



17 JUL 2014

Mr James Lohead
fyi-request-1769-32e8bc7b@requests.fyi.org.nz

Dear Mr Lohead

Road user charges

I refer to your request dated 1 July 2014, regarding road user charges for fuel efficient diesel passenger cars.

While your enquiry was lodged through a website for submitting Official Information Act requests, it doesn't ask for specific information and therefore doesn't meet the requirements of a request under Section 12(1) of that Act, which refers to a "request to a department or Minister of the Crown or organisation to make available ... any specified official information".

However, I am more than happy to respond to your comments.

The purpose of the road user charges system is to recover the costs of maintaining and developing the road transport network, rather than to reward fuel efficiency or reduce emissions.

The costs recovered through road user charges include both fixed costs (for example road signage, storm drains and some of the costs of building new roads), and the costs of road wear, which vary with a vehicle's weight (for example the costs relating to seal replacement). As vehicles weighing less than six tonnes cause relatively little road wear, most of the road user charges for these vehicles relate to the fixed costs of the land transport network.

The non-weight related costs do not vary with fuel consumption. To reflect this, rather than taxing fuel, road user charges are based on distance travelled. For this reason, diesel vehicles of a similar type and weight pay the same road user charges, irrespective of fuel efficiency.

There are other tools to incentivise more fuel efficient vehicles, including the government's 'zero rating' of road user charges for light electric vehicles, which was introduced in 2009 and is currently set to expire on 30 June 2020.

However, one of the most effective tools in encouraging people to operate more fuel efficient vehicles is the cost of fuel. Unfortunately, it is incorrect to say that “petrol has stayed around the same cost, affected only by cost increases in supply during this time”.

The amount of tax charged on petrol has increased by around 40 percent since 2007, including three increases of 3 cents per litre (plus GST) taking effect on 1 July 2013, 2014 and 2015. The current rate of Fuel Excise Duty is 56.524 cents per litre.

You might find our calculator for the costs of operating diesel versus petrol cars to be helpful, and this is available on our website:

www.transport.govt.nz/land/roadusercharges/light-petrol-vs-diesel/

Yours sincerely

A handwritten signature in black ink, appearing to read 'Gareth Chaplin', with a large, sweeping flourish extending to the right.

Gareth Chaplin
General Manager Sector Performance
for CHIEF EXECUTIVE