

# MIN-3885 – Request for Information on Fuel Excise Duty, Road User Charges and Public Transport Reduction Extension

15 July 2022

Provide information in support of the Government's announcement of the extension to Fuel Excise Duty (FED), Road User Charges (RUC) and Public Transport reduction until 31 January 2022.

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## **Waka Kotahi NZ Transport Agency's response:**

### ***How the RUC reductions are calculated and processed***

For the discount scheme, RUC rates were reduced by 36 percent and then rounded to the nearest dollar. The reduced rates are automatically applied for all purchases made during the temporary reduction period.

### ***Impact on purchasing behaviour***

On average, road users are purchasing the same number of RUC licences. Only 42 percent of the fleet have purchased throughout the temporary reduction period, this is in line with what we would expect if no discount was in place.

However, Waka Kotahi has seen an increase in the overall distance purchased for Light Diesel Vehicles (LDVs). On average, the distance purchased is 59 percent higher than normal.

Typically, the average LDV owner would purchase 12,500km in a 12-month period. Based on the reduction scheme so far, purchasing patterns would suggest this has changed to 20,000km.

Heavy Vehicles would purchase 18,000km in a year on average. Based on the reduction scheme so far, purchasing patterns would suggest this has changed to 19,500km.

### ***Enforcement of excessive purchases***

To date, 835 purchases have been identified as excessive, with 744 vehicle owners having been contacted by Waka Kotahi. These vehicle owners will be monitored to ensure they use the distance during the intended reduction period or purchase a licence at the higher rate when the discount ends.

The appropriation for FED and RUC is marginally above the budgeted amount at the end of June 2022. However, FED is slightly lower than expected, while RUC slightly higher. June figures for RUC suggest that behaviour is returning back to a normal level of purchases.