

Departmental Disclosure Statement

Road User Charges (Temporary RUC Reduction Scheme) Amendment Bill (No 2)

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 the 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.

13 February 2023

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Part One: General Policy Statement

Fuel prices throughout the world increased after Russia's invasion of Ukraine. High fuel prices are part of general increases in the cost of living that are affecting households and businesses. Fuel prices in New Zealand have decreased slightly from the high points seen in 2022, but they remain higher than before the invasion. The overall policy goal of this Bill is to offset some of the increase by reducing road taxes.

The Government has reduced petrol excise duty, levied on every litre of petrol imported or produced. There is no equivalent excise duty on diesel, and vehicles powered by a fuel other than petrol (or by a fuel not subject to excise duty) are subject to road user charges (RUC), which are based on distance travelled and are unrelated to fuel consumption.

Reduced rates of RUC ended at the close of 31 January 2023. This Bill aims to reinstate reduced RUC to provide relief to diesel vehicle owners equivalent to the relief that the reduction in excise duty gives to petrol vehicle owners. It does so by requiring the RUC collector (New Zealand Transport Agency) to apply a 36% discount to all legislated rates of RUC. That discount is equivalent to a 25-cents-per-litre reduction in petrol excise duty.

The discount is time limited (commencing on 1 March 2023 and ending on 30 June 2023) to ensure owners of diesel vehicles are treated similarly to the owners of petrol vehicles. The Bill contains a new power to continue RUC reductions through an Order in Council should the Government decide on further extensions past 30 June 2023.

RUC vehicle owners should only purchase the number of RUC units at the reduced rate that they would expect to use during the temporary reduction period. Section 42D of the Road User Charges Act 2012 contains a power to issue assessments for purchases that are excessive or unreasonable or that otherwise abuse the intent of the reduction. That power will continue to apply during the second temporary reduction period.

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 policy was developed in response to a rapidly changing international situation impacting the price of fuel. There are no relevant inquiries, reviews or evaluation reports relevant to the policy. Te Manatū Waka has completed a Post Implementation Assessment. Papers relating to decisions to implement the original reductions (in March 2022) have been released. There is an intention to release papers relating to the subsequent extensions, including this one.	

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
The Ministry of Foreign Affairs and Trade has advised removing/suspending/reducing an excise tax on fuel or road user charges would not constitute a “subsidy” under New Zealand’s international trade obligations, including fossil fuel subsidy obligations/commitments.	

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	NO
This policy was developed in response to a rapidly evolving international situation, so no regulatory impact analysis was completed at the time of the original policy decisions. A post implementation assessment has been completed and is available on the Ministry of Transport and Treasury websites.	

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 post-implementation assessment has been assessed as meeting the requirements for good regulatory impact analysis by an internal Te Manatū Waka 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
Please see above.	

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?	YES
Please see above about post implementation analysis.	

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?	NO
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO
<p>The policy proposals will benefit households and businesses by reducing road tax, which brings down the cost of purchasing fuel or road user charges. The main cost is to the National Land Transport Fund, which will receive less revenue from petrol excise duty and road user charges. The Crown has agreed to top-up the National Land Transport Fund for lost revenue. Effectively therefore, the Bill will lead to general taxpayer revenue replacing revenue from road users.</p> <p>Financial benefits to drivers of diesel and heavy vehicles will vary depending on the type of vehicle driven and the amount of travel.</p>	

2.6. For the policy to be given effect 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
<p>The intention of the temporary reduction is to provide an equivalent reduction to diesel vehicle owners for four months via road user charges as provided to owners of petrol vehicles by a reduction in fuel excise for a similar period. It is anticipated that the RUC collector may need to exercise regulatory oversight over the payment of RUC to ensure the reduction is not abused (for example, through the mass purchase of RUC by individuals). The Road User Charges Act 2012 contains provisions to enable this oversight.</p>	

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?

Consultation occurred with the Ministry of Foreign Affairs and Trade during the initial policy design phase in March/April 2022, no inconsistency was identified.

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?

There are no known issues relating to the principles of the Treaty of Waitangi in respect to the Bill or its policy.

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 has vetted the Bill in respect to the New Zealand Bill of Rights Act 1990.

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

Should the RUC collector issue an assessment to an individual in respect of excessive or unreasonable purchase of RUC during the reduction period, the individual may apply to have the decision independently reviewed and may bring proceedings before the District Court.

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

YES

The Ministry of Justice was consulted at the time the reductions commenced (in April 2022) and expressed no concerns.

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

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?	NO
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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>A workshop with Waka Kotahi (the RUC collector) was held on 23 March 2022 to test and assess the workability of the Bill enabling the initial reductions to road user charges. Following the workshop some changes were made to the provisions and amended copies of the draft Bill have been shared with Waka Kotahi. This Bill simply enables a new set of reduced rates and Waka Kotahi should be able to apply the same processes.</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
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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
Although the Bill relates to applying a reduction or discount to road user charges (a tax) rather than the power to impose road user charges, it does create powers to extend the period of the reduction and vary the amount of the reduction.	

Retrospective effect

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

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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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
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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?	YES
The Bill contains provisions to amend the rate of reduction and the duration of the reduction by Order in Council. The Legislation Act 2019 requires that any delegated legislation is published, notified in the Gazette, presented to the House and may be disallowed by the House. Regulations are subject to review by the Regulations Review Committee.	

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