

This correspondence from:
The Secretary
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11 April 2013

Jonathan Petterson
Principal Adviser
Ministry of Transport

Dear Sir,

On behalf of the Federation of Motoring Clubs we thank you for the opportunity of making comment on the proposal you have forwarded to us.

We make the following responses:

- 1 Re the Proposed changes to definitions of vehicle types and weight Bands**
The Federation supports this proposal as a means to adjust the anomaly that exists with the introduction of one new band in vehicle type one.
- 2 Proposal for the creation of separate types for vintage vehicles currently in types 2, 6 and 14**

Background Comment

Under the previous regime, owners of heritage vehicles could nominate their weight and many reduced their RUC weight to just above their tare weight. Others who wished to carry something adjusted their weight to comply. Very few vehicles ever operated to max loading. This worked well in this respect and we had no complaints.

- 3** Prior to receiving your proposal, the opinion within our membership was that we should be lobbying to be allowed to have those vehicles de-rated to bring them into a lower GVM category.
- 4** Many military vehicles are petrol and owners face the upfront cost of both paying usage in petrol tax and RUC at the same time, and although they can claim back, this is an onerous and time consuming process.
- 5** The implications of the RUC change impacted more on some vehicle types than others. 3 axle trucks have an anomaly. A 1942 GMC GVM falls under 12t and costs \$68/1000k whereas anything that falls over suddenly is paying \$220/1000km. We believe your proposal addresses this anomaly.

Response to the proposal

- 6 Clause 16**
You have identified the issue in clause 16 relating to distance and recovery and that observation is entirely correct. Many vintage vehicles are owned by salaried people or retired people who do not have the income to meet the ever increasing compliance costs of owning what is classed as a commercial vehicle of which RUC is but part of that overall operating cost.
- 7 Clause 17**
We agree with your comments in clause 17 re discretion under s33 of the act.
- 8 Clause 18**
There are some older trucks that still operate commercially but not in numbers. To ensure that fiddles do not take place, the vehicles must not be used for commercial

purposes. This may need to go further than simply using the “not for hire or reward definition”. However you have fully resolved that risk in clause 22, as this is, in effect, de-rating by another path.

9 Clause 22

You have identified the solution to any commercial use in clause 22 by setting the RUC that allows for a tare weight plus a suggested margin. We believe that this is prudent and would allow the CVIU to identify any vehicle operating in excess of its over 40 Vintage RUC weight. We suggest that there are sufficient punitive penalties for exceeding the posted RUC that would act as an obvious disincentive to anyone using a vehicle outside its RUC range. The penalty of being caught could include the removal of the 40 year RUC that that vehicle has enjoyed forcing the owner to pay full commercial rates.

10 Anyone who wants to carry a load on a heritage vehicle in excess of the 40 year provision must pay the appropriate commercial RUC rate. These vehicles still have to meet CoF compliance so safety is not an issue.

11 We support the principal of a limited weight above tare weight. Some vintage vehicles for safety purposes must be weighted over the rear axle particularly where they are operated as a cab and chassis only. We would hope that such ballast would be recognised as a safety item rather than a load.

12 To be practical, allowance to carry limited personal goods or camping equipment should be considered as acceptable and hopefully would fall within the tare plus allowance proposal as such would be little more than carried in a car or ute on similar excursions.

13 If the CVIU stops a truck operating under such a 40 year RUC label, then the onus of proof that the vehicle is not being operated commercially will be on the operator. In reality the cost of operating any over 40 year old truck commercially with a “restricted load capacity” under this proposal would be prohibitive.

14 Conclusion

Thank you for a well thought out paper and for considering this issue that is important to the small sector of the fleet relating to Vintage vehicles. The matter was well received at the recent NZ Military Vehicle Clubs Annual meeting.

Members present asked us to thank you for your proposal and instructed that we indicate our support.

15 Footnote

The Federation of Motoring Clubs also represents the NZ Motor Caravan Association as a member Club of our organisation. We indicate that we share their concerns over their vehicles which are by nature operated at a static weight. As a result of the RUC changes, some of these Motorhomes have become uneconomic to use and unsalable as a result with owners losing their equity in their vehicles. At some convenient time in the future, we would welcome an opportunity to discuss some of these anomalies with LTNZ .

Regards

FOMC Vice-President
Malcolm Lumsden

Representing the responsible special interest and heritage motoring enthusiast

Road User Charges Regulations

Proposed changes to definitions of vehicle types and weight Bands

Background

1. Under the new road user charges (RUC) system that came into force on 1 August 2012, rates of charges are set by regulation (the Road User Charges (Rates) Regulations 2012) and vary according to vehicle types and by weight band within types. Changes to rates of charges are subject to confirmation by Parliament.
2. Definitions of vehicle types and weight bands are contained in separate regulations (the Road User Charges Regulations 2012).
3. Experience with the new RUC system has indicated that some changes to definitions of vehicle types and weight bands may be desirable. This document outlines proposals relating to creation of an additional weight band in vehicle type one and creation of new types for vintage vehicles.

Additional Weight Band in Vehicle Type One

4. Vehicle type 1 is defined as a two axle vehicle, other than types 2 and 299. Type 2 is a two axle vehicle with dual wheels at the rear. Type 299 is an all-terrain crane with very large tyres. The great bulk of type 1 vehicles are cars and light vans or utes with a RUC weight of no more than 3,500 kgs (3.5 tonnes).
5. Type 1 at present has 3 weight bands:
 - not more than 3.5 tonnes
 - over 3.5 tonnes, but not more than 6 tonnes
 - over 6 tonnes.
6. The use of a single weight band for all type 1 vehicles over 6 tonnes RUC weight reflects the very small number of such vehicles in the existing fleet (type 1 accounts for just 0.003% of RUC licences purchased for vehicles over 6 tonnes RUC weight). However, the relativity with the weight bands for vehicle type 2 creates anomalies and perverse incentives.

Nature of Issue

7. The following table compares charges for types 1 and 2.

Type 1		Type 2	
<i>Weight band</i>	<i>Charge \$</i>	<i>Weight band</i>	<i>Charge \$</i>
Not more than 3.5 tonnes	48.00	Not more than 6 tonnes	52.00
More than 3.5 tonnes and not more than 6 tonnes	55.00		
Any RUC weight of more than 6 tonnes	150.00	More than 6 tonnes and not more than 9 tonnes	79.00
		More than 9 tonnes and not more than 12 tonnes	118.00
		More than 12 tonnes	251

8. The usual maximum weight for a type 1 vehicle under the Vehicle Dimensions and Mass rule 2002 (the Rule) is 12 tonnes, although fitment of large tyres can increase that limit to 13.2 tonnes (large single tyres on 1 axle) or 14.4 tonnes (all large single tyres).
9. The maximum mass for a type 2 vehicle is usually 14.2 tonnes. This situation therefore creates an incentive for operators to replace large type 2 trucks with type 1 vehicles, with a relatively small reduction in weight carrying capacity (if any). If a large number of operators chose to do this the outcome would be a significant revenue loss (assuming charges were not adjusted), and an increase in road damage.
10. On the other hand, the current type 1 scale results in the charge for such a vehicle in the 6-9 tonne range being almost double that for an equivalent type 2 vehicle.

Proposed solution

11. In order to correct these anomalies it is proposed to:
 - create an additional weight band in vehicle type 1, for RUC weights of more than 9 tonnes.
 - set charges for the new >6 tonne and >9 tonne weight bands that are proportionate to the difference in road wear between type 1 and type 2 vehicles at equal weights.
12. This is likely to result in a charge for type 1 vehicles between 6 and 9 tonnes that is about 20-25% higher than for type 2 vehicles in the same weight range. The charge for type 1 vehicles over 9 tonnes is likely to be similar to the charge for a type 2 vehicle with a RUC weight of over 12 tonnes. Final charges will be determined when the new rates for 1 July 2013 are set.
13. As a result of this proposal some type one vehicles will pay less than at present and a very small number will pay more. As only a tiny proportion of RUC kms are involved any effect on revenue will not be noticeable.

Creation of separate types for vintage vehicles currently in types 2, 6 and 14

14. The existing regulations make no distinction between vintage and modern vehicles. This results in older trucks that are kept only for their historic value or interest having the same RUC as new trucks with similar maximum weight capacity.

Nature of Issue

15. It is recognised that the new RUC system disadvantages owners of vintage trucks that are not used to carry any significant payloads. These vehicles generally run at weights well below their legal maximum.

16. The disadvantage is mitigated by the fact that these vehicles do not cover large distances. On the other hand, the owners do not generally have any means to recover the increased cost of RUC under the new system. not

17. It was initially considered that these trucks may be able to be given reduced charges using the NZ Transport Agency's discretion under s33 of the Act, or have their maximum legal weights reduced to place them in cheaper weight bands. Generally, these options have not proven practicable.

18. Providing lower rates of RUC for older vehicles carries the risk that this will incentivise their use for commercial purposes. There is a grey area between trucks or buses that are old, but still capable of commercial use, and those that are so old that they are no longer suitable for this purpose.

Proposed Solution

19. It is proposed to create separate vehicle types for 2, 3 and 4 axle powered heavy vehicles that are at least 40 years old. This will not cover all vehicles that have been retired from active commercial use, but is consistent with the existing eligibility for a reduced annual licence fee.

20. A 40 year age limit will limit the number of eligible vehicles and the risk of such vehicles being used for commercial purposes. However, it appears that some vehicles over 40 years old are still used to carry significant loads and it is also being considered whether non-commercial use can be included as an element of the type definition.

21. It is not proposed to make special rates available for older trailers. Records indicate that there are a reasonably large number of trailers first registered more than 40 years ago still in active commercial use. It is likely that many of these trailers will have been upgraded so that they are largely indistinguishable from more modern trailers.

22. Reduced rates of RUC for vintage vehicles would be calculated to recover the road costs generated when slightly above the average unladen weight

of the vehicles concerned. No load factor would apply. For a 3 axle truck, this is likely to result in a charge in a range between \$140 and \$180 per 1,000km. The charge for a vintage 4 axle truck is likely to be similar.

23. For a large 2 axle truck (over 12 tonnes RUC weight), the reduced rate would be in the region of \$160 to \$190. Reduced rates would not be provided for vehicles in lower weight bands as no worthwhile reduction can be justified once the load factor is removed.
24. The reduced charges will still be more than the distance licences that were previously available for running at unladen weight. Those licence rates were based on a 0.55 load factor, which is not appropriate if it is assumed the vehicle runs at a constant weight.

not government policy