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Tax increase hits at the worst time

As most New Zealand businesses struggle with the economic hits from Covid-19 that now look likely to last years, it is the worst time to see more tax piled on the trucking industry, Road Transport Forum (RTF) chief executive Nick Leggett says.

“Today, Road User Charges (RUC) increase by 5.3%. We believe the Government doesn’t need this tax revenue and have asked Transport Minister Phil Twyford to cancel this increase, given the already considerable financial burdens on trucking businesses,” Leggett says.

“Increased costs for moving goods mean prices go up all down the line. Everything comes on the back of a truck at some point, including essentials such as food, and the exports and imports we are becoming totally reliant on to keep our economy ticking.

“We believe the Government doesn’t need this tax revenue, taking into account that spending from the National Land Transport Fund (NLTF) it feeds into was about 7% below budget in the year to 30 June 2019 and about 5% below budget in the first (September) quarter of the 2020 financial year.

“Government spending on works that relate to road wear and tear caused by heavy vehicles is less than the growth in RUC from those vehicles. The Government is taking more, but spending less.

“Experience from the 2008 economic downturn indicates road wear is likely to decrease, due to lower traffic volumes as New Zealand closes down to the rest of the world. It looks like we are not going to have any tourists, or anyone from overseas here for a year, if not years, which will have devastating impacts, not just to roads.

“But trucks will still need to travel the distances they always travel to ensure the flow of goods, so they will keep paying regardless.

“Minister Twyford has told us considerable thought went into proceeding with the planned RUC increase.

“To soften the blow, he has guaranteed there will be no further increases to road user charges and petrol excise duty – which also goes up today – for the next three years. He said this would provide certainty to the industry and enable the Government to invest in the transport system, including some of the projects that have been a focus for the road freight sector, such as road maintenance and renewals,” Leggett says.

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About Road Transport Forum New Zealand (RTF)

RTF provides unified national representation for several regional trucking associations. RTF members include Road Transport Association NZ, National Road Carriers, and NZ Trucking Association. The affiliated representation of the RTF is about 3,000 individual road transport companies which in turn, operate 16-18,000 trucks involved in road freight transport, as well as companies that provide services allied to road freight transport.

The road freight transport industry employs 32,868 people (2.0% of the workforce), has a gross annual turnover of \$6 billion, and transports 93% of the total tonnes of freight moved in New Zealand.