

# Proposal 1:

## Allocation of land transport revenue for regulatory activities

NOTE: This is a summary of Proposal 1. To read the full proposal in the consultation document, go to our website [www.nzta.govt.nz/funding-and-fees](http://www.nzta.govt.nz/funding-and-fees)

### Who this affects

This proposal affects all road users (but, if approved, funding would come from existing money paid by road users so wouldn't cost anything extra).

### What we're proposing

We're proposing increasing Waka Kotahi funding for specific regulatory activities by either:

- recommending allocation of land transport revenue. We've estimated this to be up to \$34.9 million per year
- or
- increasing regulatory fees and charges over and above the changes in Proposals 2-8 (explained below).

### This proposal directly affects all other proposals

All changes in rates of fees and charges outlined in Proposals 2-8 assume this additional government funding is secured.

If land transport revenue can't be accessed, then the costs of some activities and services will need to be recovered another way.

### What is land transport revenue?

Land transport revenue is collected through RUC, FED, motor vehicle registration and licensing, and currently funds the National Land Transport Fund (NLTF) along with other activities. Money from the NLTF is allocated to things like state highway maintenance and public transport improvements.

Under section 9(1A) of the Land Transport Management Act, the Minister of Finance and Minister of Transport can decide to allocate land transport revenue to fund the regulatory functions of Waka Kotahi.

### Why is Waka Kotahi recommending use of land transport revenue?

In New Zealand some things, like law enforcement, defence, public education, and public health services are considered 'public goods' because they benefit everyone in society. Public goods are normally provided through government funds.

This proposal recommends the government allocates money from land transport revenue to fund certain costs of regulation, because the regulation benefits all road users.

# Why we're asking for this funding

To strengthen regulation of land transport by:

## Funding oversight of the regulatory function

Financial year	FY 22/23	FY 23/24	FY 24/25	FY25/26 >>
Annual allocation of land transport revenue	\$6.6 million	\$20.4 million	\$20.4 million	\$20.3 million

### Additional funding is needed to support:

- Meeting Director of Land Transport legislative functions - resources for system reviews and monitoring, and reporting on:
  - safety and security
  - access and mobility
  - environmental sustainability
  - the funding system.
- Regulatory Strategy Tū ake, tū māia: implementing the operating model and strategy projects, like value-for-money and efficiency reviews.
- Regulatory Policy: growing and improving policy capacity and capability (the right people in the right jobs with the right tools) and modernising the regulatory framework.

## Funding efficient and fair collection of the costs of specific activities

Funding the costs of regulatory services that can't be efficiently or fairly collected from:

Driving course providers, testing officers, driving instructors, driver licence agents and test routes, P endorsement holders, Class 2-5 driver licence

holders, medical professionals, translation service providers, content providers, MVR agents.

Financial year	FY 22/23	FY 23/24	FY 24/25	FY25/26 >>
Annual allocation of land transport revenue	\$14.8 million	\$13.7 million	\$13.8 million	\$13.9 million

### Additional funding is needed to support:

- monitoring compliance of motor vehicle drivers, including commercial drivers, and taking targeted action as needed
- improvements to the operating and compliance models that determine frontline regulatory activities, so they're focused on where risk lies
- increasing risk and assurance activity like audits and checks on certifiers and agents
- making sure standards and guidelines are fit for purpose
- ongoing industry engagement, including a focus on approving and monitoring driving course providers and instructors.

## Funding to repay rectification loans

Financial year	FY 22/23	FY 23/24	FY 24/25	FY25/26 >>
Annual allocation of land transport revenue	\$0	\$0.67 million	\$0.67 million	\$0.67 million

We used this money to fix a backlog of 850 unsafe vehicle cases identified after regulatory failure. We recommend land transport revenue is provided

from 2023, so we can set aside the money to repay the loan when it's due.