

Road User Charges Amendment Bill

Government Bill

Explanatory note

General policy statement

The purpose of this Bill is to reduce the compliance costs associated with changes to the rates of road user charges (RUC) levied under the Road User Charges Act 1977 (“the principal Act”) by removing the requirement to purchase new licences within 1 month of any change in the rates of RUC.

Clause by clause analysis

Clause 1 is the Title clause.

Part 1

Preliminary provisions

Clause 2 is the commencement clause. The Bill comes into force on the day on which it receives the Royal assent.

Clause 3 sets out the purpose of the Bill.

Part 2

Amendments to Road User Charges Act 1977

Clause 4 amends section 18 of the principal Act by adding a general provision relating to refunds of road user charges in cases where the road user charge rates are altered between the time a person purchases a distance licence or supplementary licence and the time the person applies for a refund. The amendment provides that the rate to be used in calculating the refund is the rate that applied at the time the licence was purchased. This will preserve the refund regime

that applies immediately before the repeal of section 21 of the principal Act by *clause 5*.

Clause 5 repeals section 21 of the principal Act and consequentially amends section 17 of that Act by removing references to section 21. Section 21 requires holders of distance licences or supplementary licences to cash in their existing licences within 1 month of any alteration of the RUC rates and to purchase new licences at the new rates.

Regulatory impact and compliance cost statement

Statement of problem and need for action

When RUC rates are changed, the existing road user licences expire within 1 month. Holders of licences are obliged to obtain refunds, purchase new licences at the new rate, and pay an administration fee. The Bill proposes that existing licences will no longer expire when RUC rates change.

Statement of public policy objective

To reduce compliance costs for the holder of road user licences when RUC rates change.

Statement of options for achieving public policy objective

The compliance cost is imposed directly on the holders of road user licences. Administrative efficiencies will not reduce the cost. The only available option is to repeal section 21 of the Road User Charges Act 1977 so that the existing licences remain valid.

Statement of the net benefit of this proposal

Benefits

The benefit is the saving in administrative and compliance costs.

Administrative costs

There will be a saving in administrative costs of implementing changes to RUC rates.

Compliance costs

The proposed changes to the Road User Charges Act 1977 will significantly reduce compliance costs in terms of money and time for owners of diesel vehicles.

Economic costs

The proposals in this Bill will have a negligible impact on the economy.

*Business compliance cost statement***Sources of compliance costs**

The proposed changes to the Road User Charges Act 1977 will result in a reduction of compliance costs.

Parties likely to be affected

All businesses that operate heavy and diesel vehicles will be affected by changes to the Road User Charges Act 1977.

Estimated compliance costs of the proposals

There is a compliance benefit with the proposals. The repeal of section 21 of the Road User Charges Act 1977 will eliminate the requirement on RUC users to purchase new RUC licences within 1 month of a change to RUC rates and to apply for refunds for any unused part of their existing RUC licences. This will be a considerable saving in both time and paperwork costs for RUC licence owners on any future occasion when RUC rates change.

Longer term implications of the compliance costs

In the longer term, the repeal of section 21 of the Road User Charges Act 1977 will have substantial savings for diesel vehicle owners in the event of any further RUC rate changes.

Level of confidence of compliance cost estimates

As the legislation has minimal impact on compliance costs and the repeal of section 21 of the Road User Charges Act 1977 will be substantially positive, a comprehensive analysis of the benefits from these proposals has not been undertaken.

Key compliance cost issues identified in consultation

It is expected that the repeal of section 21 of the Road User Charges Act 1977 will reduce the net compliance costs of the RUC system.

Overlapping compliance requirements

There are no overlapping compliance requirements that arise from these proposals.

Steps taken to minimise compliance costs

The proposed repeal of section 21 of the Road User Charges Act 1977 will reduce compliance costs for diesel vehicle owners.

*Consultation***Government departments:**

Department of Prime Minister and Cabinet

Ministry of Economic Development

Ministry of Justice

New Zealand Customs Service

The Treasury

Other organisations:

Land Transport Safety Authority

Parliamentary Counsel Office

Hon Mark Gosche

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The Parliament of New Zealand enacts as follows:

1 Title

- (1) This Act is the Road User Charges Amendment Act **2002**.
- (2) In this Act, the Road User Charges Act 1977¹ is called “the principal Act”.

¹ 1977 No 124

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Part 1 **Preliminary provisions**

2 Commencement

This Act comes into force on the day on which it receives the Royal assent.

3 Purpose

The purpose of this Act is—

- (a) to ensure that refunds under the principal Act are calculated by reference to the rate of charge that applied at the time the relevant licence was purchased; and

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- (b) to repeal section 21 of the principal Act (which requires holders of distance licences or supplementary licences to purchase new licences when rates of road user charges are altered).

Part 2

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Amendments to Road User Charges Act 1977

4 Further provisions relating to refunds

Section 18 of the principal Act is amended by adding the following paragraph:

- “(e) if a refund must be calculated by reference to the road user charge per kilometre for the licence and that rate of charge has been altered in the period between the time the licence was purchased and the time of making the application for a refund, the refund must be calculated by reference to the rate of charge that applied at the time the licence was purchased.”

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5 Section 21 repealed

- (1) Section 21 of the principal Act is repealed.
- (2) Section 17 of the principal Act is consequentially amended—
- (a) by repealing subsection (1)(b):
- (b) by omitting from subsection (3)(a) the words “(or, where the licence has ceased to be valid by virtue of section 21 of this Act, at the time the licence ceased to be valid)”:
- (c) by omitting from subsection (3)(b) the words “(or, where the licence has ceased to be valid by virtue of section 21 of this Act, the time the licence ceased to be valid)”.

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