

Departmental Disclosure Statement

Road User Charges (Light Electric RUC Vehicles) Amendment Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Transport.

The Ministry of Transport certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

14 February 2024

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Part One: General Policy Statement

The Road User Charges (Light Electric RUC Vehicles) Amendment Bill (the Bill) provides for light electric RUC vehicles (light EVs) and plug-in hybrid electric vehicles (PHEVs) to pay road user charges (RUC) from 1 April 2024.

As background, RUCs apply to all heavy vehicles used on New Zealand roads and all light vehicles that use a motive power not wholly derived from petrol. This includes diesel vehicles and light EVs. However, light EVs have been exempted from the obligation to purchase RUC licences since 2009 to encourage people to purchase them.

The Bill amends the Road User Charges Act 2012 (the Act) to:

- require certain light EVs to have a RUC licence when the RUC exemption expires at the close of 31 March 2024; and
- allow for the setting of a reduced RUC rate for PHEVs. PHEVs, unlike other light EVs, pay fuel excise duty (FED) on any petrol purchased and, without a reduced RUC rate, would face higher taxation for their road use; and
- exempt very light electric vehicles (that have a gross vehicle mass of 1,000 kg or less) (very light EVs) from the payment of RUCs.

The Bill also amends the Road User Charges Regulations 2012 to add a new vehicle type (type 12) for PHEVs and amend the Road User Charges (Rates) Regulations 2015 to apply a reduced rate of \$53 per 1,000 kilometres for PHEVs. This rate has been calculated by estimating the average petrol consumption of PHEVs and the amount of FED paid per 1,000 kilometres.

The Bill amends the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004 to remove the ability of PHEV owners to claim refunds on any FED paid. This reflects that the reduced rate will be in place and ensure that PHEV owners will be paying roughly equivalent costs to owners of other light vehicles and avoids the need to rely on a time-consuming manual refund process.

The Bill also amends the Act to exempt very light EVs from the RUC system. The exemption is necessary because owners of those vehicles would otherwise face much higher costs through RUC than owners of equivalent petrol vehicles that pay FED. It also recognises that the costs of collecting RUC from these owners would likely outweigh the revenue collected.

The Bill also amends the definition of all-terrain vehicles (ATVs) in the Road User Charges (Classes of RUC Vehicles) Exemption Order 2012. Diesel ATVs are currently exempted on the basis that they are unsuitable for regular road use but the definition only applies to combustion engine vehicles. The new definition will also provide for electric ATVs and ATVs that use both kinds of power.

The Bill also amends the Act to put in place a two-month transition period beginning on 1 April 2024, during which vehicle operators will be relieved of liability for specific offences connected with the operation of a RUC vehicle without a RUC licence.

The Bill also makes several consequential amendments to various regulations and land transport rules to ensure that definitions and transitional arrangements are aligned.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	YES
The ministerial reports and briefings relating to “ <i>Driving change: Reviewing the Road User Charges System</i> ” public consultation are accessible on the Ministry of Transport website. The Ministry of Transport intends to also make available on its website Cabinet papers and other material relating to the policy decision relating to the RUC for light electric vehicles.	

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
N/A	

2.2.1. If so, was a National Interest Analysis report prepared to inform a Parliamentary examination of the proposed New Zealand action in relation to the treaty?	NO
N/A	

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
“Bringing light EVs into RUC”, Authoring agency: Ministry of Transport. The regulation impact statement can be accessed at www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system/	

2.3.1. If so, did the RIA Team in the Treasury provide an independent opinion on the quality of any of these regulatory impact statements?	NO
The RIS did not meet the threshold for RIA Team assessment. It was reviewed internally by the Ministry of Transport RIA review panel.	

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	NO
N/A	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
N/A	

2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	YES
The Ministry of Transport intends to publish the regulatory impact statement and other relevant documents at www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system/	

2.6. For the policy to be given effect to by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	NO
(b) the nature and level of regulator effort put into encouraging or securing compliance?	NO
N/A	

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?

The matters considered in this Bill are not relevant to New Zealand's international obligations.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?

The Bill is likely consistent with the principles of the Treaty of Waitangi.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?

YES

The Ministry of Justice is undertaking an assessment of whether the Bill is consistent with the New Zealand Bill of Rights Act 1990 and will provide advice to the Attorney-General. Transport officials advise that no substantial issues are likely to arise.

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:

(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?

NO

(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?

NO

The Bill does not create any new infringements or offences.

3.4.1. Was the Ministry of Justice consulted about these provisions?

YES

The Ministry of Justice Offences and Penalties team was consulted and they did not raise any issues.

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?

NO

N/A.

3.5.1. Was the Privacy Commissioner consulted about these provisions?

YES

The Privacy Commissioner made a submission to the consultation Driving Change (which included these changes) and did not raise any privacy concerns or privacy implications about EVs being subject to road user charges.

External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	YES
<p>In 2022, the Ministry of Transport conducted a public consultation on a range of matters relating to the road user charges system, including on EVs being subject to RUC. The discussion document asked 89 separate questions. Over 3000 separate responses were provided from over 100 submitters. Most submissions were received from the freight and trucking sectors.</p> <p>Submissions were mixed on the proposals in the Bill. Most submitters opposed the introduction of a partial rate for PHEVs, but it was not clear whether submitters understood that the purpose of the partial rate would be to ensure that PHEV owners would not have to pay higher costs than all other light vehicle owners.</p>	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	YES
<p>The New Zealand Transport Agency (NZTA) is the RUC collector. NZTA has been involved throughout the policy development process and has been developing an implementation plan to implement the Bill's provisions.</p>	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
N/A	

Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	YES
The Bill amends the Road User Charges Act 2012 to allow for partial RUC rates to be set in certain situations. This is only expected to be applied to PHEVs, because the owners are also contributing to the land transport revenue system through excise on any petrol paid. The partial rate is therefore necessary to ensure that PHEV owners do not face 'double' taxation or notably higher costs than owners of other light vehicles.	

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
N/A	

Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO
N/A	

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
N/A	

Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
N/A	

Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
N/A	

4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO
N/A	

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
N/A	