

OC240141

6 March 2024



Tēnā koe [redacted]

I refer to your email of 13 February 2024 to the Department of the Prime Minister and Cabinet requesting information under the Official Information Act 1982 (the Act). Your request for the following information was transferred to the Ministry of Transport for response:

*"I wish to know by what method the 3 litre/100km figure was arrived at and how that justifies an RUC rate of \$53 per 1,000 km."*

The Government has announced that a discounted light road user charges (RUC) rate will apply to plug-in hybrid vehicles (PHEVs). The discounted rate provides owners of PHEVs a 30 percent discount on the full light RUC rate, given that the owners of the vehicles also contribute fuel excise duty when they buy petrol at the pump. Instead of paying the full RUC rate of \$76 per 1,000 kilometres, a partial rate of \$53 per 1,000 kilometres will be provided for owners of PHEVs.

Different PHEVs will use different amounts of fuel, have different battery capacities, and users will charge and use their vehicles differently. For example, a PHEV owner driving small distances in an urban area and charging frequently will likely use very little petrol and therefore pay very little fuel excise duty. This compares to someone, with an older vehicle, with limited potential to use the battery. This means that no single RUC rate will ensure all PHEVs contribute the same.

The Government has sought to set the PHEV RUC rate at an amount that means that on average, PHEV users will contribute the same amount in RUC and fuel excise duty as an electric vehicle pays in RUC.

The PHEV RUC rate assumes petrol usage of around 2.86 litres per 100 kilometres.

Relevant information that supports this rate includes:

- PHEVs in the fleet average around 2 litres of petrol per 100 kilometres based on manufacturer testing data.
- Testing by Consumer NZ found that new PHEVs performed around 73 percent worse than in manufacturer tests.
- 76 percent of PHEVs in New Zealand are registered to owners in large urban areas. PHEVs in urban areas are better suited to shorter trips and frequent charging.
- 68 percent of New Zealand PHEVs are under five years old. The newer the vehicle, the better the fuel economy and likely battery capacity.

## **Further information**

The Government has proactively released Cabinet papers and advice relating to the end of the RUC exemption for electric vehicles at [www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system/](http://www.transport.govt.nz/area-of-interest/revenue/road-user-charges-system/). This includes the advice on the discounted rate for PHEVs.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz).

The Ministry publishes our Official Information Act responses and the information contained in our reply to you may be published on the Ministry website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā

A handwritten signature in black ink, appearing to read "Matt Skinner".

Matt Skinner  
**Manager Revenue**