

# MIN-4442: Compliance Levels for Road User Charges

16 April 2024

Provide information regarding the levels of compliance seen with Road User Charges (RUC).

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## NZ Transport Agency Waka Kotahi (NZTA) response:

RUC is a distance-based charge, therefore the distance recorder of a vehicle (odometer) is the key input mechanism to determine RUC compliance. At Warrant of Fitness (WoF)/Certificate of Fitness (CoF), odometer readings are captured and compared to the end distance of the previous RUC licence. This is then used to calculate any RUC owing.

Enforcement in the road corridor is done by NZ Police, last year they issued around 7,000 traffic infringement notices for unpaid RUC.

### Level of compliance for registered vehicles

- For vehicles that are in the system, warranted and registered, our primary method to determine the level of RUC compliance is through odometer capture at WoF/CoF, though we are also able to obtain this information when Police issue infringement notices and record the odometer reading.
- RUC is designed as a pre-pay system, 95.1% of the fleet nationwide (including heavy and light vehicles), pre-pay their RUC (fully compliant) while 4.2% is invoiced and paid (either voluntarily or through debt management services, non-compliant but ultimately achieve compliance). This leaves 0.7% (\$14.9m excluding GST) which is unpaid and written off (ultimately non-compliant).
- In the 2022/23 financial year, owners of light vehicles (~900,000 vehicles in the system) had a total RUC compliance of 94.8% and RUC debt-write off of 1.4% of total RUC sales to light vehicles.
- Owners of heavy vehicles (~230,000 vehicles in the system) had a total RUC compliance of 99.1% and RUC debt write-off of 0.2% of total RUC sales to heavy vehicles.

### Level of compliance for non-registered vehicles

- If a vehicle is not active in the Motor Vehicle Register (either by the owner actively de-registering their vehicle or the vehicle's registration lapsing due to remaining unlicensed for a period of more than 12 months); our assumption is the vehicle is not on the road and is therefore not subject to RUC. There is currently limited ability for NZTA to capture odometer readings at the point of deregistration as the odometer reading is taken by the registered person and self-reported to NZTA. In the case of registration lapse, this is completed automatically through the Motor Vehicle Register so there is little to no scope for accurate accounting of RUC.
- Results from a trial of data from two Commercial Vehicle Safety Centres (situated on state highways) in January 2024 showed 0.66% of unique light vehicles were not registered. This provides an indication of the levels that could be expected.

Noted by Minister ☐