a something other than petrol, and heavy vehicles weighing over 3.5 tonnes) or through FED, which is collected from the point of import or manufacture, and then recovered in the retail price of petrol paid by consumers.

Most light vehicles in the fleet (approximately 3.5 million) are petrol-powered and subject to FED. The Government has indicated that it wants to move all vehicles into the RUC system, beginning on 1 April 2027. Should a fleetwide transition of all road users to RUC occur under the status quo, users would be paying taxes twice. To avoid this, the removal of FED is necessary.

Another factor in the decision to remove FED is that it leads to the most variability in amounts paid by each user. This variability comes from the different fuel efficiencies of the vehicle fleet. Road user charges is arguably a fairer way to collect revenue because users will pay based on the distance they travel rather than the fuel efficiency of the vehicle they own.

Given the collection approach, LAFT is out of scope

The removal of FED will have no further implications for the ongoing collection of LAFT, so this is being considered out of scope.

Local Authority Fuel Tax is levied at 0.66 cents per lite on petrol and 0.33 on diesel products. However, the LAFT is not collected by Customs but is instead collected by local councils. LAFT is paid for by fuel companies based on the amount of fuel sold within a region. The collection of this tax involves fuel companies submitting a return at the end of each month which includes the quantity of each fuel product delivered and sold and the amount of tax to be paid.

Criteria for assessing options

The options identified for the levies being impacted by turning off FED have been assessed using criteria consistent with wider project principles. These criteria are:

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- Effective – the levy can continue to be collected in sufficient amounts to deliver the purpose for which it was established.
- Efficient – collection costs are minimised (both initial costs to set up the system and ongoing collection costs).
- Acceptable – road users understand why they pay the levy, how to pay the levy and compliance costs are minimised.

ACC Levy currently

For 2025/26, ACC is recommending a levy of $122.84. This is expected to cover the forecasted revenue of $526.5 million, this will increase year on year. It is important to note that these levy rates are indicative and are still subject to Cabinet consultation/approval.

Customs charged $20,000 in 2022/23 to collect $207m from ACC, which is proportionate to the amount that is collected on behalf. This charge is low as customs also charges $150,000 to collect fuel excise and excise equivalent duty that goes into the national land transport fund.

This levy feeds into the motor vehicle account. It is used for all personal injuries that have occurred from accidents involving moving vehicles, or a stationary vehicle that has been struck by another vehicle in some way. This only applies to accidents that have occurred on public roads.

Funds for the Motor Vehicle Account are paid via:

- Vehicle license fees – the levy is part of registration costs
- The price at the pump – 6 cents per litre on petrol (hybrid electric vehicles have been classed as petrol vehicles and will pay this in addition to their rego)
- For those that do not use petrol, the entire cost of the levy is included in registration fees.
- Mopeds, motorcycles, and scooters pay higher registration fees to reflect the increased risk of accidents. $25 from these fees goes towards the funding of motorcycle initiatives.

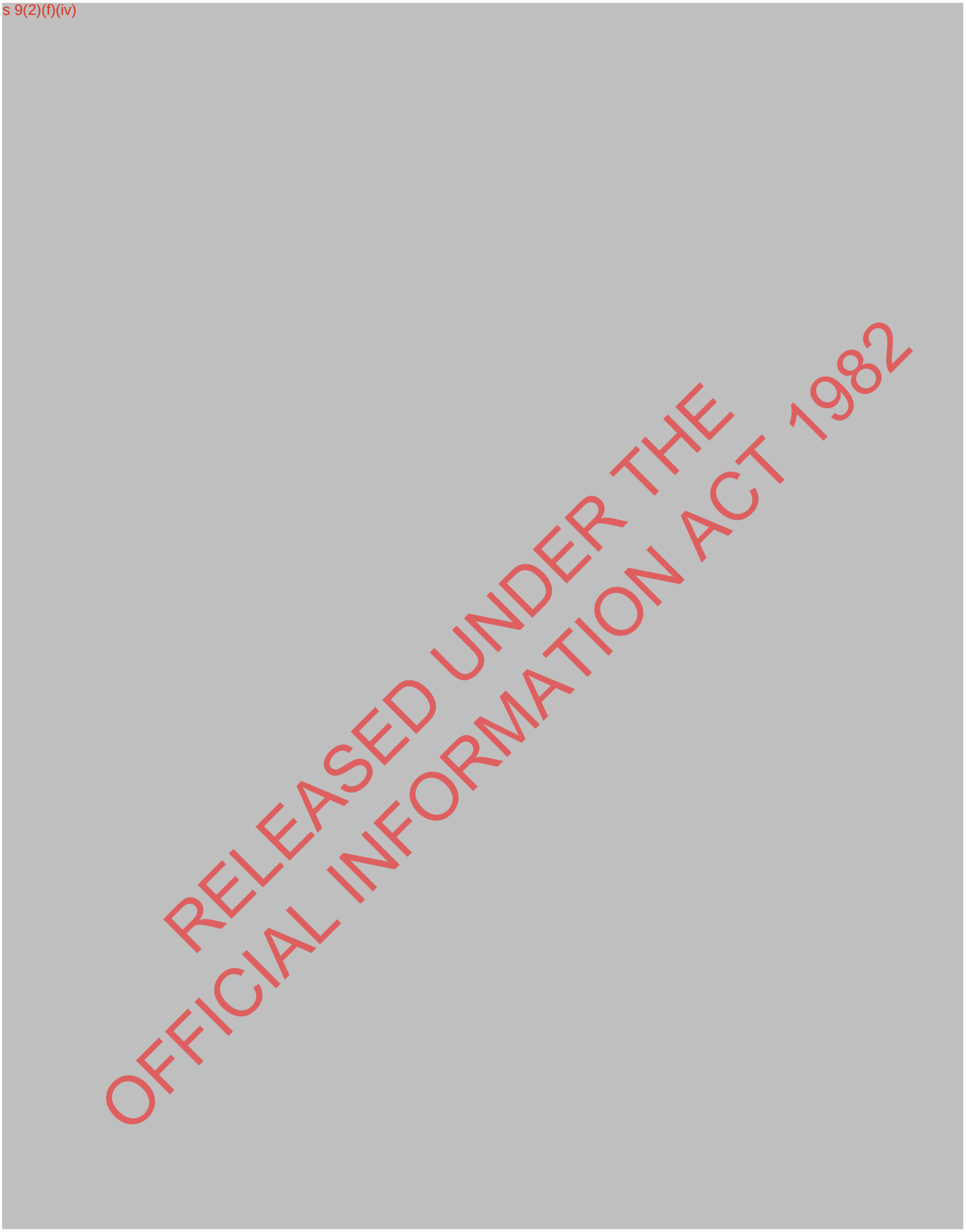
The rate of these levies is set out in section 214 of the Accident Compensation Act 2001. These are set out in regulations where the Act sets out the requirements for setting the levies and what should be considered during the process

The money ACC collects pays for injuries that have been sustained on a public road and involving a motor vehicle. ACC is required to pay for the 'lifetime costs' of injuries. In the case or a serious accident this may mean that ACC supports someone for the rest of their natural life. On average there are 300 road deaths/fatal crashes per year. For each death there are 10 serious injuries, with an estimated social cost of $776,000 per injury/person.

s 9(2)(f)(iv)

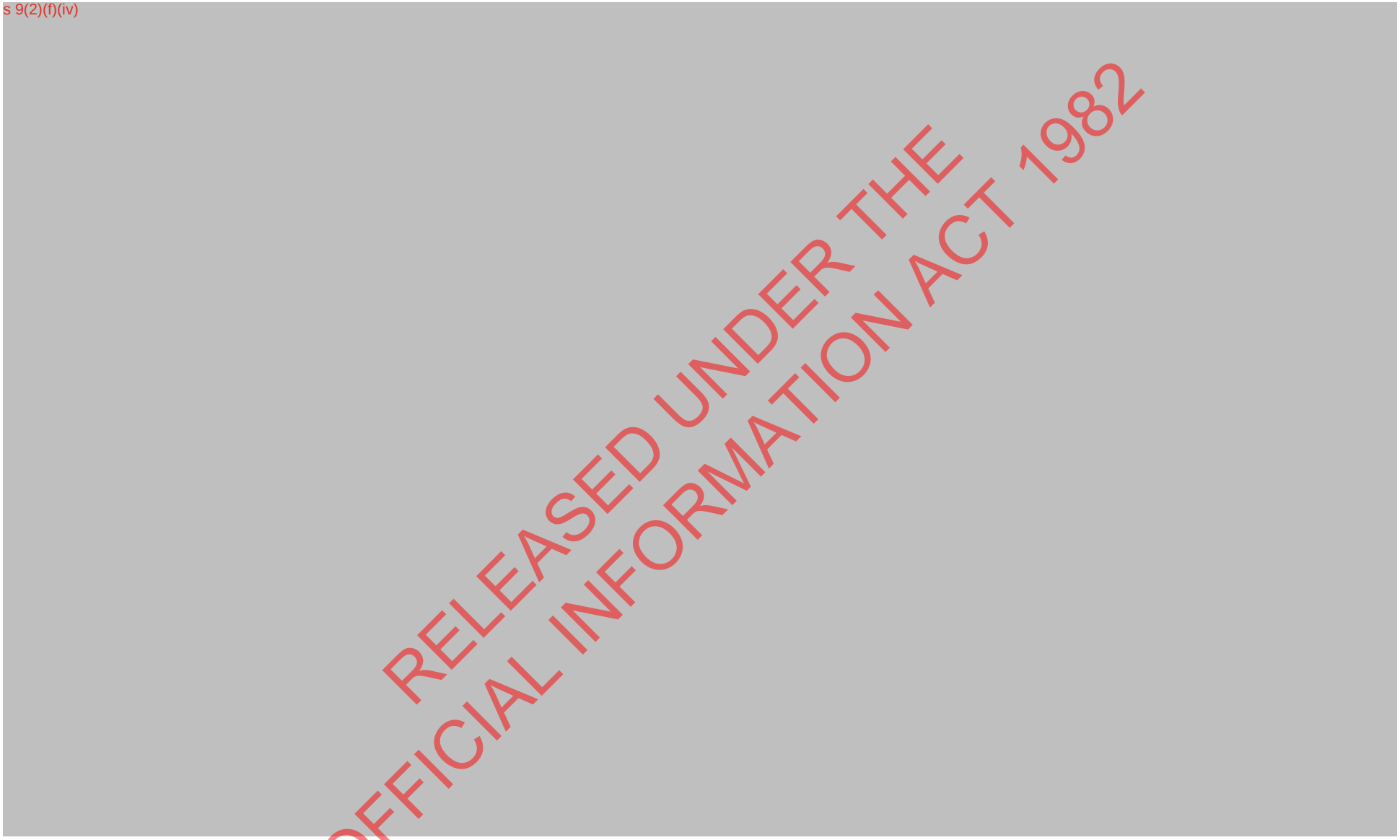
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The remaining pages of this document have been removed, as out of scope.

From: Amber McGovern-Wilson
To: Grace McKibbin; Rebecca Lloyd; Bridget Duley
Cc: Matthew Skinner; Carla Hemmes; Sam Harris; Daniel Cruden
Subject: RE: (Draft) June 2024 - Implications for other levies of removing FED
Date: Tuesday, 6 August 2024 4:59:43 pm
Attachments: image001.png
MBIE ACP feedback - Implications for other levies of removing FED.docx
Final ACC submission analysis report 2019-21 Levies (1).pdf

Kia ora,

Please find feedback from MBIE, which has been done in consultation with ACC.

We have made tracked comments on the attached, but also have a few other questions/comments in general:

s 9(2)(f)(iv)



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s 9(2)(f)(iv)

[redacted]

Would also appreciate talking through resourcing requirements and how best to engage Minister Doocey (noting he is of course also has the Associate Transport portfolio) but early conversations with the Office that this may be coming have indicated that we stick to our normal manner of engaging with him on ACC policy matters which involves deep dives (which could be a joint MBIE/ACC/MoT session) before any policy papers seeking decisions are sent to him.

With agreement from ACC, I have also attached the submissions analysis from a prior levy round where questions were asked regarding distance-based charging. Pages 33-35 speak to this topic.

Look forward to discussing further on Friday.

Nga mihi,
Amber

From: Grace McKibbin <G.McKibbin@transport.govt.nz>
Sent: Tuesday, July 23, 2024 4:36 PM
To: Amber McGovern-Wilson <Amber.McGovern-Wilson2@mbie.govt.nz>; Chloe Miller <Chloe.Miller@mbie.govt.nz>; Panayiotis.Matsis@acc.co.nz
Cc: Matthew Skinner <m.skinner@transport.govt.nz>; Carla Hemmes <C.Hemmes@transport.govt.nz>; Sam Harris <S.Harris@transport.govt.nz>; Daniel Cruden <D.Cruden@transport.govt.nz>
Subject: (Draft) June 2024 - Implications for other levies of removing FED

Afternoon all,

Please find attached a high-level background paper, which outlines the impacts of removing FED on other levies, mainly ACC and PEFML.

The options analysis is light on content about how each option would work in a future state, and we are looking for your thoughts on what this might look like, and what your preferred options might be. There are some further questions highlighted in the document where any input is welcomed.

We've also sent this to the MBIE Fuel markets policy team for comment.

Any further feedback on all aspects of the paper is appreciated by the end of next week (2 August), and we are happy to arrange a time for further discussion.

Please feel free to pass this on to anyone you might find helpful.

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Ngā mihi

Grace McKibbin (she / her)
Kaitohutohu | Advisor
Revenue
Te Manatū Waka Ministry of Transport
M: s 9(2)(a) | E: g.mckibbin@transport.govt.nz | transport.govt.nz

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Implications for other levies (ACC, LAFT and PEFML) of removing Fuel Excise Duty

Purpose of paper

To set out the implications of removing fuel excise duty (FED) for the other duties, taxes and levies that are included in the retail price of petrol and diesel.

Problem definition

There are several levies and taxes that are included in the retail price of petrol and diesel. These are FED, the Accident Compensation Corporation (ACC) levy, Petroleum or Engine Fuel Monitoring Levy (PEFML), and Local Authority Fuel Tax (LAFT). FED, the ACC levy and PEFML are currently collected by Customs when fuel is imported. While the intention is to remove FED, s 9(2)(f)(iv) This however raises the issue of whether Customs would remain the best option for collecting the ACC levy and PEFML. If a new approach was to be implemented, there needs to be thought given to what this might be and how it would work.

A notable concern of the removal of FED is the flow-on implications it may have for other Government agencies. s 9(2)(f)(iv) It is unclear exactly what other data is at risk and what the further implications for data collection is after the removal of FED.

Background

New Zealand collects a range of taxes, duties and levies on petrol and diesel to pay for various investments and activities. Most of this funding is collected by the New Zealand Customs Service (Customs) and passed through to various parts of the government. The key elements of this are:

- Fuel excise duty – 70.024 cents per litre, collected on all petrol at the point of import into New Zealand. Revenue from FED is placed into the National Land Transport Fund (NLTF) and use to find the maintenance and upkeep of the land transport network.

- Accident Compensation Corporation (ACC) levies, used to cover the cost of vehicle accidents and to invest in road safety initiatives. This is currently 6 cents per litre.

- Petroleum or Engine Fuel Monitoring Levy (PEFML) is mainly used to meet the Crowns compliance costs under the International Energy Agreement for oil stockholding, such as inspection and monitoring costs. This levy may also be used to meet some costs of the Energy Efficiency and Conservation Authority (EECA) under the Efficiency and Energy Act. This levy is currently set at 0.72 cents per litre.

- Local Authority Fuel Tax. This is not collected by customs. This levy is set at a rate of 0.66 cents per litre.

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Collection costs for these taxes are currently low in proportion to the amount of money collected. Customs charge $20,000 to collect the ACC levy and another $20,000 to MBIE for PEFML collection. Both these charges are low as Customs charges the Ministry of Transport an additional $150,000 to collect fuel excise and excise equivalent duties. Removing FED will therefore have implications for the collection of the other levies. How often, if at all is this charge reviewed?

Changes are coming to the way road users will pay for transport

The current land transport revenue system is a hybrid model of how road users pay for their usage. This is either through road user charges (RUC) (vehicles that are powered by a something other than petrol, and heavy vehicles weighing over 3.5 tonnes) or through FED, which is collected from the point of import or manufacture, and then recovered in the retail price of petrol paid by consumers.

Most light vehicles in the fleet (approximately 3.5 million) are petrol-powered and therefore subject to FED. The Government has indicated that it wants to move all vehicles into the RUC system, beginning on 1 April 2027. Should a fleetwide transition of all road users to RUC occur under the status quo, users would be paying taxes twice. To avoid this, the removal of FED is necessary.

Another factor in the decision to remove FED is that it leads to the most variability in amounts paid by each user. This variability comes from the different fuel efficiencies of the vehicle fleet. Road user charges is arguably a fairer way to collect revenue because users will pay based on the distance they travel rather than the fuel efficiency of the vehicle they own.

Given the collection approach, LAFT is out of scope

The removal of FED will have no further implications for the ongoing collection of LAFT, so this is being considered out of scope.

Local Authority Fuel Tax is levied at 0.66 cents per lite on petrol and 0.33 on diesel products. However, the LAFT is not collected by customs but is instead collected by local councils. LAFT is paid for by fuel companies based on the amount of fuel sold within a region. The collection of this tax involves fuel companies submitting a return at the end of each month which includes the quantity of each fuel product delivered and sold and the amount of tax to be paid.

Criteria for assessing options

The options identified for the levies being impacted by turning off FED have been assessed using criteria consistent with wider project principles. These criteria are:

- Effective – the levy can continue to be collected in sufficient amounts to deliver the purpose for which it was established.
- Efficient – collection costs are minimised (both initial costs to set up the system and ongoing collection costs).
- Acceptable – road users understand why they pay the levy, how to pay the levy and compliance costs are minimised.

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ACC Levy currently

It is expected in 2024/25, the estimated amount levies – or the amount of motor vehicle and liable earnings is 4,262,168, the forecasted revenue from this same timeframe is $488 million. Since the previous ACC levy consultation in 2021, it is expected the total forecast revenue over the three-year period from 2022 – 2025 is $1,431 million. How much of this comes from fuel alone?

Customs charged $20,000 in 2022/23 to collect $207m from ACC. This charge is low as customs also charges $150,000 to collect fuel excise and excise equivalent duty that goes into the national land transport fund.

This levy feeds into the Motor Vehicle Account. It is used for all personal injuries that have occurred from accidents involving moving vehicles, or a stationary vehicle that has been struck by another vehicle in some way. This only applies to accidents that have occurred on public roads.

Funds for the Motor Vehicle Account are paid via:

- Vehicle license fees – the levy is part of registration costs
- The price at the pump – 6 cents per litre on petrol (hybrid electric vehicles have been classed as petrol vehicles and will pay this in addition to their rego)
- For those that do not use petrol, the entire cost of the levy is included in registration fees.
- Mopeds, motorcycles, and scooters pay higher registration fees to reflect the increased risk of accidents. $25 from these fees goes towards the funding of motorcycle initiatives.

The rate of these levies is set out in section 214 of the Accident Compensation Act 2001.

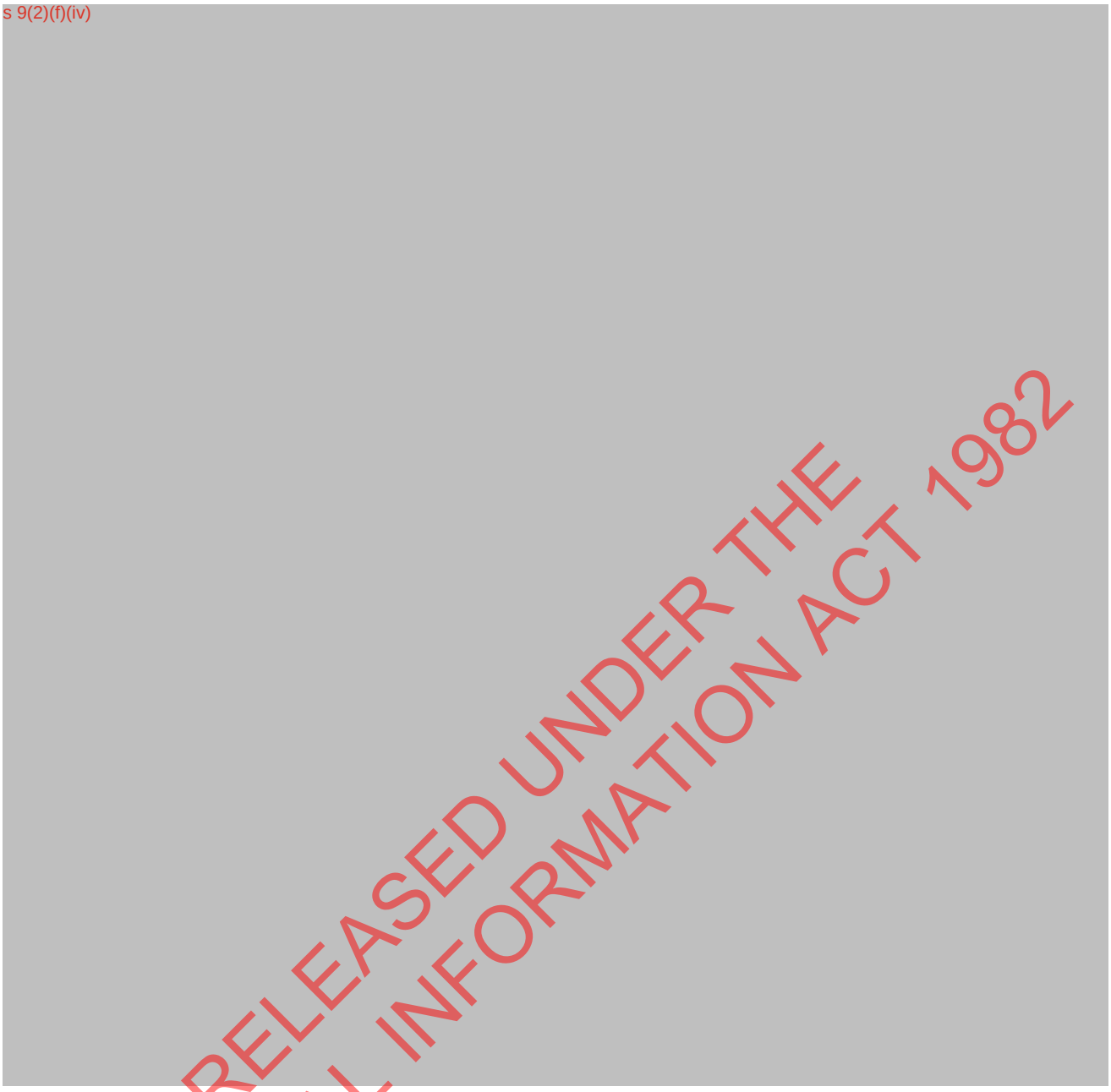
The money ACC collects pays for injuries sustained on a public road involving a motor vehicle. ACC is required to pay for the 'lifetime costs' of injures. In the case of a serious accident, this could mean ACC supports someone for the rest of their natural life. = On average there are 300 road deaths/fatal crashes per year. For each death there are 10 serious injuries, with an estimated social cost of $776,000 per injury/person.

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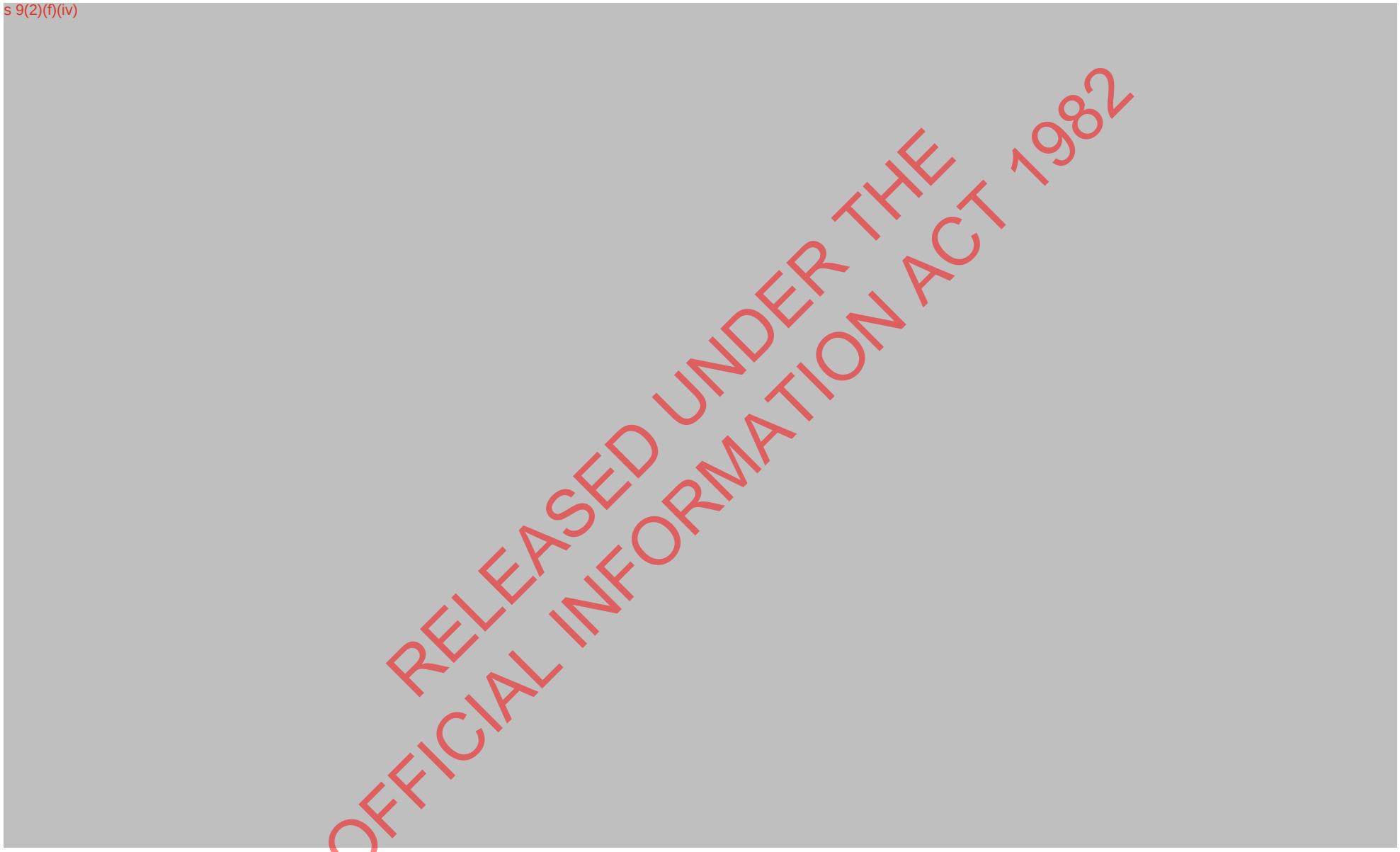
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Remaining part of this document removed as out of scope.

From: Carla Hemmes
To: Dominic Cowell-Smith
Cc: Matthew Skinner
Subject: Question re ACC levies from Ministers meeting with vehicle stakeholders
Date: Thursday, 12 September 2024 3:30:00 pm
Attachments: image001.png

Hi Dom,

A question has come through via Paul from the stakeholders meeting this morning – apparently the AA raised the matter of ACC levies and whether there is a better approach to fuel consumption as a proxy for risk.

Here's a few points in response that may be useful for the Office...

There has been a lot of conversation over the years about fuel use as a proxy for risk (i.e. the 6 c/L collected), and whether distance-travelled would be a better proxy for risk exposure.

We have been in conversation with ACC about the transition to RUC, and the implications for their levy collection. A fleetwide RUC system does provide an opportunity for distance-based ACC levies.

MBIE have recommended to Minister Doocey they include enabling provisions within the Accident Compensation Act 2001 to enable a transition to collecting ACC levies (in whole or part) through a distance-based charging model. This would be a technical matter for inclusion in the upcoming Accident Compensation (Scheme Boundaries and Other Matters) Amendment Bill. The intent here is to give permission for ACC to do more work on this, and ultimately for their Board to make decisions accordingly. (One of the things they'll be paying particular attention to is compliance rates for RUC, as that could present risks to revenue stability.)

In relation to the AA's involvement... they have been included in the stakeholder reference group for the fleetwide transition to RUC, and implications for other levies could be something that comes up down the track. But otherwise, it would be for them to talk to ACC about this if they had any specific concerns or ideas. Useful to know there is support for what we're currently thinking though.

Happy to discuss if useful, or if that doesn't quite make sense!

Cheers
Carla

Carla Hemmes
Kaitohutohu Matua | Senior Adviser
Revenue Team
Te Manatū Waka Ministry of Transport

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Document 8

From: Carla Hemmes
To: Revenue
Subject: FW: OC241152 Transitioning the fleet to RUC and removing FED - Briefing - Policy (6)
Date: Wednesday, 30 October 2024 3:01:46 pm
Attachments: OC241152 Transitioning the fleet to RUC and removing FED - Briefing - Policy (6).docx

Attachment withheld in full under section 9(2)(f)(iv)

Hi All,
Sending this to the team, so whoever wants/needs to be across it can be!
Matt will talk to Brent about if/when we send it over to NZTA again.
Cheers
Carla

From: Carla Hemmes
Sent: Wednesday, October 30, 2024 1:56 PM
To: Matthew Skinner
Cc: Huan Lan Yap
Subject: OC241152 Transitioning the fleet to RUC and removing FED - Briefing - Policy (6)

Hi both,
Attached is an edited version of the paper, with feedback incorporated (from this morning's conversations, and Brent's points which I think were, in the main, to include a summary of the scenarios in the body of the paper, and better explain the revenue risk and how that connects to compliance).
I've left tracked changes in. I don't recall if there were suggestions made for changes to the Recs....so I haven't altered them. Let me know if I should though.
(In TARDIS here https://tardis.transport.govt.nz/otcs/llisapi.dll/app/nodes/194103317)
Does anyone else need to review this before sending to the Minister's office?
Cheers
Carla

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From:	Carla Hemmes
To:	Grace McKibbin; Huan Lan Yap; Andrew de Montalk; Matthew Skinner; Sam Harris; Jonathan Petterson
Cc:	Daniel Cruden
Subject:	handover notes - removing FED and impact on other agencies
Date:	Friday, 22 November 2024 1:33:06 pm
Attachments:	Handover notes CH_Ongoing matters re removing FED_Nov 2024.docx image001.png

Hi RUC team,

Attached are some notes on matters to do with removing FED where we have engaged/will need to engage other agencies.

Not sure who needs to care about this stuff, feel free to fwd as required.

Cheers

Carla

Carla Hemmes
Kaitohutohu Matua | Senior Adviser
Revenue Team
Te Manatū Waka Ministry of Transport
M s 9(2)(a) | E: c.hemmes@transport.govt.nz | transport.govt.nz

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Notes from working with other agencies on impact of removing Fuel Excise Duty, and Regional Fuel Tax.

November 2024

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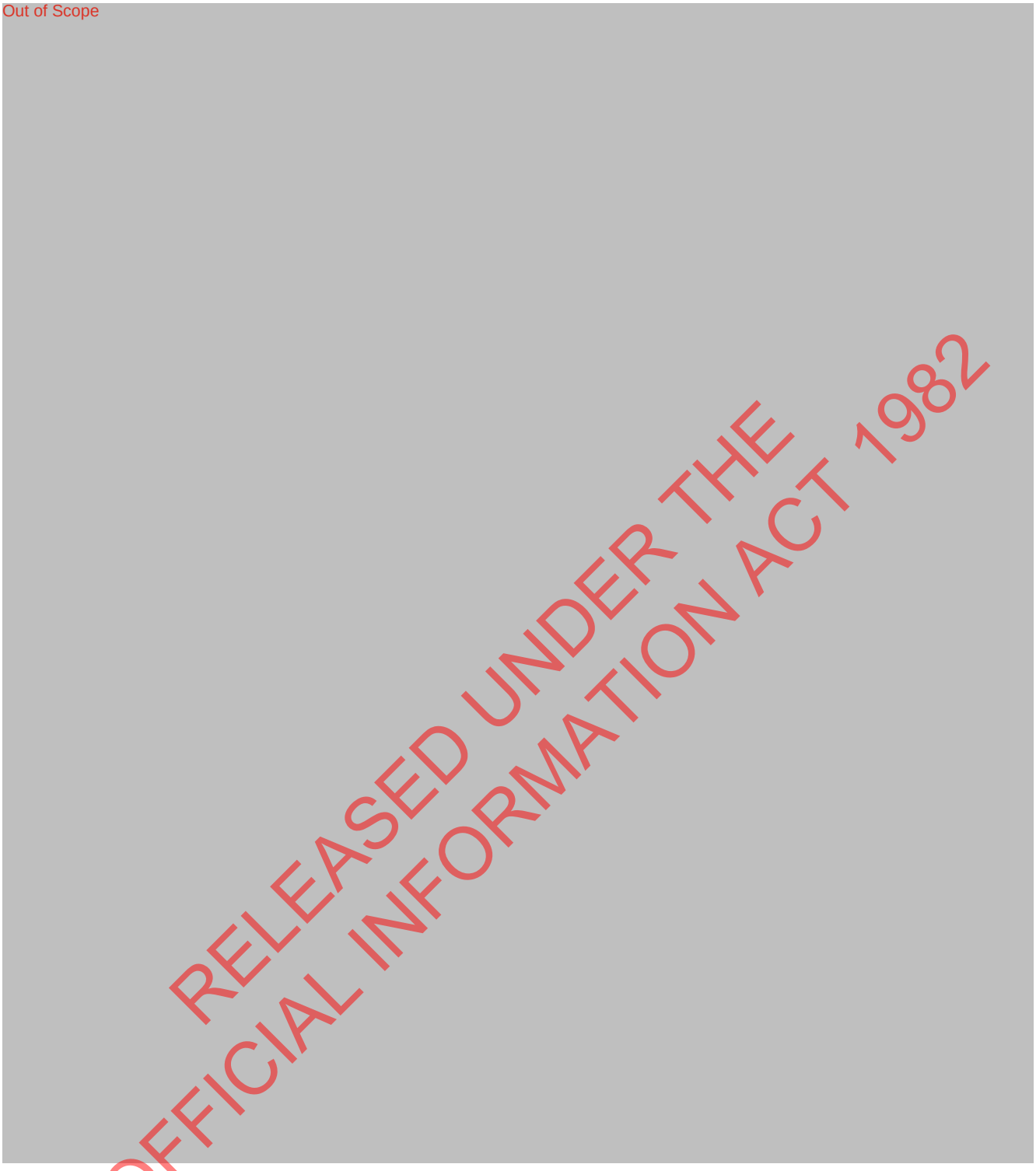


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5. Impact of removing FED on ACC levies, and plans to move ACC levy to RUC

We will need to keep the MBIE policy team responsible for ACC policy across the changes and plans for transitioning to RUC. ACC have been talking about moving their levy from 6c/L on petrol to a distance-based approach for years, and moving the whole fleet to RUC provides an opportunity for them to move to distance-based charging too.

s 9(2)(f)(iv)

s 9(2)(f)(iv)

[redacted]

MBIE (ACC Team) contact	
Amber McGovern-Wilson (Principal Advisor Accident Compensation Policy Team)	Amber.McGovern-Wilson2@mbie.govt.nz
Bridget Duley (Manager Accident Compensation Policy Team)	Bridget.Duley@mbie.govt.nz
Rebecca Lloyd (Advisor Accident Compensation Policy Team)	rebecca.lloyd@mbie.govt.nz
ACC contact	
Panayiotis (Pan) Matsis, Senior Policy Advisor, ACC	Panayiotis.Matsis@acc.co.nz

- Folder in TARDIS: 41 - Implications for other levies

Out of Scope

[redacted]

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Defining the scope of light RUC vehicles for fleetwide transition

Purpose of this paper

The purpose of this paper is to consider the light petrol vehicles that will pay road user charges (RUC) when they are not paying fuel excise duty (FED). Specifically, it examines whether petrol vehicles weighing less than 1,000 kg (e.g. motorcycles and mopeds) should be required to pay RUC when they are no longer required to pay FED. This paper does not consider how very light cars weighing under 1,000 kg will be treated.

Background

The Road User Charges Act 2012 (the Act) aims to impose charges on RUC vehicles for their use of the roads in proportion to the costs individual vehicles generate.[1] What these costs are exactly, is not spelt out.

All RUC vehicles must have a RUC licence to legally operate on the road network, and a properly fitted and working distance recorder. A distance licence must be issued for the vehicle which shows the minimum and maximum distances included in the licence. All RUC vehicles must also have a RUC vehicle type and RUC vehicle weight.

Current scope of light RUC vehicles

Light RUC vehicles include light EVs but excludes very light EVs

RUC vehicles can broadly be divided into heavy RUC vehicles or light RUC vehicles.

A heavy RUC vehicle is a motor vehicle or trailer with a gross vehicle weight (GVM) of more than 3,500 kg. A light RUC vehicle means a motor vehicle with a GVM of 3,500 kg or less and with motive power that is not wholly derived from petrol.

Light RUC vehicles, by definition, include light electric RUC vehicles but do not include very light electric RUC vehicles. A very light electric RUC vehicle is a RUC vehicle with a GVM of 1,000 kg or less and motive power wholly or partially derived from an external source of electricity. These include electric motorcycles and mopeds of which there are approximately [2,000] in the fleet.

A key issue for this paper is whether petrol motorcycles and mopeds should similarly be excluded from paying RUC when they are no longer required to pay FED.

RUC vehicles can also be exempted from paying RUC

Certain types of RUC vehicles are also not required to pay RUC through the exemption regime under the Act. RUC vehicles may be exempted because:

- they belong to a class of vehicles whose purpose or design means they are unsuitable for regular road use (for example, ATVs (including electric ATVs))

[1] Section 3 Road User Charges Act 2012

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- They are light diesel vehicles that are used almost exclusively off-road for specified purposes such as agriculture, search and rescue and tourism. These light RUC vehicles may be eligible for a permanent exemption from paying RUC

Details of the exemption regime are in Annex One.

Why very light electric RUC vehicles do not pay RUC

The Ministry of Transport advised that very light electric RUC vehicles (very light EVs) be exempted for the following reasons:[2]

- There are a very small number, very light EVs are only a small portion of the overall fleet
- Many of these vehicles likely do not have adequately working odometers, which will subsequently make the RUC collection process more difficult and inaccurate
- Some very light EVs are likely to be used off-road regularly, these vehicles will be eligible for off-road refunds – a manual and time-consuming process.
- Diesel motorcycles are not charged RUC – the exemption aligns with this
- To incentivise uptake of these vehicles.

While very light EVs are not required to pay RUC, when all vehicles are brought into the RUC system, it would be difficult to justify the inequities between equivalent vehicles[3]. Motor vehicles that only use petrol as their main source of fuel do not currently pay RUC. Instead, they pay fuel excise duty (FED) of 70 cents per litre.

As of October 2024, there are184,622 registered motorcycles of which the majority are petrol or petrol hybrid (184,340), 3 are diesel and 250 are electric (0.1%). There are 30,820 registered mopeds. 28,141 are petrol or petrol hybrid, 1803 are electric (5.85%) and 1 is diesel.[4]

Annual contributions by vehicle types specifically (such as mopeds, motorcycles and ATVs) cannot be measured directly – as there is no tracking of which type of vehicles are being filled up at the pump. Estimates based on engine capacity <60cc, and 60+cc can be measured.

Fuel used and estimated FED paid by mopeds and motorcycles in the year ended December 2021 has been analysed. This period was used as FED prices were stable across the year and are comparable to current prices. In December 2021, FED paid for by mopeds and motorcycles is estimated to be $0.9m to $1.0m for <60cc engines and $12.0m to $14.0m for 60+cc engines.

Setting of RUC rates

Motorcycles and mopeds would pay a lower RUC rate than the current light vehicle RUC rate if using methodology for setting light RUC rates

When RUC was originally developed in the 1970s, there were very few light diesel vehicles[5] and the primary consideration in the design of RUC was, and still is, to account for the

[2] The Road User Charges (Light Electric RUC Vehicles) initial departmental briefing for the Transport and Infrastructure Select Committee
[3] Road User Charges Amendment Bill Cabinet paper (OC240101)
[4] New Zealand motor vehicle register statistics. It is important to note that these numbers reflect the total of registered motorcycles and mopeds. Included in these totals are vehicles that have a current exemption licence or are unlicensed.
[5] In 1989, the earliest figure we have, but more than 10 years after the introduction of RUC, there were less than 6,500 light diesel vehicles in New Zealand. There are now around 700,000 (CHECK).

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disproportionate damage to roads caused by heavy vehicles such as trucks and buses. Because all light vehicles do almost no damage to the road network and have the same fixed costs for infrastructure (such as road markings and signs), all light RUC vehicles pay the same RUC rate of $76 per 1,000 km (incl GST).

Since 2012, the amount of RUC paid by light RUC vehicles (except light PHEV) has been set so it is equivalent to that paid in FED by a petrol vehicle consuming the average amount of fuel (9.5l/100km[6]). Petrol vehicles with a fuel consumption more than 9.5l/100km will pay more FED to use the road network than vehicles that pay RUC, and those that use less than 9.5l/100km will pay less.

Very light petrol-powered RUC vehicle owners benefit from the road network and do currently contribute to its upkeep and common costs. We estimate an average motorcyclist contributes around $75 per year in FED. That would translate to a RUC rate of around $30 per 1,000 kilometres, which is less than the 'common costs' component of the light RUC rate (around $60).

Problem definition

To require light petrol cars to pay RUC instead of FED, the definition of a "light RUC vehicle" in the Road User Charges Act 2012 must be amended to include petrol motor vehicles weighing 3,500 kilogrammes or less. This would include petrol motorcycles and mopeds – unless they are excluded from the definition of a "light RUC vehicle" (like very light electric RUC vehicles were during the EV transition) or electric motorcycles and mopeds are brought back into the RUC system.

Objectives and Criteria for assessing options

- Ease of compliance – Very light vehicle owners use the new system. Owners know what they are paying and why they are paying it. Compliance costs are minimised.
- Administrative Efficiency – Administrative simplicity where costs are minimised in both the initial set up and the ongoing collection costs.
- Fairness: The same vehicle types/weights are paying the same rates for their road use.

Setting out and analysing options

Without changes to the legislation, petrol motorcycles and mopeds (very light vehicles) will be subject to the same RUC rate of a light vehicle, such as a passenger car. Very light EVs have already been carved out from the light RUC definition.

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[6] The figure is based on the amount of fuel sold and distance travelled recorded at warrant of fitness inspections for the whole petrol vehicle fleet in 2011, the year before the Act was last amended. Because it is based on real world data, this figure is not related to, and cannot be directly compared to, the figures produced by vehicle manufacturers using prescribed test cycles.

Submissions to the Select Committee

The Road User Charges (Light Electric RUC vehicles) Amendment Bill (the Bill) provided a smoother transition for light EVs into the RUC system after the exemption expiry on 31 March 2024. As part of this process, there were 513 submissions on the matter. It was recommended in the Bill that very light electric vehicles remain exempt from RUC rates after 1 April 2024. The specific amendments regarding very light vehicles include definitions for:

- Very light electric RUC vehicle
- light electric RUC vehicle, so the gross vehicle mass of that vehicle is greater than that of a very light electric RUC vehicle
- light RUC vehicle, by excluding very light electric RUC vehicles.

Excluding very light electric vehicles was well supported by those who provided a submission. Motor Industry Association, Drive Electric and Imported Motor Vehicle Industry Association supported defining 'very light electric RUC vehicle' at the 1000kg weight limit.

One submitter raised concerns over the definitions of a light RUC vehicles and a very light RUC vehicle. This submitter stated that a permanent exemption of very light electric vehicles under 1000kg is not consistent with the principle of fairness, but they should remain exempted until 2030 to encourage the up take of these vehicles. Officials made no changes based on these submissions.

The Minister indicated at the first reading of the Bill that this exemption for very light vehicles is a temporary measure while work is being done to assess how all vehicles can be brought into the RUC system.

Vehicles that are not being considered

Under section 168A of the Land Transport Act, if a vehicle or a type of vehicle has a motor which has a maximum output that is less than 300 watts, or is between 301 and 600 watts, NZTA can declare it is not a motor vehicle. The following vehicles have been declared as not being motor vehicles:

- E-Scooters
  - Comprised primarily of a footboard, two or three wheels which do not exceed 355mm in diameter, a long steering handle, and have one or more electric auxiliary propulsion motors not exceeding 300w.
- Power – assisted cycles
  - A pedal cycle which is attached to one or more auxiliary propulsion motors and having a combined maximum power not exceeding 300w
- YikeBikes
- Mobility devices
- Paxters – there are very little in the fleet (around 400 that are only used by NZPost

E-Scooters and Power – assisted cycles which have a motor output greater than 600w cannot be registered and licensed as they do not meet the requirements of being registered as a moped.

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NZTA

NZTA considered what very light electric vehicles may be subject to RUC during the transition of light electric vehicles to RUC. The vehicles that are captured by the current definition of a very light electric RUC vehicle include:

- NZ Post's Paxters
- Electric All Terrain Vehicles (E-ATVs)
- Electric Mopeds
- Electric Motorcycles.

Mopeds

A moped has two or three wheels, does not exceed 50 km per hour and has an engine cylinder capacity of up to 50 cc or – a power source other than a piston engine. These are designed to be used primarily on-road, but do not travel at motorway speeds. Mopeds must be registered and licensed – however they are not required to have regular WoF inspections. Not all will have an adequately working odometer, owners of mopeds without can pay to get them installed. This is important to consider if mopeds are to be included in the RUC system. They would not undergo the regular compliance checks that light vehicles go through when they get a WoF. It may be worth considering an increase to their annual rego fees, so they are still contributing their fair share to the roading network, while minimising the burden of user compliance.

As of October 2024, there are 28,141 petrol or petrol hybrids 1 diesel and 2,659 electric registered mopeds.

Motorcycles

Motorcycles have two wheels, or no more than three when fitted with a side car, an engine which exceeds 50 cc and maximum speeds exceeding 50km per hour. These vehicles are fitted with odometers and must be regularly inspected for a WoF. Any increase to on-road costs is likely to be met with pushback from motorcyclists who already face high annual fees, as explained below. An annual increase to rego fees will likely not be an appropriate method of applying RUC.

Classifying mopeds and motorcycles

There are two classes of mopeds and three classes of motorcycles. RUC is not paid by diesel and electric very light vehicles, petrol equivalents pay FED. All motorcycles are expected to pay ACC levies. Petrol vehicles will pay a portion in the rego fee and at the pump. Diesel and electric vehicles will pay the levy in a lump sum as a part of the rego fee.

There are three classes of very light vehicles which determine the amount paid in ACC levies as of 2024:

	Petrol (+ 6c per litre at the pump)	**Non-petrol**
Mopeds and scooters	$124.33	$137.95
Motorcycles under 600cc	$322.91	$336.53
Motorcycles over 600cc	$422.18	$435.80

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Common costs

The purpose of the RUC system is to recover revenue in proportion to the cost generated by each vehicle on the roading network. For example, heavy vehicles such as trucks will incur significantly more damage on the road than a light car would, so the truck will have higher RUC rates in comparison The variation of RUC rates based on increasing weight accounts for the damages incurred on the roading network. Mopeds and motorcycles incur even less damage on the roads, which has been some of the rationale for exempting very light EVs from paying RUC.

It would be appropriate for very light EVs to be subject to RUC rates despite the lack of damage they cause on the roads. This is consistent with petrol very light vehicles which have always been contributing to the NLTF through FED without any exemptions.

As road users, all very light vehicles should be contributing to the common costs that are necessary for their safety on the roads and the general running of the transport system not affected by vehicle weights. This includes roading infrastructure, such as signage, investments in public transport, and the overall drivable quality of the roads after age- or weather-related events.

Wider issues

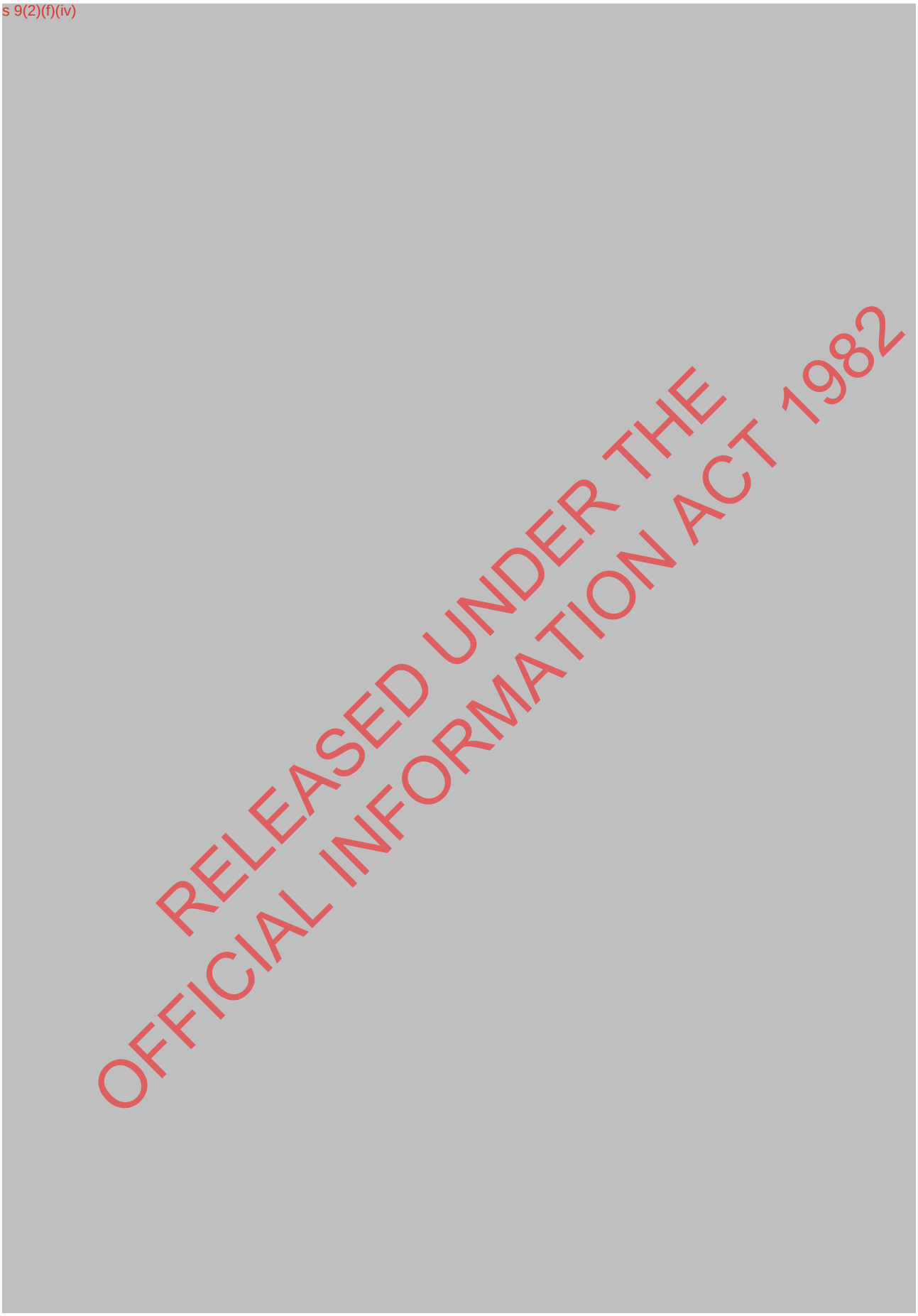
- Mopeds
    - Not required to have annual WoF checks, and not all are likely to have adequately working odometers. This means they would not undergo regular checks by a third party and readings are not sent to NZTA to find discrepancies.
    - Unfair to charge RUC only on mopeds with adequate odometers – creates an incentive to remove them.
- Creating different classes of very light vehicles
    - There are no classes for light vehicles – just one weight band, why should it be different for very light vehicles?
- Introducing very light vehicles to RUC would rely on owners to be honest and comply with the system.
    - This is made more difficult with the different requirements across the very light vehicle fleet.

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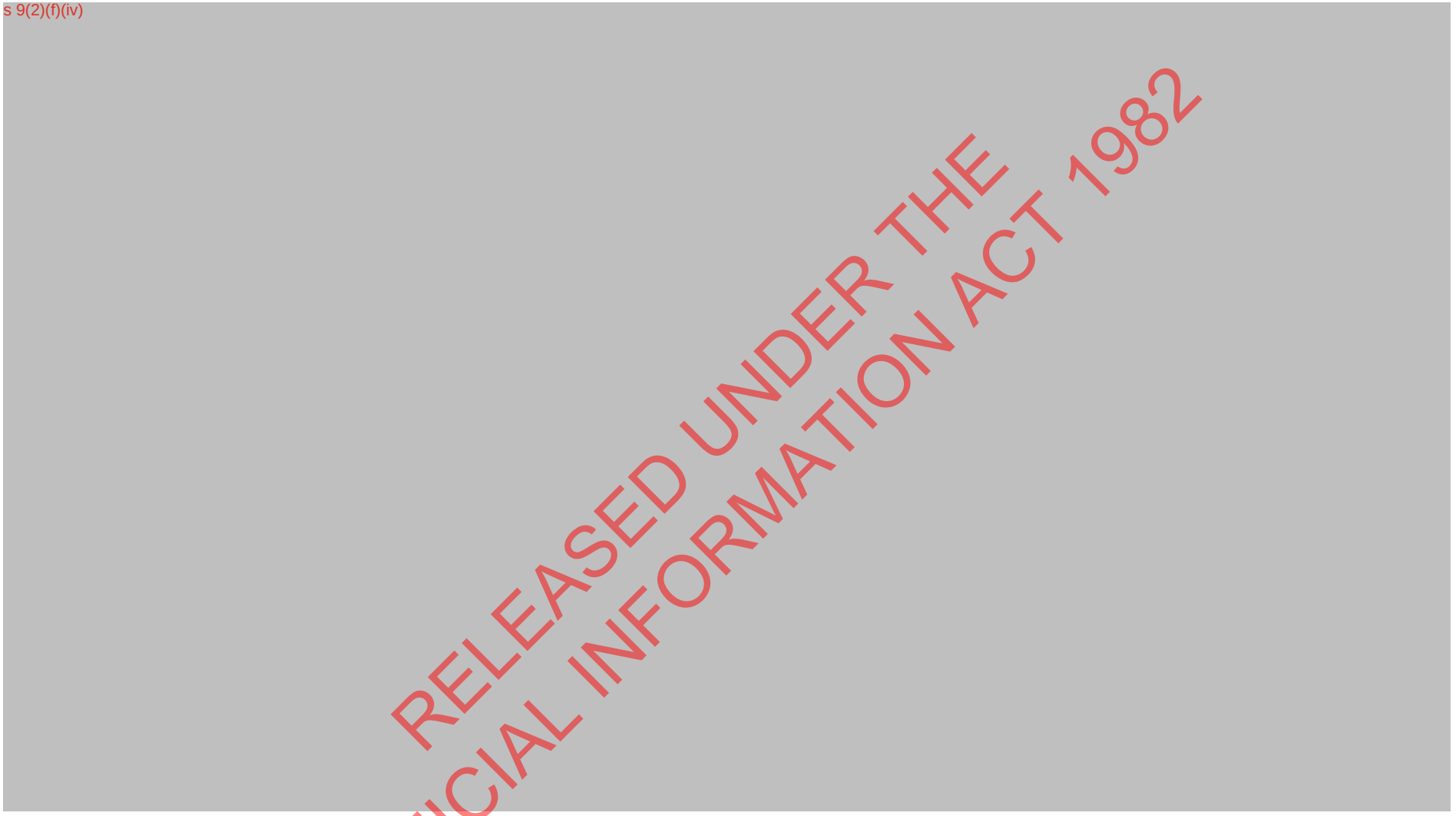
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Appendix One: RUC exempt vehicles

exempt vehicle means the following vehicles or classes of vehicle in respect of which road user charges are not payable:

(a) a trailer with a gross vehicle mass of 3 500 kilograms or less:

(b) any of the following for the period of the applicable exemption in respect of the vehicle or class of vehicle:

(i) light electric RUC vehicles exempted by an Order in Council made under section 37:

(ia)heavy electric RUC vehicles exempted by an Order in Council made under section 37A:

(ii)any 1 or more classes of RUC vehicles specified by an Order in Council made under section 38:

(iii)a particular RUC vehicle exempted by the RUC collector by notice in the *Gazette* under section 39:

(iv) a light RUC vehicle exempted by the RUC collector under section 40

These include:

- Section 37A – Heavy electric RUC vehicles
    - This exemption ends 31 December 2025
- Section 38 – RUC vehicles unsuitable for regular road use
    - This exemption is necessary when the purpose and design of the vehicle is not for regular road use
    - Paying RUC would impose compliance costs that are disproportionate to the to the amount of road use that is likely
- Section 38A – RUC vehicles not required to be registered
    - This is all vehicles that are not required to be registered under the Land Transport Act 1998
    - No liability arises from these vehicles being unregistered
- Section 39 – Particular RUC vehicles unsuitable for regular road use
    - Can be granted to any vehicle where the purpose or design is not for regular road use
    - Can be granted where paying RUC would impose compliance costs that are disproportionate to the amount of road use that is likely.
- Section 40 – light RUC vehicles operated almost exclusively off-road
    - Owners of light RUC vehicles may apply for a RUC exemption if the vehicle is used primarily off-road.

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Vehicles exempt under Section 38A

Under the Land Transport Act 1998, it is an offence for a vehicle to be operated on a public road without a current registration. Certain unregistered vehicles may have a defence if they are used under specific requirements. These are set out in section 77 (3) of the Land Transport (Motor Vehicle Registration and Licensing) Regulation 2011. Examples of these vehicles are trailers attached to RUC exempt vehicles being used for agricultural or industrial purposes, official vehicles of a visiting military force, or a vehicle being towed without the use of its own power as a one-off occurrence.

Specific vehicle exemptions

Under section 39, the RUC collector – being NZTA, can exempt a particular vehicle from the requirement to pay RUC by notice in the gazette. The exemption may be granted if the design and purpose of the vehicle is not suited for on-road usage, or compliance costs would be disproportionate to the anticipated amount of on-road use. An example of this is the exemption of Yike Bikes, which NZTA declared as not a motor vehicle in 2014.

Numbers of registered mopeds, motorcycles and 'other' vehicles To be rechecked (hybrids)

Mopeds:

	PETROL	DIESEL	ELECTRIC	TOTAL
LICENSED	13407	1	1803	15211
ON EXEMPTION	9166	0	377	9543
UNLICENSED	5568	0	479	6047
TOTAL	28141	1	2659	30801

Motorcycles:

	PETROL	DIESEL	ELECTRIC	TOTAL
LICENSED	74578	0	163	74741
ON EXEMPTION	86242	2	46	86290
UNLICENSED	23520	1	41	23562
TOTAL	184340	3	250	184593

'other' vehicles:

	PETROL	DIESEL	ELECTRIC	TOTAL
LICENSED	7367	22075	1646	31088
ON EXEMPTION	1146	2279	44	3469
UNLICENSED	2283	3203	145	5631
TOTAL	10796	27557	1835	40188

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RUC Transition Policy Analysis

Topic:	Definition of a light vehicle
Primary author:	Grace
Date:	06/01/2026

This paper should be a stand-alone, complete document that is no longer than 5 pages in length and should reference the specific sources of statements/data.

Issue/topic

If there are no further changes to the definition of the light RUC vehicle other than an inclusion of petrol vehicles, all light vehicles (incl. mopeds, motorcycles and Paxsters) will be subject to the same RUC rate.

To transition petrol vehicles to RUC, the definition will need to be amended. This provides an opportunity to assess what vehicles are included in the RUC system and how/what they pay.

Wider context

The current definition of a light RUC vehicle:

- means a motor vehicle with a gross vehicle mass of 3 500 kilograms or less and with motive power that is not wholly derived from petrol; and
- includes a light electric RUC vehicle; and
- does not include a very light electric RUC vehicle

Electric vehicles less than 1000kg have been carved out of the definition of a light RUC vehicle as costs of collection would likely outweigh the revenue generated.

There are several outstanding issues with the inclusion of very light vehicles, particularly mopeds and motorcycles.

Mopeds and motorcycles cause little to no damage on the roading network, but it would be reasonable to subject them to RUC rates on the basis of common costs, as they do benefit from roading infrastructure and non-wear related maintenance. These vehicles currently contribute to such costs through FED. However, what this rate might look like in comparison what they currently contribute is subject to further consideration.

It is possible to exempt specific vehicles from RUC and instead require them to contribute to the system through higher vehicle licencing fees. This is an established approach under section 269A of the Land Transport Act 1998. Additional fees are currently applied to tractors which are capable of speeds over 40km per hour, and to trade plates used on heavy vehicles.

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Mopeds must be licenced and registered but are not legally required to undergo a regular WoF check. They are designed for on-road use, typically with top speeds of 50km/ph but are not permitted on motorways. It is unknown if all mopeds have accurate and functional odometers. As of 31 December 2024, there were 30,133 registered mopeds. 27,459 of these are petrol or petrol hybrid, 2,659 are electric or electric hybrid and 15 use another fuel source.

Issues: Mopeds are not required to undergo the regular compliance checks like other RUC vehicles. How compliance will be checked is unknown.

Motorcycles have an engine capacity over 50cc and can travel at motorway speeds. These vehicles are fitted with odometers and must have regular WoF inspections. As of 31 December 2025, there were 189,324 registered motorcycles. Of this, 188,967 are petrol or petrol hybrid, 327 are electric or electric hybrid and 30 use another fuel source.

Issues: Motorcycles already face high annual rego costs with ACC levies. Motorcyclists have previously pushed against increases. A 12-month licencing fee of $442.41 for a petrol 0-60cc motorcycle, while in comparison, a moped is $196.21 for the same period.

NZ Post Paxsters can only be operated by NZ Post. There are roughly 400 paxsters which are required to be registered, licensed and undergo a regular WoF. To our knowledge, paxsters will be phased out, with NZ Post retiring each vehicle from the fleet as they become irreparable.

Vehicles out of scope

These vehicles have been declared as not being motor vehicles.

Power-assisted Cycles (Declaration Not to be Motor Vehicles) Notice 2013

Yike Bike (Declaration Not to be Motor Vehicles) Notice 2014

E–Scooters (Declaration Not to be Motor Vehicles) Notice 2023

Way forward

Gaps:

- A suitable rate, and how this is calculated is TBC
- The percent of the moped fleet that do not have accurate odometers

Assumptions:

- All light passenger vehicles are transitioned to RUC
- All RUC vehicles have accurately working odometers
- Electric/diesel/petrol very lights will be treated the same

Principles:

- RUC collection is efficient. The costs do not outweigh the benefits
- Those who use the network are the ones paying for it. Other road users are not expected to off-set revenue loss.
- Users can comply with RUC without facing unreasonable costs.

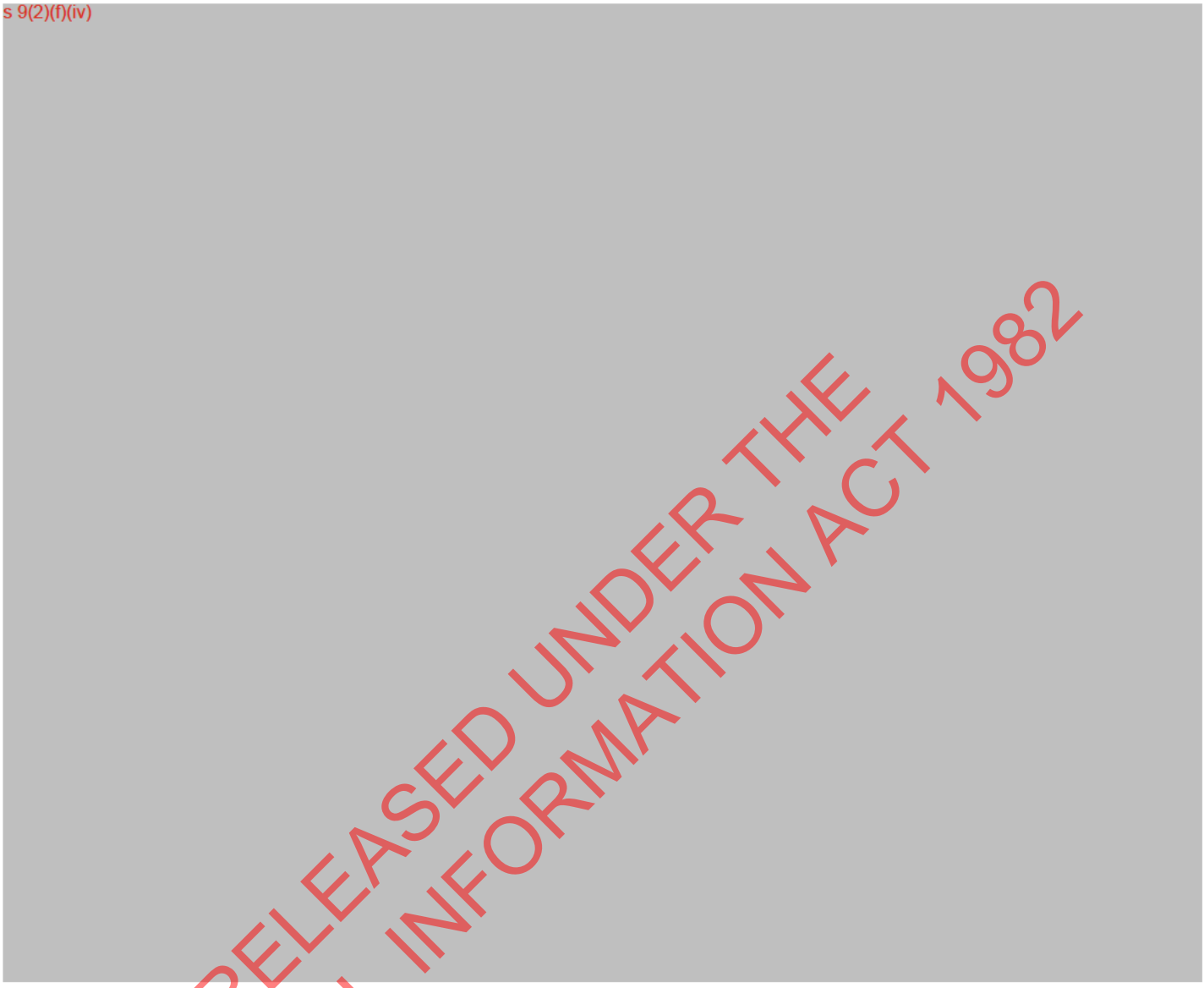
Trade-offs:

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Ensuring revenue protection is difficult when compliance/enforcement is minimal.

Charging these vehicles a fair amount may look different to their current FED contributions

s 9(2)(f)(iv)



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Key questions

1. What are the key questions that we should be asking and who should we be talking to?

Question	Which organisations and who should be involved?
Will ACC levies move to a distance-based model?	MBIE/ACC
Are there plans to require WoFs for mopeds?	MoT/NZTA

2. What additional analysis and/or second order policy questions will need to be considered?

OC260484

13 July 2026

s 9(2)(a)

Tēnā koe s 9(2)(a)

I refer to your email dated 3 June to the New Zealand Transport Agency (NZTA) requesting information under the Official Information Act 1982 (the Act). The following part of the request was transferred to the Ministry of Transport on 12 June 2026:

> "Please forward all relevant data NZTA used to calculate the proposed new RUC for motorcycles. Please forward all relevant data NZTA used to calculate the current RUC for non commercial vehicles."

We understand NZTA has clarified that this request relates to the annual vehicle licence fee, rather than road user charges. Our response provides information about the data relevant to this clarified request.

The annual vehicle licence fee is made up of a contribution to the National Land Transport Fund (the NLTF portion), ACC levies, an administration fee and GST. The NLTF portion is invested in maintaining and growing the land transport network and varies depending on vehicle type. The Ministry of Transport provides Ministers with advice on the NLTF portion of the fee as part of advice on funding activities set out in the Government Policy Statement on Land Transport (GPS).

In 2024, the NLTF portion for most light vehicles under 3,500 kg was $43.50 and had not been adjusted since 1994, including for inflation. As part of GPS 2024, the Government agreed to increase the NLTF portion. Based on inflation measured between 1994 and when the GPS 2024 was being formulated, Cabinet agreed to adjust NLTF portion to restore its approximate 1990s real value.

The NLTF portion for light vehicles was increased by $25 on each of 1 January 2025 and 1 January 2026, which was a 115% increase over two years. This resulted in the current NLTF portion of $93.50 for light vehicles. The NLTF portion for all other vehicle categories (e.g. motorbikes and trailers) was also increased by the same proportion as the light vehicle rate (115%). The following table sets out all increases. For motorcycles, the 115% increase over two years resulted in a fee of $52.50 for motorcycles from 1 January 2026.

Vehicle Type	Clause under Part 2 of Schedule 5	Current rate $	Jan 2025 (+57%) $	Jan 2026 (+115%) $
Most vehicles: ie not falling within any of the other categories	(8)	43.50	68.50 (+$25)	93.50 (+$25)
Motorcycles (not veteran or vintage)	(1)	24.50	38.50	52.50
Mopeds (not veteran)	(2)	14.50	23.00	31.00

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Vehicle Type	Clause under Part 2 of Schedule 5	Current rate $	Jan 2025 (+57%) $	Jan 2026 (+115%) $
Veteran motor vehicle (1918 and older)	(3a)	10.50	16.50	22.50
Vintage motor vehicle (1919 – 1931)	(3b)	19.50	31.00	42.00
Trailers (with load, less than 2000 kg)	(4)	24.50	38.50	52.50
Tractor or self-propelled agricultural machine	(5)	43.50	68.50	93.50
Traction engine (steam powered)	(6)	10.50	16.50	22.50
All-terrain vehicle (ATVs)	(7)	24.50	38.50	52.50
Trade plate for motorcycle or moped	(9)	24.50	38.50	52.50
Trade plate for any other vehicle	(10)	43.50	68.50	93.50

More information on these increases is available in the following documents:

Date	Document name	Decision on request
May 2024	Regulatory Impact Statement: An Increase in Annual Motor Vehicle Licence Fees	This document sets out the Ministry's key advice and analysis on this change and is publicly available at: https://www.transport.govt.nz/assets/Uploads/Regulatory-Impact-Assessment-Increasing-annual-vehicle-licence-fees-2024..pdf
15 April 2024	Proactive release of GPS 2024 documents	Useful sections include: Page 174, which summarises annual vehicle licensing fees and the rationale for change. Page 195, which records Cabinet's agreement to increase annual vehicle licence fees. This document is publicly available at: https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-1-12.pdf

If you would like to discuss this decision with us, please do not hesitate to contact us at OIA@mcert.govt.nz.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

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Please note that due to the public interest in our work, the Ministry publishes our Official Information Act

responses and the information contained in our reply to you may be published on its website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā



Jamie Kendrick
Manager Revenue
Ministry for Cities, Environment, Regions, and Transport

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