

Stage 2 Cost Recovery Impact Statement

Review of Motor Vehicle Traders Register Fees and Motor Vehicle Disputes Tribunal Levy, 2022

Agency Disclosure Statement

The Ministry of Business, Innovation and Employment (MBIE) and the Ministry of Justice (MoJ) prepared this Cost Recovery Impact Statement (CRIS).

It provides an analysis of options to adjust the fees charged to recover the costs of the Motor Vehicle Traders Register (MVTR) administered by MBIE, and to adjust the levy that partially funds the costs of the Motor Vehicle Disputes Tribunal (the Tribunal) administered by MoJ. The fee and levy are paid by motor vehicle traders at the point of registration or annual renewal of registration under the *Motor Vehicle Sales Act 2003* (the Act).

The Motor Vehicle Traders regime (the regime) was established under the Act in 2003. Routine reviews of the fee and levy settings have occurred, but no adjustments have been considered necessary until a review of the fee and levy was conducted in 2021/22.

MBIE's analysis focused on the costs to the Registrar of Motor Vehicle Traders (the Registrar) and recovery of these costs through fees. MBIE's options analysis focused on sustainably funding the regime, while ensuring that registered traders continue to meet an appropriate portion of the cost of administering the MVTR regime commensurate to the benefit they receive.

MoJ's analysis of the proposed Tribunal levy increase draws on the principles of cost recovery and the purpose of setting levies to ensure that the levy for the Tribunal is set at an appropriate level to continue to provide a contribution for the running of the Tribunal's services (a club good). Only one cost option other than the status quo was proposed for consultation as Tribunal costs are intended to only be partially recovered from motor vehicle traders. Any changes to other fees contributing to the cost of the Tribunal are out of scope of the review.

In developing the funding options, MBIE has been guided by principles set out in the Treasury's *Guidelines for Setting Charges in the Public Sector* (The Treasury, 2017) and the Office of the Auditor-General's *Charging Fees for Public Sector Goods and Services* (Office of the Auditor General, 2021). Consideration has been given to who will benefit and to what extent (ie equity across those who benefit) from the regulation of motor vehicle traders through the MVTR regime.

MBIE reviewed and analysed the potential impacts of the charges on registered motor vehicle traders. Unforeseen impacts and the levels of price sensitivity some traders will experience as a result of an increase in charges are challenging to understand. This is because influences on motor vehicle trade, such as the importing environment and consumer demand, are changing rapidly through COVID-19 related fluctuations, and because this would be the first adjustment to the fees and levy charged to registered motor vehicle traders since the establishment of the regime. Monitoring and evaluation will capture any unforeseen or unintended impacts and prompt any necessary changes.

All references to fees, levy and budgets in this document are GST exclusive.

MBIE's Regulatory Impact Analysis Review Panel has reviewed the CRIS prepared by MBIE. The Panel considers that the information and analysis summarised in the CRIS meets the criteria necessary for Ministers to make informed decisions on the fee proposals in this paper.

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Ministry of Business, Innovation and Employment

17 March 2022

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17 March 2022

Executive summary

Background

1. The Act introduced the MVTR regime and the Tribunal to promote and protect the interests of consumers in relation to motor vehicle sales.
2. Under the Act, all persons selling more than six vehicles or importing more than three vehicles a year are required to register and to renew their registration annually. The Registrar is responsible for the oversight of the MVTR, as well as education and enforcement of the Act, and to maintain a public searchable register of all motor vehicle traders.
3. When purchasing a vehicle from a registered motor vehicle trader, consumers are able to see accurate information about the vehicle through the display of a Consumer Information Notice on the vehicle or online. Consumers are able to make a claim to the Tribunal if there is a dispute with a motor vehicle trader¹.

Funding

4. The MVTR operates on a full cost recovery basis as there is a clearly attributable benefit to a defined group (ie registered motor vehicle traders).
5. The Tribunal is partially funded through the levy imposed on registered motor vehicle traders. In addition to this, there is a filing fee charged to complainants when making a claim to the Tribunal, and a level of Crown funding. MoJ is responsible for reviewing the appropriateness of the levy and making any adjustments necessary².
6. The fee and levy are paid by users (motor vehicle traders) on their application for registration or annual renewal of registration under the Act. MBIE collects the levy on behalf of MoJ and pays this to MoJ monthly.

Problem

7. MBIE and MoJ undertook a review of the MVTR fees and Tribunal levy respectively, to determine the appropriate levels for recovery of annual costs of running the MVTR regime and Tribunal.
8. MBIE's review identified that the current level of the fee was not fully recovering costs due to a sustained decrease in registration volumes and a level of increased costs in compliance activity. In addition, the MVTR Memorandum Account had reached a deficit position in 2019/20.
9. The Tribunal has been subject to cost pressures since the levy was introduced, with an average annual growth rate in costs of 3.4 per cent.
10. The legislation requires the Tribunal to hear the matter in the location closest to where the transaction took place. In the past, this meant the purchaser would have to travel to

¹ The Tribunal deals with disputes relating to registered motor vehicle traders and can also deal with disputes in instances where a trader is not registered but meets the criteria for registration.

² Any adjustment to the Tribunal levy however is overseen by the Minister of Commerce and Consumer Affairs as the responsible Minister for the Act.

the hearing. Remote participation means that travel is no longer required, and purchasers are no longer disadvantaged if a vehicle has been purchased from a location other than where they live. This has resulted in more hearings occurring and fewer claims being withdrawn. The increase in volume, as well as other general inflationary cost increases, led to cost pressures for the Tribunal. Recent deficits in the Tribunal have been funded from MoJ's baselines.

11. In addition, both agencies identified the need for additional budget to maintain the appropriate level of service.

Consultation

12. In January 2022 MBIE and MoJ released a discussion document to consult on three proposed options for the MVTR fees:
 - a. **Option 1: Increased, flat fee³** – retaining the current flat fee structure for all motor vehicle traders and for all transaction types at the point of registration application or annual renewal;
 - b. **Option 2: Differential between activity fees** – implementing a differential fee, based on the types of transactions and reflecting a different level of administration required for each; or
 - c. **Option 3: Tiered fees** – implementing a tiered fee across four levels on the basis of different types of motor vehicle traders (individual traders or companies) and the type of transaction.
13. For the Tribunal levy, only one option was considered as an alternative to the status quo: increasing the existing annual levy on traders by \$97.11, from \$112.89 to \$210.00. All registered motor vehicle traders would continue to be charged the same levy at the time of their initial registration or renewal, as a club good.
14. Public consultation on the discussion document took place between 17 January 2022 to 25 February 2022. A summary of the submissions has been produced, and MBIE and MoJ commentary on broad themes is included in the Consultation section later in this impact statement.
15. MBIE considered the feedback and proposes implementing the following:
 - MVTR fees be increased, and the tiered option for fees be introduced;
 - the MVTR appropriation to increase by \$0.502 million per annum from 2022/23;
 - the Tribunal levy be increased to \$210.00 per paid transaction; and
 - the Tribunal appropriation to increase by \$0.319 million per annum from 2022/23.

³ Referred to as the 'single fee' in Ministry of Business, Innovation & Employment Hikina Whakatutuki. (2022) *Discussion Document: Reviews of Motor Vehicle Traders Register Fees and Motor Vehicle Disputes Tribunal Levy*.

16. The proposed combined increase in charges is as follows:

Table 1: Proposed MVTR fees and Tribunal levy structure

Fee category	Proposed fee	Proposed levy	Proposed Total fee and levy	Current total fee and levy
Registration – individual	\$432.00	\$210.00	\$642.00	\$518.22
Registration – company	\$863.00	\$210.00	\$1,073.00	\$518.22
Renewal – individual	\$401.00	\$210.00	\$611.00	\$518.22
Renewal – company	\$802.00	\$210.00	\$1,012.00	\$518.22

17. Subject to Cabinet decisions, the proposed charges would be expected to come into force from 1 August 2022 and amended regulations would be promulgated before that date.
18. MBIE will review the fees again in three to five years, depending on the balance in the Memorandum Account. MBIE will invite MoJ to review the levy in conjunction with MBIE's reviews but can review the levy independently as and when required.

Authority to set MVTR regime fees

19. The Act provides that regulations can prescribe fees (section 144). The Act requires applications for registration, or renewal of registration, to be accompanied by a fee (section 31(2)(b) and section 39(1A)(b)). The MVTR fees are set in the *Motor Vehicle Sales Regulations 2003*.
20. The Registrar plays a key role in promoting and protecting the interests of consumers in relation to motor vehicle sales. The Registrar administers and maintains the register, makes decisions to accept or decline applications for motor vehicle trader registration, cancels registrations and bans traders in accordance with the provisions of the Act.
21. The Registrar is also responsible for regulatory compliance activities in respect to the offences detailed in sections 95 to 119 of the Act. Offences relate to banned persons, investigating odometer tampering and motor vehicle traders who are trading illegally. Complaints about problems with a vehicle purchased can be referred either to the Commerce Commission or the Tribunal.
22. The Act sets out the criteria for who must register as a motor vehicle trader. The MVTR is a public register that holds essential information about registered traders and their businesses.

Authority to set the Tribunal levy

23. The Act provides that regulations can impose a levy for the costs of the administration of the Tribunal (section 143). The Tribunal levy is set in the *Motor Vehicle Sales (Motor Vehicle Disputes Tribunals Funding Levy) Regulations 2003*.
24. The Tribunal, administered by MoJ, provides an avenue for making claims where disputes between consumers and motor vehicle traders occur in relation to vehicle purchases from a registered trader (or a trader that meets the criteria for registration

but is not registered). The Tribunal can require a trader to provide a refund, pay repair costs or other costs, or void a contract.

Status quo

Motor Vehicle Traders Register fee

Funding of the MVTR regime

25. When the MVTR regime was established in 2003, Cabinet decided that costs would be fully recovered from motor vehicle traders through annual registration fees (new applications and renewals) [CAB Min (01) 17/4A refers].
26. MBIE collects these fees prior to services being delivered.
27. The cost of administering and maintaining the MVTR regime was budgeted at \$1.300 million per year in 2003. The costs included the ongoing maintenance of the register, enforcement of the Act, an initial one-off education campaign and subsequent level of education and information programmes for traders and consumers. Fees have not been adjusted since the regime was introduced in 2003 – no adjustment was required until a deficit developed in 2019/20.
28. At the start of the regime, MBIE set the annual fee at \$405.33 for registration and renewal for all traders (company or individual). The fee was based on projection of the estimated number of registrations and renewals each year.

Memorandum Account

29. A MVTR Memorandum Account was established to record the annual revenue received against annual expenditure, resulting in a cumulative balance either in surplus or deficit to ensure that the fee would not over or under recover costs over the long-term.
30. The level of revenue collected was greater than the actual cost incurred from 2003/04 to 2015/16. This resulted in an increasing surplus in the Memorandum Account, with a balance reaching \$1.609 million by 30 June 2017.
31. In 2017/18, the Registrar increased monitoring and compliance activity as a response to changes in the market, which included an increase in online vehicle sales.
32. Accordingly, the base budget of \$1.300 million was raised to \$1.667 million to reflect the increased level of enforcement and IT support costs. These increased costs were able to be covered through the level of registration volumes (which had been rising) and the Memorandum Account surplus.
33. From 2016/17, although the level of renewals remained stable, the number of new registrations began declining on average by 15 per cent each year (from 1,975 in 2016/17 to the now stable forecast of 950). The declining registration levels resulted in the Memorandum Account not recovering the full cost annually leading to a subsequent reduction in the surplus and eventual deficit position in 2019/20⁴.
34. In 2020/21, MBIE commenced a review to analyse the operating model of the regime. The review considered systems improvement and an increased level of compliance,

⁴ In setting the fees, an average of 950 registration applications and 2,250 renewals to the MVTR per annum was used.

with increased investigation and enforcement work required for the future. The recovery of deficit position of the Memorandum Account was also taken into consideration.

35. Based on the findings of the review, which forecast declining registrations over time, the deficit cannot be recovered without a fee change.
36. Figure 1 illustrates the situation if the status quo is maintained and the fee is not adjusted. It is forecast that there will be a deficit of about \$0.300 million to \$0.500 million a year.

Figure 1: Motor Vehicle Traders Register memorandum account 2014/15 – 2027/28



37. An adjustment of the fee structure is now necessary to provide for additional costs to meet the future requirements of the MVTR regime and to recover the cumulated deficit.

Motor Vehicles Disputes Tribunal levy

38. In 2003, the Act established a new Tribunal managed by MoJ, to settle disputes under the Act. Cabinet agreed to the introduction of the Tribunal levy to partially recover costs of the Tribunal from all registered traders.
39. To contribute to the costs for the Tribunal, all registered motor vehicle traders are currently charged a levy of \$112.89 when they apply before a registration or renew their annual registration. The levy is charged as a club good, regardless of whether traders access the Tribunal's services. Cabinet agreed that the levy would contribute to the cost of running the Tribunal, rather than a full cost recovery model.
40. The Tribunal also charges a fee of \$50 (GST inclusive) to complainants who access the Tribunal to support cost recovery⁵. Costs have increased since the levy was introduced in 2003. The balance of the costs is funded by the Crown which supports the tribunals system. Traders are charged the levy and fee together at the point of initial registration and registration renewal. MBIE then passes the levy portion on to MoJ through a monthly payment. Crown funding is approximately \$0.500 million per annum for Tribunal sitting fees and related expenses.

⁵ This fee is out of scope of this review because it is a filing fee that applies to all tribunals managed by MoJ. Approximately 450 Tribunal applications are received per annum.

41. MoJ reviews its costs to administer the Tribunal on a regular basis to ensure the levy is set at an appropriate level.

Cost Recovery Principles and Objectives

Cost Recovery Principles – Review Process

42. MBIE and MoJ applied the following principles to determine the proposed fee structure and levy.

Transparency and consultation

43. MBIE and MoJ jointly issued a discussion document seeking feedback on adjustments to the fee and levy. The document outlines the way that the fee and levy are collected, how the funds for services delivered by the Registrar and Tribunal are used, and the drivers of the costs that MBIE and MoJ are incurring. In the case of the Register, the Memorandum Account trends are included in the document and the reasons for the deficit are explained.

Cost Recovery Principles – MVTR fee setting

44. MBIE applied the principles of ‘Authority’ and ‘Effectiveness’ to determine how costs will be recovered through fees.

Authority

45. The Registrar has the authority to set and collect fees. The Act provides that regulations can prescribe fees (section 144). The Act requires applications for registration, or renewal of registration, to be accompanied by a fee (section 31(2)(b) and section 39(1A)(b)). The MVTR fees are set in the *Motor Vehicle Sales Regulations 2003*. When the Register was established, Cabinet decided to fully recover costs from motor vehicle traders, including costs associated with enforcement and education programmes for traders and consumers.

Effectiveness

46. The fee changes proposed are adequate to recover costs to resolve the Memorandum Account deficit issue, while also anticipating expenditure for increased monitoring and compliance, IT costs and service improvements. The discussion document outlines that a staged approach to increasing MVTR fees over time was considered but ruled out as it would require more frequent reviews.

Cost Recovery Principles – Tribunal levy setting

47. MoJ applied the principles of ‘Authority’ and ‘Effectiveness’ to determine how costs of the Tribunal will be recovered through a levy.

Authority

48. The Act gives authority to collect a levy for a contribution to the delivery of the Motor Vehicle Disputes Tribunal services (section 143). The levy is set in the *Motor Vehicle Sales (Motor Vehicle Disputes Tribunals Funding Levy) Regulations 2003*.

Effectiveness

49. The Tribunal levy change proposed is adequate to recover departmental cost increases that have occurred since the levy was set. These include IT costs and service improvements to improve access to justice. It does not seek to fully recover all costs incurred by the Crown in delivering the Tribunal.

Objectives of cost recovery proposal – MVTR fee setting

50. MBIE has applied the following objectives to analyse the three options to determine how costs are to be recovered through fees.

Fairness (equity)

51. The fairness of how costs (and therefore fees) are distributed among motor vehicle traders. In particular, the proposals are assessed to ensure charges provide a level playing field for all users and that the users/third parties are paying fully for the costs of the services they receive.

Efficiency

52. Options for cost recovery have been assessed with regard to the cost of compliance, how easy the charges are for motor vehicle traders to navigate, and how easy they are for MBIE to implement.
53. In determining fees, MBIE ensured that the annual budget of the MVTR regime would be recovered in addition to the incurred deficit in the Memorandum Account being recovered over a five-year period.

Objectives of cost recovery proposal – Tribunal levy setting

54. In determining the levy amount to be recovered from registered motor vehicle traders, MoJ has applied the following objectives:

Fairness (equity)

55. Levy setting should not create any unnecessary barriers on access to justice for consumers and users.

Efficiency

56. Options have been assessed having regard to compliance costs, on how easy the levy is for motor vehicle traders to navigate, and how easy it is for MoJ to implement.

Policy Rationale: Why a user charge? And what type is most appropriate?

The Motor Vehicle Traders Register

57. The rationale for the existing regime of, full cost recovery through fees on annual user activity, was set when the regime was established in 2003. The cost of running the

regime and volume of users changed over time, resulting in the need to adjust the fee. The outputs (ie the services carried out by the Registrar to promote and protect the regulatory system) also expanded and evolved over time.

58. When policy decisions were made to introduce the regime, it was intended that the cost of operating the MVTR regime would be fully recovered from users through annual fees. Fees are charged on an activity basis – at the point of a new registration application, or at renewal of registration. To date, the regime has operated on the basis of a single fee per activity, per trader, with no differentiation.
59. Under the Treasury and the Office of the Auditor-General principles for setting public sector charges, the Crown only provides funding where it is considered there is a general public benefit without a clearly attributable benefit to individual users or a defined group.
60. While consumers benefit from a well-regulated vehicle sales market, traders derive a private benefit from a registration system that ensures they are not disadvantaged competing against traders who may have lower standards of quality and service.
61. Consumers benefit from protections afforded by the Act, although they do not benefit as directly as traders. Consumers' purchases are protected when they purchase from registered traders that are subject to monitoring and enforcement. Consumers also have access to accurate information about those enforcement actions, and about motor vehicle traders in general. Consumers, and traders that are not registered have the ability to apply to the Tribunal where a breach of their rights may have occurred.
62. Consideration has also been given to how the proposed changes will incentivise or create barriers to intended user behaviour based on the existing policy rationale (see Impact Analysis).
63. Full cost-recovery from users (new or existing registered motor vehicle traders) as intended when the regime was established therefore continues to be appropriate.

The Motor Vehicles Disputes Tribunal levy

64. In relation to the levy, the availability of a dispute resolution mechanism to deal with any complaints is a club good for all motor vehicle traders. When the regime was established, Cabinet decided that traders should contribute to the costs of this service.
65. The Tribunal's costs were intended to be funded from levy revenue, a filing fee paid by complainants and existing Crown funded baselines from Tribunals administered by the then Department of Courts (now MoJ). The appropriateness of the levy and its contribution towards costs was intended to be regularly reviewed and re-evaluated as necessary.
66. MoJ does not propose to change the original policy intent.
67. The \$50 filing fee (GST inclusive) at the time of making a claim to the Tribunal is out of scope of this review, as it is set at standard rates across the tribunals system.
68. Since the levy was introduced in 2003, the Tribunal has been subject to cost pressures from staff increases to meet higher volumes of transactions, technology changes that have resulted in increased volumes of hearings and the impacts of general inflationary cost increases.

Table 2: Tribunal annual departmental expenses

Expense type	Cost \$
Personnel	397,890
Other operating	46,200
Depreciation	48,084
Corporate support costs	198,280
Total	690,454

69. The cost above was divided by 3,200 transaction volumes as depicted in Table 5 below to derive the unit cost.
70. Cost recovery is focussed on ensuring departmental resources can be made available to deliver the Tribunal. Recent deficits have been funded from MoJ baselines. However, MoJ has not received additional Crown funding to deliver on these increased requirements and costs of the Tribunal. MoJ cannot continue to reprioritise funding from other Tribunals and Special Authorities to bolster the Motor Vehicles Dispute Tribunal. A review of the levy is necessary to prevent a decrease in the level of service of the Tribunal.

The level of the proposed fee and its cost components (cost recovery model)

The Motor Vehicle Traders Register – Breakdown of costs

71. In reviewing the MVTR regime operating model, an increase in the current annual budget has been included in the overall cost that needs to be recovered from the fees.
72. The revenue and expenditure for the MVTR regime over the five years to 2021/22 (actual and forecast) is shown in the Table 2 below.

Table 3: MVTR revenue and expenditure over a five-year period⁶

Financial year	2017/18 (000)	2018/19 (000)	2019/20 (000)	2020/21 (000)	2021/22 (\$000)
Total revenue	\$1,447	\$1,316	\$1,312	\$1,293	\$1,215
Total expenditure	\$1,928	\$1,962	\$2,285	\$1,691	\$1,623
Personnel	\$416	\$252	\$285	\$ 137	\$133
Other operating	\$1,132	\$1,288	\$1,431	\$640	\$629
Depreciation	\$9	\$34	\$72	\$65	\$51
Corporate support costs	\$371	\$387	\$497	\$849	\$810
Surplus / (deficit)	(\$481)	(\$646)	(\$973)	(\$398)	(\$408)
Memo account balance - opening	\$1,609	\$1,128	\$483	(\$491)	(\$889)
Ending balance-surplus/(deficit)	\$1,128	\$483	(\$491)	(\$889)	(\$1,297)

The Motor Vehicle Traders Register – Fees to cover service costs

Cost model assumptions

73. The cost model was developed based on an existing model used by MBIE in developing reviews of other regulated occupation regimes, including Electrical Workers Fees Review and the Licensed Building Practitioners scheme review, implemented in January 2019.
74. This model was updated to reflect the activities delivered by the Registrar to meet the obligations of the MVTR regime under the Act. The key activities identified are registration, renewal of a registration, education for consumers and traders, managing complaints and investigations, enforcement and prosecutions and management/ administration support.
75. The budget of \$1.667 million was allocated across expense items. Where expenses could not be directly charged against an activity, an allocation percentage based on staff time or volumes was used to allocate cost to activity.
76. For personnel costs, each person's time was allocated across the activities to allocate salaries and other staff related costs.
77. The expenditure on non-fee based activities was allocated back to the cost of the registration and renewal activities in order to achieve full cost recovery of the regime. The allocation was based on which service benefited most from the indirect activity and is summarised in Table 3.

⁶ 2021/22 revenue is forecast at the current fee level.

Table 4: Allocation of indirect costs to fee bearing activities

Non-fee activity	Applied to activity
Education	100% registration
Compliance and enforcement	100% renewal
Management/support	Based on % volumes in each activity

78. The total cost of activity was then divided by the annual forecast volumes to derive a unit cost on which to base the fees.

Table 5: Forecast volumes used to derive unit cost⁷

Fee type	Volumes
Registrations - individuals	235
Registrations - companies	714
Renewals - individuals	247
Renewals - companies	2,004
Total	3,200

Design options

79. MBIE consulted on three options for the fees paid by new and registered motor vehicle traders to support full cost recovery of the regime and to recover over a five-year period the cumulated deficit of \$1.297 million forecast as of 30 June 2022.

Option One - increased, flat fee

80. This option proposes to maintain the a single, flat fee structure, with no differential between individuals and companies, and no differential between registration and renewal activities.

Table 6: Proposed MVTR fees - increased, flat fee

Fee type	Current fee	Unit cost	Base fee	Plus cost to recover memo account	Final fee	Change in fee
<i>Registrations</i>		\$677.82				
Individuals	\$405.33		\$678.00	\$80.00	\$758.00	\$352.67
Companies	\$405.33		\$678.00	\$80.00	\$758.00	\$352.67
<i>Renewals</i>						
Individuals	\$405.33		\$678.00	\$80.00	\$758.00	\$352.67
Companies	\$405.33		\$678.00	\$80.00	\$758.00	\$352.67

⁷ Based on the forecast for 2022/23, as the projection for growth is flat.

Option Two - Differential between activity fees

81. This option proposes a differential between a registration application and renewal activity, reflecting a different level of administrative effort across these activities. The fee for each transaction type would be the same for all users (individual traders and companies).

Table 7: Proposed MVTR fees - differential between activity

Fee type	Current fee	Unit cost	Base fee	Plus cost to recover memo account	Final fee	Change in fee
<i>Registrations</i>						
Individuals	\$405.33	\$756.28	\$756.00	-	\$756.00	\$350.67
Companies	\$405.33		\$756.00	-	\$756.00	\$350.67
<i>Renewals</i>						
Individuals	\$405.33	\$644.76	\$645.00	\$115.00	\$760.00	\$354.67
Companies	\$405.33		\$645.00	\$115.00	\$760.00	\$354.67

Option Three - Tiered fees

82. This option proposes to increase the fees to recover costs based on the administrative effort across the categories. A tiered fee would also be introduced between an individual and company application for both registration and renewals. This is on the basis that company registrations require additional administrative effort to process than individual registrations, given the number of directors. From the total cost of each activity a per director unit cost was derived.
83. Based on current data that each company has on average, two directors, the company rate was twice that of an individual. The result of this approach has decreased the unit cost of the registrations and renewals for individuals, with an offsetting increase for companies. This shift of cost reflects the additional effort to review and manage company registrations with multiple directors.

Table 8: Tiered differential between individuals and companies and activity

Fee type	Current fee	Unit cost	Base fee	Plus cost to recover memo account	Final fee	Change in fee
<i>Registrations</i>						
Individuals	\$405.33	\$431.50	\$432.00	-	\$432.00	\$26.67
Companies	\$405.33	\$863.00	\$863.00	-	\$863.00	\$457.67
<i>Renewals</i>						
Individuals	\$405.33	\$341.13	\$341.00	\$60.00	\$401.00	(\$4.33)
Companies	\$405.33	\$682.25	\$682.00	\$120.00	\$802.00	\$396.67

84. Options one and two propose an overall increase in fees that would recover the deficit in the Memorandum Account. However, the different structure of each option means that the costs have been recovered differently according to user and transaction.
85. Options two and three propose a different fee between registration and renewal. The additional Memorandum Account deficit component has only been added to the renewal component of the fees for these two options. This is in recognition that new entrants to the regime (traders registering for the first time) did not benefit from the past investment into increased monitoring and compliance and service enhancements that has resulted in the current Memorandum Account deficit⁸.
86. If the proposed fee changes are implemented on 1 August 2022, the position of the Memorandum Account is forecast to move to a surplus position within the 2026/27 financial year.

The Motor Vehicle Traders Register – appropriation increase to cover operational costs

87. MBIE will be seeking Cabinet approval to an increase in appropriation for the regime of \$0.502 million per annum from 2022/23.
88. MBIE has identified that the cost drivers to meet the operational needs of the MVTR regime have changed over time. The identified cost pressures are for:
- Monitoring and compliance functions;
 - IT system upgrades and enhancements; and
 - Indirect costs associated with the activities above.
89. If an increase in appropriation is not approved, MBIE will be unable to increase enforcement activity through monitoring and compliance, and experience a decrease in servicing registration and renewal applications.
90. Improvements to the IT system to support an improved customer experience will be impacted.

Monitoring and compliance functions

91. The Registrar identified significant levels of potential unregistered trading. Some individuals may be trading motor vehicles in direct competition with registered traders without fulfilling the statutory requirements of the Act. As a result, motor vehicle traders are disadvantaged by competing against traders who may have lower standards of quality and service.
92. In turn, the Registrar further identified the need to increase market surveillance and compliance activities. Improvements will modernise the MVTR and increase compliance activity, which are required in order to perform the statutory functions effectively and to maintain the credibility of registered and compliant traders in the sector.
93. If fees are increased, MBIE would hire additional personnel to undertake monitoring and compliance activity, previously delivered through an external contract. Increased

⁸ In subsequent years, new entrants to the market will be charged the renewal fee and will therefore be contributing towards the recovery of the memorandum account.

enforcement activity will likely lead to a corresponding increase in legal advice required to support prosecutions under the Act. An increase of \$0.178 million per annum is required to deliver on a more robust enforcement strategy.

94. Table 8 below summarises the types of compliance activity undertaken in recent years by the Registrar and the results. It also highlights that many of the notifications received by the Registrar resulted in an assessment that an offence had been committed.

Table 9: Summary of compliance activity⁹

Compliance activity	Financial year		
	2018/19	2019/20	2020/21
Investigation completed - No offence committed	4	3	13
Investigations referred for the consideration of prosecution	66	31	44
Prosecutions results	35 Court convictions ¹⁰	16 Court convictions ¹¹	11 Court convictions

95. The cost of this enforcement activity has contributed to the current deficit position. A sustainable level of cost recovery is required to ensure continued protection for consumers and deliver regulatory functions.

IT upgrades and system enhancements

96. IT systems upgrades are required to replace the current registration platform and modernise the register to current standards. This is necessary to maintain appropriate levels of information security and protect against growing cybersecurity threats, as well as to simplify and improve the usability of the platform for both traders and consumers. The capital investment will be funded from within MBIE's existing capital baseline.

Indirect costs

97. In addition to an increase of ongoing annual support costs, there are indirect costs related to depreciation and capital charge incurred due to the capital investment of the IT system. An increase of \$0.324 million per annum is required to support the overall IT system upgrades.

The Motor Vehicles Dispute Tribunal levy

98. The current annual forecast of the Tribunal is \$0.690 million funds the processing of applications and running the Tribunal.¹² The Tribunal's costs include personnel roles (case managers, service managers, legal and research, administration support and

⁹ 2019/20 compliance activity was affected by MBIE's ability to regulate during COVID-19 lockdowns from March 2020.

¹⁰ The total fines in 2018/19 in respect of all sentencings was \$238,500, with the average sentence being over \$6,800.

¹¹ The total fines in 2019/20 in respect of all sentencings was \$79,925, with the average sentence being over \$4,995.

¹² This does not include Crown costs in relation to delivery of the Tribunal.

Court taker) as well as travel expenses, training and general MoJ overhead costs related to running the Tribunal.

99. The proposed change in levy is an increase of \$97.11 to \$210.00, to be paid at the point of registration application or renewal on the MVTR.

Impact analysis

100. As users of the regulatory system, traders will be directly impacted by an adjustment to MVTR fees and the Tribunal levy. Consumers who trade, buy and sell to traders may also be impacted to the extent that traders choose to specifically pass this increase in cost to consumers.

Impact of the consulted options on motor vehicle traders

101. The consulted options for fee changes and their percentage change from the current rates for each fee structure option are set out in Table 10.

Table 10: Proposed changes to MVT regime fees and levy

Category	Current fee/levy	Proposed fee/levy	Change	Change %
MVTR fee				
<i>Option 1: increased, flat fee</i>				
Individual		\$758.00	\$352.67	87%
Company		\$758.00	\$352.67	87%
<i>Option 2: Activity differential approach</i>				
Application- Individual & Company		\$756.00	\$350.67	87%
Renewal - Individual & Company	\$405.33	\$760.00	\$354.67	88%
<i>Option 3: Tiered by user and activity</i>				
Application- Individual		\$432.00	\$26.67	7%
Application- Company		\$863.00	\$457.67	113%
Renewal - Individual		\$401.00	(\$4.33)	(1%)
Renewal - Company		802.00	396.67	98%
MVTR Disputes Tribunal levy				
Tribunal levy	112.89	210.00	97.11	86%

102. Table 11 compares the current overall payment (fee and levy combined) by traders with the proposed options.

Table 11: Proposed changes to MVT regime fees and levy combined

Category	Current fee/levy	Proposed fee/levy	Change	Change %
<i>Option 1: increased, flat fee</i>	\$518.22			
Individual		\$968.00	\$449.78	87%
Company		\$968.00	\$449.78	87%
<i>Option 2: Activity differential approach</i>				
Application- Individual & Company		\$966.00	\$447.78	86%
Renewal - Individual & Company		\$970.00	\$451.78	87%
<i>Option 3: Tiered by user and activity</i>				
Application- Individual		\$642.00	\$123.78	24%
Application- Company		\$1,073.00	\$554.78	107%
Renewal - Individual		\$611.00	\$92.78	18%
Renewal - Company		\$1,012.00	\$493.78	95%

103. Understanding the degree of price sensitivity traders will have to the proposed fee and levy increases (and the risk of any resulting avoidant behaviour) is challenging, given that there have been no changes to the charges since they were first set in 2003. Moreover, the scale of impact of any adjustments will vary significantly between traders, given the varying size of traders' operations in the market, and the fee structure proposed.

104. Traders are experiencing a range of cost pressures arising from COVID-19 business interruptions, changes in government policy and import issues (costs and delays). Most notably, the increased cost of shipping in the last two years has been well-publicised and some analysts do not expect prices to return to pre-COVID levels¹³.

105. The Electronic Stability Control (ESC) mandate, introduced in 2015 for new imported vehicles and in 2020 for used imported vehicles, limited the supply of vehicles to those fitted with ESC, resulting in increased competition for those vehicles in the import and resale markets. Motor industry bodies have raised concerns about the introduction of the Clean Car Standard and its impact to the from global competition for supply of low emissions vehicles and increased costs.

106. Despite these cost pressures, evidence suggests that, excepting periods of lockdown, the motor vehicle sector has performed strongly over the last two years. Motor vehicle and parts retail trade increased in both sales volume and value between 2019 and

¹³ Sam Sachdeva. (2022, March 17). *Pre-COVID supply chains may never return*. Newsroom., <https://www.newsroom.co.nz/pre-covid-supply-chains-may-never-return-official>

2021¹⁴. Consumer demand remains robust and 2021 was the biggest year on record for new car registrations in New Zealand¹⁵.

107. It should also be noted that the increase in charges will apply differently according to the fee structure proposed. Under option three, individual traders, who may be more exposed to additional cost pressures than traders registered with company status, will see a smaller increase in the annual fee and levy charge (24 per cent increase for a registration application, and 18 per cent increase for a registration renewal).
108. An increase in charges, as set out in the consulted options, is proportionate given the length of time since the fees and levy were introduced and the ongoing growth in the motor vehicle sales market.
109. Nevertheless, the risk of avoidant behaviour resulting from any increases will be mitigated through ongoing monitoring and compliance activity. A further review of fees in three to five years would consider any evidence of changes in the market that may be attributable to these fee and levy increases.

Impact of the consulted options on consumers

110. An effective and modern regulatory regime ensures the continued promotion and protection of the interests of consumers in relation to motor vehicle sales. Consumers can feel confident that the number of unregistered, non-compliant and banned traders in the marketplace is minimised. Consumers can also access the Tribunal for a determination if issues occur.
111. While the regime is based on a user (trader) pays basis, the extent to which traders may pass on any additional costs associated with the fee and levy adjustments to consumers is difficult to estimate. However, given the size of the maximum proposed fee and levy increase of \$554.78, the impact is small when spread across the vehicles sold each year. For a higher volume trader selling 200 vehicles per year, assuming the additional cost from the proposed fee and levy increase is passed directly to consumers, this constitute an increase of less than \$3 per sale. For a low volume trader selling the minimum number of six vehicles to be sold or three imported per year to require registration, MBIE assume that the greatest impact on price paid by consumers would be less than \$200 (based on the minimum import of three vehicles).

Other options considered to mitigate cost impacts

Meeting additional MVTR costs from within existing MBIE baselines

112. If fees are not adjusted, the MVTR cannot operate on a full cost recovery basis. This would be a departure from the policy position agreed by Cabinet and stipulated in legislation when the regime was introduced in 2003 to recover MVTR costs in full from users. In providing for the cash deficit of the regime, MBIE would sacrifice the ability to invest these funds in capital investments. It would not be appropriate for MBIE to reprioritise Crown revenue as the MVTR is a cost recovered activity, and Crown revenue would distort the tracking of under and over recovery in the Memorandum Account.

¹⁴ Stats NZ Tatauranga Aotearoa. (2022, March 17). *New Zealand Retail Trade*. https://statisticsnz.shinyapps.io/retail_trade_dashboard/

¹⁵ Damien O'Carroll. (2022, March 17). *Record-setting 2021 a huge year for new car sales*. Stuff NZ. <https://www.stuff.co.nz/motoring/127441675/recordsetting-2021-a-huge-year-for-new-car-sales>

Extending the length of time for recovery of the MVTR Memorandum Account deficit

113. As currently proposed, the fees are set at a level to recover annual operating cost and over a five-year period the current cumulated deficit of the Memorandum Account. The Memorandum Account could be recovered over a shorter or longer period than the five years provided for in the proposed options. Extending the time for recovery of the deficit would result in a smaller fee increase being required, although the impact of this for each registered trader would be small. MBIE considered a five-year period to be long enough to spread the cost of recovery, while ensuring the Memorandum Account tracks toward a zero balance.

A staged approach to increasing fees

114. A phasing of fee adjustments over a longer period of time could mitigate the impact of cost increases for traders. However, this would require more frequent reviews to the fees and uncertainty for traders about the levels of adjustments that may be required. A staged approach would result in steep recovery over time with shifting costs.

Set MVTR fees proportionate to volume of sales

115. Some submitters suggested that fees could be calculated according to sales volumes, with traders with a larger market share paying higher fees. However, this would not be feasible or cost-effective for MBIE to administer as it would require the collection and verification of additional data in the MVTR registration and renewal processes that are not required by the Act.
116. MBIE assessed this suggestion against the Treasury guidance on setting charges in the public sector and has concluded that the service offered would not be efficient, meeting the needs of stakeholders and representing value for money if these suggestions were adopted¹⁶. Any potential benefits derived from the implementation of such proposals is likely to be overridden by the additional administrative effort for both traders and MBIE to collect information on sales volumes or turnover.

Not increase the MVTR budget by \$0.502 million as proposed

117. The regime overall had only one budget increase of \$0.300 million since its establishment in 2003, 19 years ago. There is an expectation that government systems are maintained with modern technology with security system to prevent cyber-attacks, yet still maintain ease of use for users, registered traders and public searching of the register. There is also a policy objective to ensure a level playing field of traders for consumers and investigation and enforcement of the Act is key to this policy objective. Accordingly, MBIE does not see this budget increase as unjustified.

Pursue other sources of funding for the Tribunal

118. Other Tribunals administered by MoJ are partially or wholly funded by registration fees. This is because by design, Crown revenue should not be wholly subsidising a dispute resolutions process for a private industry. If the Tribunal was to be funded from MoJ baseline funding, this would result in other MoJ services being compromised if there is no increase in appropriation to cover the shortfall. Therefore, MoJ does not recommend an alternate option to funding the Tribunal from a greater proportion of Crown funding

¹⁶ The Treasury Te Tai Ōhanga. (2022, March 17). *Guidelines for Setting Charges in the Public Sector*. <https://www.treasury.govt.nz/publications/guide/guidelines-setting-charges-public-sector-2017-html>

(collected from taxpayers and filing fees paid by complainants to access the Tribunal) or to wholly fund the Tribunal from baseline funding.

Consultation

119. MBIE and MoJ invited feedback from affected individuals, businesses and the public on the three proposed options for MVTR fee increases, and the proposed increase in the Tribunal levy.
120. MBIE published a consultation document on 17 January 2022 and invited written submissions on the fee and levy adjustments over six weeks. MoJ linked its website to the consultation page. All registered traders were invited by email to make a submission and key stakeholders were contacted to alert their networks to the consultation.
121. The consultation webpage was viewed almost 900 times over the course of the consultation period. A total of 16 submissions were received. Twelve submissions identified as motor vehicle traders and three submissions were received from representative bodies.
122. MBIE and MoJ analysed the submissions, set out in the Summary of submissions document. Responses from submitters covered broad themes, as highlighted below.
123. One submission suggested that a wholesale review of the regime and relevant legislation was required. No review is planned or proposed as the cost recovery model is considered fit for purpose.

Fee and levy adjustments will increase cost pressures for traders, but the motor vehicle market is strong

124. Some submissions highlighted that motor vehicle traders are subject to cost pressures from other regulatory regimes, and wider contextual factors. Factors included those outlined in the Impact Analysis above. Submissions also highlighted the Clean Car Discount and mandated ESC, for example.
125. As analysis of these impacts on traders has shown, understanding the degree of price sensitivity traders will have to the proposed fee and levy increases is challenging. This is because regime charges have not changed since they were first set in 2003, and the sector has experienced ongoing growth. For these reasons, MBIE and MoJ consider that the proposed increase in charges is proportionate.
126. Some submitters raised the risk of cost pressures from higher MVTR fees and levy resulting in an increase in avoidant behaviour and a greater number of unregistered traders in the market. Some stated that traders may be disincentivised from registering due to higher charges.
127. Risks of avoidant behaviour will be mitigated through ongoing monitoring and compliance activity, and a further review of fees in three to five years will provide evidence of any changes in the market that may be attributable to the Motor Vehicle Traders regime.

Value of the regulatory regime

128. A small number of submitters stated that they do not receive any benefits from being registered traders and questioned the increased charges. Some submitters highlighted

the number of unlicensed traders who are operating illegally and expressed concern that nothing was being done about them.

129. In recent years the Registrar increased compliance activity to deal with non-compliant individuals and companies. In particular, online vehicle sales have changed the market, requiring increased scrutiny. Table 8 above highlights that across the last three financial years to 2020/21, at the level of more serious compliance intervention, 141 investigations were referred for consideration of prosecution; 62 (44 per cent) resulted in court conviction where an offence had been committed.
130. Increased funding through adjusted fees will support further service improvements and regulatory activity to provide a level playing field for registered motor vehicle traders.

Feedback on the proposed MVTR fee structures was mixed

131. There was a range of feedback regarding the varying fees for companies and individual traders, although there was no strong consensus between submitters on the proposed fee structure options.
132. Submitters suggested alternative ways to structure the fees. One submitter accepted that a fee difference between companies and individuals is reasonable. However, another noted that all registered traders benefit from registration, and therefore preferred one fee for both individuals and companies. Other submitters commented that while they are registered as a company on the MVTR, their business has relatively small turnover and therefore should not be charged the same fee as the larger companies. Suggestions also included setting fees relative to a trader's annual turnover, an option that MBIE has ruled out after analysis (refer the Impact Analysis section above).
133. MBIE analysis on equitability of the MVTR fee structure is explored in the Conclusion section of this impact statement. In general, MBIE conclude that differentiating between companies and individuals reflects a more equitable distribution of the costs incurred by the agency in administering registration applications or renewals¹⁷.

Fairness of the Tribunal Levy

134. Some submitters questioned the fairness of a single levy for all traders regardless of whether they have ever needed to attend, and of the scale of their business.
135. Submitters suggested that the Tribunal was biased towards consumers, or that they had never needed to attend the Tribunal and therefore should not be levied to provide the club good to the benefit of poor performers. A few submitters wanted the levy to reflect that if a company has a higher turnover, they are more likely to require the Tribunal's services.
136. Two submitters also stated that the Tribunal filing fee was too low and should be raised to recover the costs so that applicants pay for the costs, rather than the levy which is paid by traders. The Tribunal filing fee is out of scope for this review, as it is set in line with other Tribunals administered by MoJ.

¹⁷ Companies make up approximately 87 per cent of motor vehicle traders registered on the MVTR; as at 1 March there are 3,024 registered motor vehicle traders, 2625 are companies.

Conclusions and recommendations

The Motor Vehicle Traders Register - Options

137. The proposed options for the MVTR fee structure were analysed against the principles and objectives as outlined in the Cost Recovery Principles and Objectives. A summary of this assessment against principles is set out in Table 12 below.

138. This assessment also incorporates feedback received through submissions.

Table 12: Analysis of options against principles of cost recovery

	Status Quo <i>Existing fee (and levy) with no increase</i>	Option One <i>Increased, flat fee</i>	Option Two <i>Differential for transaction type</i>	Option Three <i>Tiered on basis of user and transaction type</i>
Fairness of cost distribution	0 Single fee	0 Single fee	+1 Variation of fees for registrations or renewals reflects the fact that registrations take longer to process	+2 As well as varying by transaction type, varying fees by user type (individual or company) is reflective of the longer processing time for companies with one or more directors
Ease of navigation for users	0 One annual charge for traders	0 One annual charge for traders, increased	0 One annual charge for traders	0 One annual charge for traders
Ease of implementation	0 No IT changes or implementation required	0 No IT changes required for implementation	-1 IT changes required to implement fee structure	-1 IT changes required to implement fee structure
Overall assessment	0 The status quo continues and costs are not fairly distributed	0 Costs not fairly distributed. Easiest for MBIE to implement as the same flat fee structure continues	0 Some cost variations for existing and new users, but not a fair distribution of costs between companies and individual users	+1 Preferred option – fairness across user and activity type, easy for users to navigate

139. Option one, an increased, flat fee for all activities and users represents relatively unfair distribution costs, with individuals and small businesses incurring a greater proportion of costs with no additional benefit.

140. While submissions opposed an increase in general and showed no clear preference of option, fairness of cost distribution was a common theme. Submitters expressed an expectation for fees to more equitably reflect the differences in type of user, the size of their business or enterprise and the volumes of sales or imports.

141. Equity in the distribution of costs is key to an effective cost recovery regime. Users of the Register must meet an appropriate portion of the cost of administration commensurate to the benefit they receive.

142. There is additional administrative effort required in processing registrations and renewals for companies. Processing registrations and renewals requires undertaking due diligence on the individuals directing the entity. A company is likely to have two or more Directors, and therefore a duplicated effort is required in administration for this trader type. This increase in administration is reflected in modelling for a differentiated fee between companies and individuals. The cost of administering and maintaining a register is therefore more fairly distributed to companies by implementing a separate, tiered fee. Distribution of cost aside, each of the three options provide for a relatively similar fee-paying experience for traders. Registered traders will still have an annual fee payable to the Register, which will include a levy component. Some IT changes will be necessary to support a difference in fee type for options two and three.
143. Implementing a tiered fee structure will require some IT changes to the electronic register administered by MBIE. These changes can be delivered within the appropriation and do not create a significant risk to MBIE implementation. Initial IT changes would be required before any new charges are implemented by 1 August 2022.

The Motor Vehicles Disputes Tribunals levy

144. As the change to the Tribunal levy is a cost adjustment only, there are no additional implementation issues for MoJ by an increase to the levy.
145. The Tribunal filing fee is out of scope for this review, as it is set at standard rates across the tribunal services. The filing fee was set via a significant review process along with all other filing fees across courts and tribunals, with access to justice a key consideration.
146. A tiered levy for individuals and companies, similar to the fee structure proposed for MVTR fees is not considered appropriate as the Tribunal is a 'club good'. The likelihood of a matter being brought to the Tribunal is equally possible for all types of trader. A distinction on the levy amount by incorporation type was therefore not considered appropriate or equitable. Further, introducing a tiered levy would require an increased level of administration within MoJ, which would not be proportionate to the levy amount and the costs to administer the Tribunal service.

The Motor Vehicle Trading Regime – recommended option for implementation

147. Option three (a tiered fee based on the type of user and type of activity transaction) is proposed for implementation. A tiered fee structure best fulfils the criteria set out in the discussion document: equity in the distribution of costs, ease of fees to navigate for motor vehicle traders and relative ease of implementation (and by extension, administration) for MBIE.
148. While trader feedback in the consultation process generally opposed an increase in fees and did not highlight a strong preference for a particular option, emergent themes and suggested alternatives were taken into consideration.
149. While trader feedback expressed opposition to an increase in the levy, and proposed alternatives to how the levy be applied (including differentiated options similar to those proposed for MVTR fees), these were not assessed as being consistent with the objectives and principles of cost recovery.

150. Taking into account consultation feedback, an assessment against cost recovery principles and the criteria established for consultation, MBIE and MoJ have recommended that the Minister of Commerce and Consumer Affairs (in consultation with the Minister for Courts) seek Cabinet approval for:

- Implementing a tiered fee structure as this option best fulfils the criteria set out in the discussion document (equity in the distribution of costs, ease of fees to navigate for motor vehicle traders and ease of implementation for MBIE);

Fee category	Proposed fee
Registration - individual	\$432.00
Registration - company	\$863.00
Renewal - individual	\$401.00
Renewal - company	\$802.00

- Increasing the Commerce and Consumer Affairs: Registration and Provision of Statutory Information appropriation by \$0.502 million per annum from 2022/23 for the MVTR;
- Increasing the Tribunal levy from \$112.89 to \$210.00; and
- Increasing the Specialist Courts, Tribunals and Other Authorities Tribunals appropriation within the Courts, Tribunals and Other Authorities Services, including the Collection and Enforcement of Fines and Civil Debts Services MCA by \$0.319 million.

Implementation plan

151. The MVTR regime and Tribunal services are already established. Changes proposed in this document would be given effect by changes to the fees charged when a new applicant applies to join the register or when an existing registered trader chooses to renew their registration.
152. Subject to Cabinet approval, and the being Regulations drafted, the new structure and rates for the fees and levy would come into effect from 1 August 2022. The new fees for renewals would then be phased in as each registered motor vehicle trader decides whether to renew their registration on their annual anniversary date.
153. The primary implementation risk relates to the timing of the IT changes that are required at MBIE to introduce a differentiated fee structure within the electronic register. These changes would need to be actioned before the proposed 1 August 2022 implementation date.
154. MBIE and MoJ would develop a communications plan to communicate the changes to traders before implementation, and ensure all traders know how and when the fee changes would affect them.

Monitoring and evaluation

155. As part of the Registrar's responsibilities, over the next two to three years the Registrar would monitor application and renewal transactions, actual expenditure incurred, and

revenue collected and the resulting impact on Memorandum Account balance. MBIE will undertake a further fee review in three to five years, although this may occur earlier if it is clear that there is significant over or under recovery. The monitoring and evaluation would also allow MBIE to assess whether any avoidant behaviour is evident as the result of the change in fees. Should this occur, the enforcement approach for the regime would be adjusted accordingly.

Review

156. The evidence gathered during this monitoring period will inform any changes required at the next MVTR fees review which is scheduled to occur in three to five years. MBIE will consult with MoJ to determine if a levy review is required in conjunction with a MVTR fees review. MoJ can also review the levy independently as and when required.

Version control

Other version	Date	Link