

## Regulatory Impact Statement

### Road User Charges and Land Transport Legislation Amendment Bill 2013

#### Agency Disclosure Statement

The Ministry of Transport prepared this Regulatory Impact Statement (RIS).

It provides an analysis of proposals to address a deficiency of the road user charges (RUC) system where a duty to pay RUC is imposed without a corresponding mechanism to receive payment. Broadly, the proposals improve the functioning of the RUC system through reducing administration and compliance costs, while maintaining the principle of user pays where appropriate.

The key proposals are to:

- exempt fast tractors (that is, tractors operated over 40 kilometres per hour on road) from RUC and subject them to an annual charge, in lieu of RUC, to cover the costs they impose on the road network
- exempt all unregistered vehicles (that is, vehicles exempt from registration, or not required to be registered, or operated under trade plates) from RUC and apply an annual charge for a subset of unregistered vehicles operated under trade plates, in lieu of RUC, to cover the costs they impose on the road network

The other six proposals improve the functioning of the RUC system and are minor in nature and impact.

#### *Limits on options analysed*

The options analysis is constrained by the fact that it is not cost effective to subject unregistered vehicles and fast tractors to RUC. In other words, RUC is not a practical charging system for these vehicles.

#### *Limits on analysis undertaken*

Very little information is available on the travel characteristics of the vehicles covered in the proposals in this RIS (that is, on- and off-road travel patterns and use patterns). This information is important to provide objective assessments of policy proposals. In the absence of reliable data, proxy information and assumptions are used to assess the proposals.

#### *Consistency with matters in the Government Statement on Regulation*

The proposals will not impair private property rights, market competition, or the incentives on businesses to innovate and invest, or override any of the fundamental common law principles. The proposals are consistent with the government's commitments in the Government statement "Better Regulation, Less Regulation".

## Glossary

<b>Unregistered vehicle</b>	An unregistered vehicle is a vehicle that is either exempt from registration, not required to be registered <sup>1</sup> , or is an unregistered vehicle operated under a trade plate. (See Appendix A for examples)
<b>Fast tractor</b>	<p>A fast tractor is a tractor that is operated over 40 kilometres per hour on road (as opposed to being capable of speeds in excess of 40 kilometres per hour).</p> <p>For the purposes of the RUC system, a tractor is defined as being a motor vehicle designed and constructed, and not merely adapted, for traction and powering implements.</p>
<b>Trade plate</b>	A trade plate is a specialist form of vehicle registration plate. Unlike standard vehicle registration plates, trade plates are not linked to an individual vehicle but can be transferred between different vehicles. Businesses involved in the sale, manufacture, repair and maintenance of vehicles use trade plates to move unregistered vehicles on road for specific activities. For instance, to move a new vehicle from a port to a motor vehicle sales yard, or to an engineering facility for modification to meet New Zealand vehicle standards.

## Overview of RIS

1. This RIS is in two parts.
2. Part one addresses the main proposal of whether the cost of collecting a contribution for road use through the registration and annual licence system for trade plates used on unregistered heavy RUC vehicles, and fast tractors, is justified by the potential benefits.
3. Part two provides an assessment of the six remaining proposals that are of a minor nature and impact and do not require a detailed regulatory impact assessment.

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<sup>1</sup>See Appendix A for examples of the types of vehicles that are exempt from registration or are not required to be registered.

# **PART ONE – ANNUAL CHARGE FOR TRADE PLATES USED ON UNREGISTERED RUC VEHICLES AND FAST TRACTORS**

## **Status quo and problem definition**

*How road users contribute toward the funding of the land transport system*

4. Road users contribute toward the cost of providing the land transport system (principally roads) through three main mechanisms:
  - 4.1. fuel excise duty (principally on petrol powered vehicles)
  - 4.2. road user charges (RUC)
  - 4.3. registration and annual licence fees
5. All revenue collected through these mechanisms goes into the National Land Transport Fund. The National Land Transport Fund is used mainly for road construction and maintenance, as well as other activities benefiting road users.

*Overview of RUC system*

6. The RUC system in New Zealand was established in 1978. It is a distance and weight based charging system for collecting revenue from road users whose vehicles, or trailers, have a gross vehicle mass of over 3.5 tonnes<sup>2</sup> and/or whose vehicle motive power is not wholly derived from petrol. Nineteen percent of the New Zealand vehicle fleet is subject to RUC. After fuel excise duty, RUC is the main source of land transport revenue collected from road users, accounting for approximately \$1.1 billion in revenue per annum.
7. Vehicles subject to RUC are required to have a distance measurement device installed (for instance, a hubodometer), and a distance licence displayed. Distance licences are purchased in advance of travel done on roads and sold in 1,000 kilometre increments. RUC rates are based on a vehicle's 'RUC type' (axle configuration) and 'RUC weight' (generally a vehicle's gross vehicle mass). As a rule, heavier vehicles pay more than lighter vehicles because they cause more damage to roads. Vehicle owners can apply for refunds of RUC for travel done off-road under a distance licence.

*The need to exempt some vehicles from RUC*

8. There are costs associated with administering and complying with the RUC system, and in some situations these costs may be almost as much as, or exceed, the value of revenue collected. For example, tractors are operated predominantly off-road but may need to go on-road to move between paddocks or jobs. If subject to RUC, the tractor operator would need to purchase a distance licence for total travel done on- and off-road, keep records of travel done off-road, and then submit a refund application for the unused portion of the distance licence. The RUC collector would also incur costs in issuing the distance licence and processing the refund. This is not an efficient outcome.

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<sup>2</sup>Trailers less than 3.5 tonnes are not subject to RUC.

9. Because the cost of collecting RUC can be disproportionate to the amount of RUC revenue collected, some vehicles that would otherwise be subject to RUC were exempt under the old RUC system that existed prior to 1 August 2012.
10. However, under the new RUC system that came into force on 1 August 2012, unregistered RUC vehicles and fast tractors have been subjected to RUC. It has since become apparent that the cost of collecting RUC for these vehicles is disproportionate to the amount of RUC revenue collected and they should be exempt.
11. In the case of unregistered RUC vehicles, new IT systems and business processes would be required at an estimated cost of at least \$1 million, and there would be significant on-going administration and compliance costs.
12. In the case of fast tractors the cost to comply with the RUC system is much higher than originally assessed. For instance, the cost of electronic RUC services, the only viable alternative to hubodometers for many tractors, is likely to be over \$800 per annum. This is significantly higher than the estimated per annum amount of revenue that might be collected of between \$275 and \$521 per fast tractor.
13. The Ministry of Transport is of the view that it is appropriate to exempt unregistered RUC vehicles, and fast tractors from RUC. The following analysis assumes that unregistered vehicles and fast tractors will be exempt from RUC.

*The principle of user-pays is still valid in the case of unregistered vehicles operated under trade plates and fast tractors*

14. The key issue is to find an alternative cost effective way of securing a contribution for road use for a subset of unregistered vehicles operated under trade plates, and fast tractors, because these do a sufficient amount of travel, and road wear, on roads such that trade plate owners and fast tractor operators should contribute to the costs they impose.
15. Most of the RUC vehicles that are exempt from RUC do very little travel on roads (that is, less than 1,000 kilometres per annum). Most unregistered vehicles also do very little travel on roads. However, a fair amount of travel, and road wear, can be done on roads under a single trade plate in unregistered vehicles (estimated to be up to 5,000 kilometres per annum) and by fast tractors (estimated to be an average of 4,000 kilometres per annum). This is approximately 20 to 25% of the average distance travelled on roads by standard heavy RUC vehicles.
16. Because trade plates are a form of vehicle registration and fast tractors are required to be registered, it is possible to collect a contribution toward road use done under trade plates and in fast tractors through the registration and annual licensing system.

## Objectives and Criteria

17. The objectives of the RUC system are:

17.1. support economic efficiency

17.2. recover the costs road users impose on the road network

17.3. be equitable between road users

18. The following criteria are used to assess the proposal to impose an annual charge, in lieu of RUC, on trade plates used on heavy RUC vehicles and fast tractors.

18.1. Principle of user pays, which underpins the design of the RUC system.

18.2. Administration costs and complexity.

18.3. Compliance costs and compliance rates for vehicle owners.

18.4. Land transport revenue.

18.5. The integrity of land transport revenue collection systems (for example, equity between road users).

## Analysis

### *Options considered*

19. Three options were considered:

19.1. do not seek to collect additional revenue for road use done under trade plates in unregistered vehicles or in fast tractors (**option A**)

19.2. increase the annual licence fee for all trade plates (including those used on unregistered vehicles not subject to RUC) and tractors to recover road wear costs associated with trade plates used on unregistered vehicles and fast tractors (**option B**)

19.3. create new annual charges for trade plates used on unregistered **heavy** RUC vehicles (\$245 excluding GST) and fast tractors (\$410.44 excluding GST) based on the estimated amount of RUC that would be collected if subject to RUC (**option C**)

20. The proposed annual charges identified in 20.3 would be in addition to the standard annual licence fee. Appendix B sets out how the proposed annual charges were calculated.

21. Table one provides a comparison of the options against the criteria identified under the objectives discussion. Each option is assessed against each criterion from 1 (best fit) to 4 (poorest fit). The same score is given where there is no distinction between two or more of the options. The analysis also assumes that unregistered vehicles and fast tractors are exempt from RUC.

Table one: comparison of options for collecting a contribution toward road costs for trade plates used on unregistered vehicles and tractors operated over 40 kilometres per hour on roads

Criteria	Option A (Do not collect additional revenue for road use)	Option B (Increase annual licence fee for all trade plates and fast tractors)	Option C (New annual charge for trade plates and fast tractors) (preferred option)
User pays	Does not support principle.	4 Supports principle of user pays more than option A, but still significant cross-subsidisation.	3 Of the three options supports principle of user pays the best, but still a proxy for likely road use.
Administration	No cost to implement. No additional enforcement costs.	1 Modest cost to implement an increase in annual licence fees (not specifically costed but estimated to be under \$250,000). No ongoing administration costs or implications. No additional enforcement costs.	3 Highest cost to implement (between \$520,000 and \$870,000). No ongoing administration costs or implications as part of annual licensing process. Minor enforcement implications, associated with operating speed test for tractors.
Compliance	No additional compliance costs imposed on trade plate and tractor owners. 100 percent compliance level, as no incentive not to comply.	1 No additional compliance costs imposed on trade plate and tractor owners. 100% compliance amongst trade plate owners. High levels of compliance amongst tractor owners, but some may decide to deregister their tractor if they consider annual licence fee too high.	2 No additional compliance costs as administered through existing process. 100% compliance amongst trade plate owners who operate unregistered heavy RUC vehicles. Modest levels of compliance amongst tractor owners. Some may choose not to pay and operate over 40 km/h anyway.
Land transport revenue	Negative to neutral. May be negative if tractors are used as a substitute for vehicles subject to RUC to transport goods on roads because they can operate in excess of 40 kilometres on road and it could be cost effective to do so. Neutral in the case of trade plates, as no RUC revenue is currently collected for trade plates used on unregistered vehicles.	3 Positive. Could potentially generate additional land transport revenue of between \$368,000 and \$655,000 per annum, depending on how much annual licence fees are increased.	1 Positive. Estimated to generate additional land transport revenue of between \$368,000 and \$655,000 per annum.
Integrity of land transport revenue collection systems	Negative as trade plate and tractor owners would not meet the costs they impose on the network. In addition, this would create an incentive to use tractor to haul goods on road as substitutes for, and in competition, with vehicles subject to RUC.	4 Negative impact on integrity as effectively those making limited use of roads are cross-subsidising those operating more on roads. Also, in the absence of robust data on how much RUC might be collected for trade plates and tractors, there is a risk of the increase to annual licence fees being too high or low.	3 Positive as it upholds principle of user pays without imposing significant compliance costs on trade plate and tractor owners. Also, compared to options A and B, provides a disincentive to use tractors to haul goods on roads.

### *Options considered but discounted*

22. One option is to institute a flat annual charge for all vehicles exempt from RUC. However, new IT systems would be required if the annual charge was to also apply to unregistered RUC vehicles, and the potential revenue does not justify the investment required.
23. In relation to unregistered RUC vehicles operated under trade plates, one option is to collect RUC in arrears for these vehicles once they are registered. However, this option was discounted because new IT systems and business process would need to be developed to collect RUC in arrears, which are not justified by the amount of RUC that would be collected.
24. Consideration was also given to creating new annual charges for trade plates used on all unregistered RUC vehicles and not just unregistered heavy RUC vehicles. This option was discounted because of concerns about levels of compliance and enforcement challenges associated with applying the annual charge to unregistered light RUC vehicles and the limited revenue potential. It was considered more efficient to apply the charge only to unregistered heavy RUC vehicles.

### **Conclusion**

25. Taken as a whole, there is little to distinguish between the three options. All have virtually the same score. Option A performs best against the administration and compliance criteria, but worst against the land transport revenue and integrity of the land transport revenue collection systems. Whereas option C performs best against the latter criteria and worst against the former criteria. Option B sits in-between options A and C.
26. On balance, option C is the preferred option because it upholds the principle of user pays more than the other two options, and ensures some form of contribution for road use is collected from road users who make more than limited use of roads. Option A does not uphold the principle at all. Option B partially upholds the principle of user pays, but given that:
  - 26.1. eighty percent of trade plates are not used on unregistered RUC vehicles, and the owners of these trade plates already contribute to their road use through fuel excise duty
  - 26.2. over 95 percent of tractors are likely to be operated below 40 kilometres per hour on road, and most of these are unlikely to do more than 1,000 kilometres per annum on roadthere is significant cross-subsidisation.
27. All else being equal, maintaining the principle of user pays better supports the objectives of the RUC system of economic efficiency, cost recovery, and equity between road users.

28. That said, the imposition of an annual charge is a second best policy solution to being able to directly recover the costs of road use for individual vehicles. The need for the annual charge, and exemptions from RUC generally, should be reviewed regularly in light of future improvements to the RUC system<sup>3</sup> and technology like electronic RUC services to determine whether the cost of collecting RUC is decreasing over time, thereby reducing the need for exemptions.

## **PART TWO – ASSESSMENT OF OTHER MINOR PROPOSALS**

29. Table two provides a high level comparison of six other proposed changes to the Road User Charges Act 2012 and subordinate regulations. These proposals are of a minor nature and impact and therefore do not require a detailed regulatory assessment.

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<sup>3</sup>The NZ Transport Agency is to report back to the Minister of Transport by 1 March 2014 on progress to implement improvements to the RUC refund system, which is the single largest collection cost that requires some vehicles to be exempt from RUC.



*Table Two – minor policy proposals to be contained in Road User Charges Amendment Bill and subordinate legislation*

<b>Relevant section of Act or regulation</b>	<b>Issue</b>	<b>Solution</b>	<b>Comment</b>
Exemption for light RUC vehicles operated almost exclusively off-road (section 40)	Exemptions granted under section 40 are subject to conditions of use. For instance, the vehicle owner must display an exemption label. However, there are no infringement penalties for failing to adhere to conditions and therefore no effective deterrence or enforcement mechanism to encourage compliance with conditions.	Include offence and infringement provisions under section 40 for breaches of conditions associated with an exemption granted under section 40.  Offence and infringement provisions to be commensurate with similar provisions for vehicles that are subject to RUC.	Support inclusion.  Reduces risk of misuse of exemption and risk of revenue leakage.  Supports equity between road users, as exemption holders face similar consequences to road users whose vehicles are subject to RUC.
Display of RUC licence (section 19)	Section 19 display provisions are too restrictive and can make it difficult for police to inspect licences and/or vehicle operators to comply with display requirements.  Display has connotations of requiring the distance licence to be visible on the windscreen. In some situations, for practical and safety reasons, it may not be appropriate to display the licence on the windscreen.	Amend section 19 to expand the scope of regulations to cover alternative methods of display or carriage other than display on windscreen. For instance, allow operators of large trucks to carry licences in a folder that can be handed over to the Police officer for inspection.	Support inclusion.  Simple practical solution.  Supports economic efficiency through quicker road side checks of compliance with RUC requirements.
Surrender of RUC licence (section 32)	Vehicle owners are required to surrender the physical RUC licence to the RUC Collector before a refund can be processed by the RUC Collector under section 32.  The RUC Collector does not need the RUC licence to process the refund because it can access an electronic record of the RUC licence, and therefore this is an unnecessary compliance requirement.	Remove the requirement for the RUC licence to be surrendered.	Support inclusion.  Supports economic efficiency by removing an unnecessary step in processing refund claims.
Power to issue search warrant in respect of alleged offence (section 79)	Section 79 currently links to the application provisions for search warrants contained in the Summary Proceedings Act 1957 (section 198). The application provisions under the Summary Proceedings Act 1957 are to lapse on 30 June 2014.	Remove link to Summary Proceedings Act 1957 and link to section 6 of the Search and Surveillance Act 2012.	Straight technical change to ensure all necessary legal links in Act are current.
<b>Relevant section of Act or regulation</b>	<b>Issue</b>	<b>Solution</b>	<b>Comment</b>

regulation			
<p>Power for the RUC Collector to set rates of RUC for individual vehicles or individual vehicle combinations not falling under definitions in regulation (new section)</p>	<p>Since the implementation of the new RUC system, a very small number of vehicles have been identified that do not fall within the definitions of vehicle types or combinations of vehicle types specified in the Road User Charges Regulations 2012 and Road User Charges (Rates) Regulations 2012.</p> <p>For example one off combinations to move a large object like a wind turbine or large generator on roads.</p> <p>Charges are being set for these vehicles using the RUC Collector's power to adjust rates of RUC under section 33 of the Act, but this is not the intended purpose of that section.</p>	<p>Insert a new section in the Act giving the RUC Collector power to set rates of RUC for an individual vehicle or individual combination of vehicles in situations where the vehicle(s) do not fall within any vehicle type or combination of types for which rates are set in regulations.</p> <p>The power would be subject to the RUC Collector applying the same methodology as is used to set prescribed RUC rates. There would also be provision for the rate set to be subject to review.</p>	<p>Support inclusion.</p> <p>Addresses a legal shortcoming of the Act.</p> <p>Ensures RUC collector operates within the law and is able to issue distance licences to vehicle combinations not covered by prescribed RUC types and weights.</p>
<p>Road User Charges (Classes of Vehicles) Exemption Order 2012 (gives effect to section 38 of the Act)</p>	<p>Under the Road User Charges (Classes of Vehicles) Exemption Order 2012 (the Order), an agricultural trailer designed principally for the carriage of goods (agricultural goods trailer) is exempt from RUC if it has been specifically designed for agricultural purposes.</p> <p>The problem is that some agricultural goods trailers are suitable for regular road use and do not meet the criteria for an exemption under section 38 of the Act and should not be included in the Order.</p>	<p>Remove all agricultural goods trailers from the Order, and manage exemption for agricultural goods trailers under proposed exemption for unregistered vehicles.</p>	<p>Support inclusion.</p> <p>Under changes being implemented to Land Transport Rules for agricultural vehicles, agricultural goods trailers will be exempt from registration if operated below 40 kilometres per hour on road. It is likely that most of these trailers will be unregistered.</p> <p>Because the trailers are subject to maximum on road speed of 40 kilometres per hour the risk of unfair competition with goods trailers subject to RUC is reduced, while ensuring those agricultural goods trailers that are operated almost exclusively off road are not subject to RUC.</p>

## **Implementation of preferred options**

30. The options discussed in this RIS require legislative change. This is to be achieved through the Road User Charges and Land Transport Legislation Amendment Bill (the Bill). The intention is for the Bill to be passed in December 2013.
31. Associated regulations would come into force at the same time as the Bill. The NZ Transport Agency advises that it can implement the proposed annual charge for fast tractors nine months after the Bill and regulations are in place. If the Bill is passed in December 2013, the proposed annual charge for trade plates could come into force on 1 January 2015 to align with the trade plate purchase and renewal cycle.

### *Financial implications*

32. The proposal to exempt unregistered vehicles, and fast tractors, from RUC is revenue neutral, as no revenue is currently being collected for these vehicles. The proposed annual charge for trade plates used on unregistered heavy RUC vehicles is expected to generate approximately \$245,000 per annum in additional revenue from 1 January 2015. The proposed annual charge for tractors operated over 40 kilometres per hour on road is expected to generate additional revenue of between \$123,000 and \$410,000 per annum.
33. The NZ Transport Agency estimates that it will cost between \$520,000 and \$870,000 to implement the new annual charge for trade plates and tractors operated over 40 kilometres per hour on road. The costs can be met from the \$2.5 million that was carried forward in the 2012/13 financial year to cover the work required to complete the reforms of the RUC system. The funds come from administration fees and the expectation is that they be spent for the purpose for which they were collected.
34. These are one-off implementation costs, and no additional transaction costs are associated with the proposal as the annual charge would be collected as part of the purchase and renewal of trade plates process and the annual licence process in the case of tractors.
35. There are minor costs (mainly publicity related costs) to implement other proposals, and these are to be met from within baselines.

## **Monitoring, evaluation and review**

36. Starting at the beginning of 2013, the reforms of the RUC system are subject to a formal evaluation process taking place over the next five years in three cycles. The evaluation will include surveys, key informant interviews, case studies, and use of data from the NZ Transport Agency and Police to assess the expected policy outcomes. Exemptions from RUC will be part of this evaluation.
37. Ongoing monitoring of exemptions is the responsibility of the NZ Transport Agency.

## Consultation

38. The Motor Trade Association and Motor Industry Association were consulted on the proposals relating to unregistered RUC vehicles operated under trade plates. Both stakeholders considered the proposed approach of an exemption from the RUC system and introduction of an annual charge to be a good alternative to charging RUC on unregistered heavy RUC vehicles.
39. Rural Contractors New Zealand, Federated Farmers, Horticulture NZ, and Road Transport Forum were consulted on the treatment of tractors and agricultural trailers designed principally for the carriage of goods. All stakeholders supported the approach to tractors, including the proposed annual charge for tractors operated over 40 kilometres per hour on road, and most support the approach to trailers.
40. The Road Transport Forum did not support the approach being taken toward agricultural goods trailers as discussed in part two. Their preference was that all goods trailers be subject to the same basic regulatory requirements regardless of how they are used. In relation to RUC, they accepted that the cost of complying with RUC requirements for agricultural goods trailers was likely to be high and suggested that a set of annual charges be instituted for these trailers based on the relevant RUC rates. This proposal was considered, but discounted because the number of trailers affected is small and the cost of setting up such a system is not justified.

## **Appendix A – Examples of vehicles not required to be registered or are exempt from registration under the Land Transport (Motor Vehicle Registration and Licensing) Regulations 2011**

### *Vehicles not required to be registered*

- Official vehicles of visiting military forces.
- Vehicles operated on a road that is closed to ordinary vehicular traffic by regulations made under section 77(1)(u) of the Transport Act 1962 (for instance, floats in a carnival).
- A motor vehicle normally propelled by mechanical power that was being temporarily towed without the use of its own power.
- Was a motor vehicle that is registered in a State that is party to the Convention on Road Traffic (1949) or the Convention on Road Traffic (1968) (operation on New Zealand roads is subject to a range of conditions).
- Was a trailer attached to a motor vehicle specified in any of clauses 1 to 5 and 12 of Part 1 of Schedule 2 (Motor vehicles exempt from continuous licensing requirement) of the Regulations.

### *Vehicles exempt from registration*

- Motor vehicles used on a private road.

## **Appendix B – Basis for annual charge for trade plates used on unregistered heavy vehicles and fast tractors.**

Ideally, annual charges collected in lieu of RUC would mirror what the typical trade plate owner or fast tractor operator would pay if their vehicles were subject to RUC. However, there is limited information available that would assist in determining such a charge.

The proposed annual charges are based on what is considered the best proxy for likely road use and associated RUC liability for trade plates used on unregistered heavy vehicles and fast tractors.

In the case of trade plates, the best proxy is the historical amount collected for trade plates through time licences that were issued prior to 1 August 2012.

In the case of tractors, the best proxy is the estimated amount of travel done on roads in tractors used for rural contracting purposes (the sector most likely to operate their tractors over 40 kilometres per hour) and the RUC type and weight band most applicable to fast tractors.

### Trade plates used on unregistered heavy vehicles

The proposed annual charge for trade plates is \$245.

This figure was derived by dividing the historical amount collected for trade plates (\$245,000 per annum) through the time licence system prior to 1 August 2012, by the total number of time licences that were issued each year (1,000).

Standard RUC vehicle types and weight bands cannot be used to set the annual charge because there is no 'typical' unregistered heavy vehicle operated under trade plates to base the annual charge on. This is because trade plates are used on a wide range of unregistered vehicles that have quite different axle configurations and gross vehicle mass, which are subject to quite different RUC rates.

### Fast Tractors

The proposed annual charge for tractors is \$410.44

The annual charge is based on the following inputs:

- estimated average distance travelled per annum on roads by tractors operated over 40 kilometres per hour
- RUC type and weight band most tractors operated over 40 kilometres per hour are likely to fall within
- RUC rate that vehicles in the same RUC type and weight band as that assigned to tractors operated over 40 kilometres per hour

### *Estimated Road Use*

The Ministry of Transport contracted Traffic Design Group Ltd to investigate, amongst other matters, how much travel on roads tractors do. Traffic Design Group Ltd was unable to find a reliable source of quantitative data applicable to the majority of the tractor fleet and therefore was unable to provide an estimate of likely road use.

In the absence of more robust information on travel done on roads by tractors, Rural Contractors New Zealand's recent best estimate of travel done on road by tractors

used for contracting purposes (4,000 kilometres per annum) was used. Rural Contractors' estimate is considered the most appropriate as it is the sector most likely to operate fast tractors.

#### *RUC type and weight bands*

Traffic Design Group Ltd advised that fast tractors were most likely to be Type 1 or 2 RUC vehicles and weigh between 6 and 13 tonnes.

#### *Calculation*

Based on this information the following information was used to calculate an appropriate annual charge:

- 4,000 kilometres per an annum
- \$102.61 excluding GST per 1,000 kilometres (the RUC rate for a Type 2 RUC vehicle weighing between 9 and 12 tonnes)