

23 March 2022 | File Ref: 1/14/6 |

Released by: Dom Kalasih

## RUC temporary discount announced by Transport Minister Michael Wood

### Purpose

The purpose of this Advisory is to update Advisory KA-07 Temporary RUC reduction proposal discussions, released 16 March 2022.

### Update

Yesterday Transport Minister Michael Wood advised [here](#) that from late April to late July 2022, road user charges (RUC) will be cut by 36 percent across all legislated rates.

### The impact

Since the Government's announcement on 14 March to discount fuel by 25c per litre, we have had multiple discussions with officials on how the freight sector would get similar relief. Our initial analysis indicated our members would receive greater benefits if RUC could be used, rather than the discount occurring at the pump, and we have been working collaboratively with officials. We also alerted Waka Kotahi New Zealand Transport Agency to the issue that operators that have off-road equipment, plant and machinery which does not pay RUC will not benefit from this approach.

As we expected, the benefit to reducing operating costs in terms of cents per kilometre is greater and this is demonstrated in Table 1, below, that compares the level of discount on a cents per kilometre basis between a 36% RUC reduction and a 25 cent per litre reduction in the price of diesel.

---

**Please note:** The content of this Advisory has been issued to inform members of Transporting New Zealand. It is for road freight transport industry circulation, not for media publication. It can be forwarded in its entirety to members of Transporting New Zealand. It cannot be reproduced, or printed in parts, under any logo other than la Ara Aotearoa Transporting New Zealand's logo, without written permission from Transporting New Zealand.

**Table 1. Comparison between a 36% RUC reduction and a 25 cent per litre reduction in the price of diesel.**

Vehicle	RUC type	RUC rate (excl. GST) c/km	Total RUC for vehicle c/km	36% discount on RUC c/km	Discount based on 25 c/l at pump c/km
6 wheeler truck above 18 t	6	37.7	37.7	13.5	Assuming fuel consumption of 3 km/l 8.3
Twin steer tractor and quad semi	14	37.8	58.5	21.1	Assuming fuel consumption of 2 km/l 12.5
	43	20.7			
50 Max Twin steer truck and 5 axle dog trailer	H94	37.8	53.4	19.2	Assuming fuel consumption of 1.8 km/l 13.8
	951	15.6			

Officials have still not determined the process for the RUC discount and what operators will need to do access it. We will continue to collaborate with officials on this and update you when substantial progress has been made.

### **What operators need to do**

As with managing a change to any price input to transport rates, we urge operators to start considering how they will manage the upcoming change both when it is implemented and when normal rates return with their customers.

---

**Please note:** The content of this Advisory has been issued to inform members of Transporting New Zealand. It is for road freight transport industry circulation, not for media publication. It can be forwarded in its entirety to members of Transporting New Zealand. It cannot be reproduced, or printed in parts, under any logo other than la Ara Aotearoa Transporting New Zealand's logo, without written permission from Transporting New Zealand.