

Regulatory Impact Statement: Extending the Light Electric Vehicle Road User Charges Exemption

Coversheet

Purpose of Document

Decision sought:	<i>This analysis has been produced for the purpose of seeking Cabinet's agreement to prepare an Order in Council to extend the existing exemption from paying Road User Charges for light electric vehicles until 31 March 2024.</i>
Advising agencies:	<i>Ministry of Transport</i>
Proposing Ministers:	<i>Minister of Transport</i>
Date finalised:	<i>28 May 2021</i>

Problem Definition

Supporting the uptake of electric vehicles (EVs) by exempting them from paying Road User Charges (RUC) has been a key policy to help decarbonise the vehicle fleet. The exemption from paying RUC for light EVs is set to expire on 31 December 2021 and it is necessary to decide whether to continue the exemption for a further period, or end the exemption as legislated.

Executive Summary

In 2016, Cabinet agreed that the light EV RUC exemption was a transparent and efficient way of providing a financial incentive to consumers to choose EVs over equivalent conventional petrol and diesel vehicles.¹ Cabinet agreed that the exemption would remain in place until EVs made up two percent of the light vehicle fleet, which was expected to be by the end of 2021. Accordingly, the exemption end date was put in place until 31 December 2021.

EVs made up 0.7 percent of the light vehicle fleet at the end of May 2021 (approximately 27,000 out of 4.1 million light vehicles) and it is unlikely the number of EVs will be near two percent by the end of 2021.

To continue the support for the uptake of EVs, it is proposed to extend the RUC exemption for light EVs through to 31 March 2024. This is around the time we now expect two percent of the light vehicle fleet will be made up of EVs. Other end dates were considered. The extension by two years balances the value of the exemption to purchasers, the likely date

¹ Cabinet Paper Electric Vehicles Package of Measures to Encourage uptake 2016 at www.transport.govt.nz/assets/Uploads/Cabinet/Electric-Vehicles-Package-of-Measures-to-Encourage-Uptake.pdf.

of reaching the two percent target, and the need to ensure the cost of the exemption to the land transport revenue system remains affordable. Other options, such as only extending the exemption for vehicles entering the fleet after 31 December 2021 are not possible under current legislation so are not able to be considered.

We do not have any New Zealand specific information for how important the RUC exemption has been in promoting the uptake of light EVs. Modelling indicates that the policy of extending the exemption is cost-effective (has a benefit-cost ratio greater than 1) if it leads to more than 600 additional EVs entering (a roughly one percent increase in the number of EVs), over the period that the exemption is extended. Our assessment, based on other studies of price subsidies, is that it could increase EV uptake by as much as 6 percent over what would have occurred by 2024.

In 2019 and 2020, \$12 million and \$13 million of revenue were foregone respectively from the existing RUC exemption. This was equivalent to less than 0.4 percent reduction in revenue into the National Land Transport Fund (NLTF) for those years. By 2024 the revenue foregone in that year from the light EV RUC exemption would be between \$40 million and \$70 million (see Table 1). By 2024, NLTF revenue will have increased to around \$4.6 billion. The foregone RUC revenue would equate to approximately 1 percent of total NLTF revenue in 2024.

Requiring EVs to start paying RUC after 31 March, rather than 31 December, will avoid potential disruptions to making and receiving RUC payments during the public holidays over the New Year period.

The proposal to extend the RUC exemption date to 31 March 2024 has not been formally consulted on. This is consistent with the process taken when the end date for the RUC exemption was last amended in 2016. The RIS that was prepared at that time stated “No public consultation is proposed if Cabinet’s decisions do not require legislative amendment because the changes will not impose any additional costs on businesses, road users or the general public.”

Limitations and Constraints on Analysis

The proposed policy has not been publicly consulted on.

There is no research on the effectiveness of the existing RUC exemption as a means of promoting the uptake of light EVs, or whether its removal would lead to a reduction in EV uptake. Our modelling of the policy’s effects is based on estimates of behaviour change in response to changes in price derived from other studies.

There remains considerable uncertainty around the likely rate of uptake of EVs in the next few years. Global EV production is increasing, but production has been affected by COVID lockdowns and manufacturers are struggling to meet demand. Sales of EVs have also been relatively low in Japan over the past decade, limiting the supply of second-hand EVs available to purchase for New Zealand. There is also uncertainty around the degree of effectiveness of other policies to support low carbon vehicle uptake that are being developed in parallel with this proposal. This makes it difficult to estimate

the likely timing of reaching the two percent target and the resulting likely level of foregone revenue from the policy.

We have not assessed whether there are other more cost-effective policies to reduce climate change emissions.

Responsible Manager(s) (completed by relevant manager)

Marian Willberg
Manager
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Ministry of Transport



Date: 31/05/2021

Quality Assurance (completed by QA panel)

Reviewing Agency:	Ministry of Transport
Panel Assessment & Comment:	<p>The Regulatory Impact Analysis has been reviewed by the Ministry of Transport's Regulatory Impact Assessment Panel as partially meeting the quality assurance criteria.</p> <p>The RIA clearly sets out the wider context of the issue, and provides what information it can about the potential effectiveness of the proposal. The proposal having a positive benefit-cost ratio delivers some confidence. The RIA acknowledges that it does not evaluate alternatives to extending the RUC exemption for EVs, with the scope being limited by the Government's previous commitment to continuing the RUC exemption until EVs reached 2% of the light vehicle fleet. The fact that the proposal has not been consulted on limits its rating to partially meets.</p>

Section 1: Diagnosing the policy problem

Background

1. Under the Road User Charges Act 2012 (the RUC Act), operators of all vehicles that do not use a fuel that is charged fuel excise duty (FED)², or heavy vehicles with a gross vehicle mass (GVM) greater than 3.5 tonnes (primarily trucks, buses and some trailers), are subject to RUC. The purpose of RUC, as set out in the RUC Act, is to impose charges on vehicles for their use of the roads in proportion to the costs that the vehicles generate. Vehicles paying RUC must purchase and display RUC licences, which are bought in advance of travel in units of 1,000 km. Almost all RUC vehicles are diesel-powered, but vehicles using other fuels such as electricity, hydrogen and biodiesel³ are also subject to RUC, though electric vehicles are currently exempted.
2. The Government has been promoting the uptake of EVs specifically, and low emission vehicles including hydrogen-powered vehicles more generally, as a key part of a transition away from fossil fuels for the transport sector. Greenhouse gas emissions from transport are nearly all carbon dioxide (CO₂) and transport is responsible for 47 percent of total domestic CO₂ emissions.⁴ New Zealand cannot achieve its net zero carbon target by 2050 in the 2019 amendment to the Climate Change Response Act 2002, without largely decarbonising transport.
3. In order to promote the uptake of light EVs specifically, they are exempt from paying RUC until 31 December 2021⁵. The 2016 Cabinet paper stated that the EV RUC exemption was a “transparent and efficient way of providing a financial incentive to encourage consumers and businesses to opt for EVs over equivalent conventional vehicles”.
4. When Cabinet set the current end date for the light EV RUC exemption in 2016 [CAB-16-MIN-0108.01 refers] it agreed that light EVs be exempt from RUC until they comprise two percent of the light vehicle fleet, with a target that this would be reached by the end of 2021. Although the goal for when the exemption would end is frequently described as when the EV fleet reaches 64,000 vehicles, this figure is not mentioned in the Cabinet Paper or Cabinet minute. For simplicity, the RUC regulations used the date of 31 December 2021 for the exemptions to end for light EVs.
5. As shown in Figure 1 below, the number of light EVs in our fleet has been rising steadily since 2016, but at around 0.7% of the light vehicle fleet in May 2021, numbers are still well short of the uptake target of EVs being two percent of the light vehicle fleet by 31 December 2021. At current rates of EV uptake, we expect that there will be around 30,000 to 34,000 light EVs in the fleet by the end of 2021 (see Table 1 on page 9). This would be less than one percent of the light vehicle fleet.

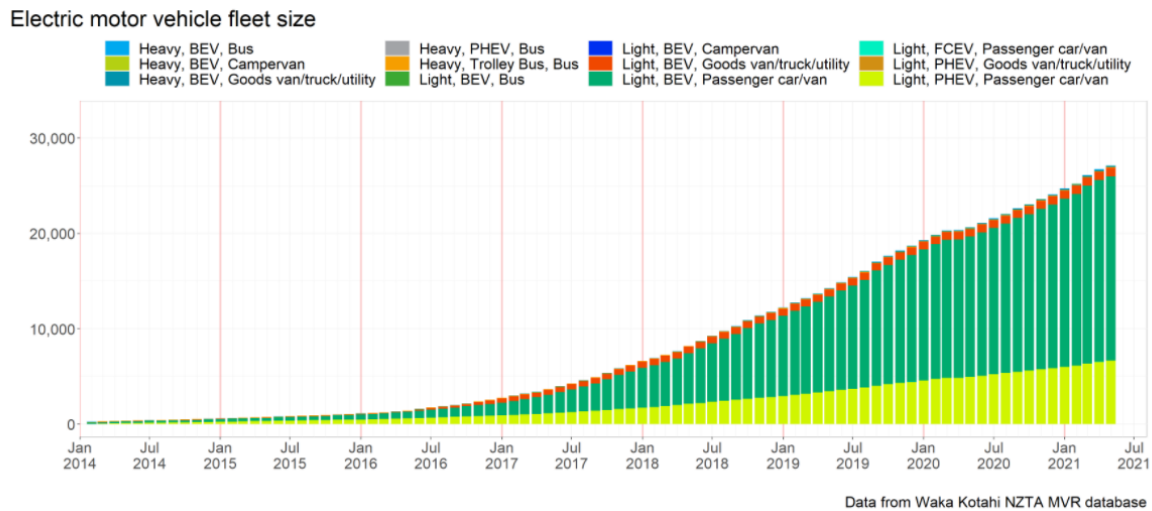
² Petrol, CNG and LPG fuels include Fuel Excise Duty (FED) in the price when sold.

³ Ethanol, a biofuel, is the only transport fuel that is not subject to RUC or FED.

⁴ For all greenhouse gases transport accounts for 21 percent of total domestic emissions. The other major emitting sectors are agriculture (47.8 percent), energy (19.6 percent), industrial processes (6.5 percent) and waste (5.1 percent).

⁵ The legislative ability to exempt heavy EVs from RUC is separate from light EVs. Heavy EVs are not addressed by this policy or RIS.

Figure 1 Number of electric vehicles in NZ



What is the policy problem or opportunity?

6. The uptake of EVs benefits NZ by reducing levels of emissions of both harmful pollutants and climate emissions (primarily CO₂). Increasing the uptake of EVs is a key part of addressing these problems and exempting EVs from RUC has been a key tool to support their uptake until now. Exempting EVs from RUC comes at a cost in foregone revenue for the National Land Transport Fund (NLTF) and at some point, EVs must start making a contribution to the NLTF.
7. We do not have any specific data on the effect the existing light EV RUC exemption has on increasing the uptake of light EVs. The absence of specific data means that an optimum date or target for when the exemption should be ended cannot be accurately estimated. We, therefore, propose to continue the 2016 policy agreed by Cabinet, that the exemption should remain in place until the number of light EVs reaches two percent of the light vehicle fleet.
8. It is not likely that the number of EVs will be close to two percent by the current exemption end date of 31 December 2021. It is therefore necessary to propose a new date for the EV RUC exemption to end on. This date needs to balance the uncertainties around when the EV fleet will reach two percent, with the risks to revenue from the exemption continuing longer than is desirable.
9. Because the vehicle fleet has continued to increase in size since 2016, two percent of the light vehicle fleet in 2021 would be around 80,000 vehicles, not the target of 64,000 set in 2016⁶. Under our current scenarios, by 2026, two percent of the light vehicle fleet would be almost 90,000 vehicles. Not accounting for any further economic disruption caused by COVID-19, but allowing for the expected impact of other policy changes, such as the Clean Car reforms (and the extension to the RUC exemption itself), the Ministry projects EVs will most likely reach two percent of the light vehicle fleet between 2024 and 2025.

⁶ Although there was a target of 64,000, the Cabinet decision in 2016 was for the exemption to remain in place until EVs made up two percent of the fleet.

10. The recent Cabinet decision [CAB-21-MIN-0004 refers] to establish a light vehicle CO₂ target for 2025, together with the potential for incentives to be implemented in the coming year, would be expected to increase EV uptake faster than these scenarios. We cannot yet estimate the potential scale of the impact on EV uptake until decisions on the Clean Car Discount scheme's design are made, but the modelling has attempted to account for this to the extent possible.
11. Any revenue loss from extending the RUC exemption will increase the pressure on the NLTF. The revenue not collected (foregone) from a RUC exemption will need to be balanced against the Government's existing land transport investment priorities that may need to be deferred or delayed as a result of the reduced revenue.
12. Over the next two to three years while the numbers of EVs are still a small proportion of the vehicle fleet, the foregone revenue from RUC exemptions is likely to be small, relative to the total NLTF revenue on an annual basis (foregone revenue was around \$12 million in 2019 and \$13 million in 2020 – See Table 1). The amount of revenue foregone is expected to increase over time, as the number of exempted vehicles increases.
13. The population impacts from an extension to the light EV RUC exemption will be minor, as it will only affect those who are purchasing, or who already own, a light EV and the change effectively confers a benefit. However, this benefit is not available to those who cannot afford to purchase an EV in the first place as it does not affect the sale price. Other interventions being developed separately are required to address that obstacle.
14. An EV owner, travelling the estimated annual average for an EV of 11,000km per year would be expected to save \$836 per year, if they would otherwise have paid RUC at the current standard rate for a light vehicle of \$76 per 1,000km. If the exemption is extended by two years and three months, as proposed, the cumulative benefit for an owner of an EV from 1 January 2022 would be \$1,881.
15. The actual benefit to an EV owner of not having to pay RUC will vary with usage patterns and purchase date. Early adopters who purchased a light EV soon after the first RUC exemption was introduced in 2009 will clearly save more money than those who purchase one today. Those who purchase an EV closer to the eventual end date will benefit even less. However, most EVs have been in the New Zealand fleet for less than two years. There were less than 1,000 EVs in the fleet until 2016, and only 12,000 at the end of 2018. At the end of May 2021, there were 27,000 light EVs, so relatively few EV owners will benefit disproportionately from an extension of the exempted period.

There are also other reasons to extend the EV RUC exemption

16. Extending the RUC exemption until 31 March 2024 would allow time for the Government to explore other changes to the Road User Charges Act affecting how RUC rates are set. It is planned to consult on a package of potential RUC Act amendments later in 2021. These proposals would seek to address issues with how electric vehicles will be charged RUC once they enter the RUC system. For example, it may be considered desirable to charge EVs a lower rate of RUC than diesel

vehicles to recognise their importance in reducing CO₂ emissions. This cannot be done under the RUC Act's current provisions.

17. Amending the RUC Act to be able to set partial RUC rates for specific classes of vehicles would also enable the Government to address a concern with plug-in hybrid electric vehicles (PHEVs). PHEVs operate on both petrol and batteries charged from an external source of electricity. PHEVs are currently exempt from paying RUC as they are considered EVs, though they still pay FED on the petrol they use. Around a quarter of the light EV fleet (6,500 out of 27,000 vehicles as at the end of May 2021 (see Figure 1)) are PHEVs. Owners of PHEVs would be 'double taxed' if they paid RUC and FED, once EVs are required to pay RUC.
18. It would be preferable, though not essential, to be able to amend the RUC Act before EVs were required to pay RUC.
19. We know that in other jurisdictions where subsidies to promote EVs have been removed or new charges have been added as alternatives to fuel taxes, that EV sales dropped afterwards.⁷ We expect that once the Clean Car Discount has been implemented there will be significantly less resistance to being required to pay RUC from potential EV purchasers (though that policy will not benefit EV owners in the way RUC exemptions do). Again, it remains preferable to delay the introduction of RUC at this time to reduce the risk of backlash, at least until other policies have been fully implemented.

Consultation

20. The proposal to extend the RUC exemption date has not been formally consulted on. This is consistent with the approach taken when the end date for the RUC exemption was last amended in 2016. The RIS⁸ that was prepared at that time stated "No public consultation is proposed if Cabinet's decisions do not require legislative amendment because the changes will not impose any additional costs on businesses, road users or the general public."
21. In 2019, during consultation on the Clean Car Standard and Clean Car Discount⁹, which was proposed to replace the RUC exemption, submitters that commented on this point strongly favoured retaining the exemption, in addition to the discount. This was so those that bought vehicles shortly before the proposed discount was implemented still continued to receive some financial benefit.
22. We are aware that the removal of support measures for EVs in some other jurisdictions has led to declines in their sales. The Victorian Treasury advised the Government of a risk that imposing a road user tax, without new incentives to make EVs more attractive, would maximise revenue recovery, but was likely to discourage EV uptake. In the United States, several states have reported drops in sales of EVs after introducing relatively moderate annual fees in lieu of fuel taxes¹⁰.

⁷ www.utilitydive.com/news/georgia-electric-vehicle-sales-shrink-80-in-wake-of-tax-credit-repeal/434092/ & www.nytimes.com/2017/03/11/business/energyenvironment/electric-cars-hybrid-tax-credits.html

⁸ <https://www.transport.govt.nz/assets/Uploads/RIA/EV-RUC-RIS-2016.pdf>

⁹ <https://www.transport.govt.nz/assets/Uploads/Discussion/LEV-consultation-document-final.pdf>

¹⁰ www.utilitydive.com/news/georgia-electric-vehicle-sales-shrink-80-in-wake-of-tax-credit-repeal/434092/ & www.nytimes.com/2017/03/11/business/energyenvironment/electric-cars-hybrid-tax-credits.html

23. We think it is reasonable to assume that removing the RUC exemption now, when other incentives have not been fully introduced would also have a negative effect on sales, though we cannot estimate by how much.

What objectives are sought in relation to the policy problem?

24. The overall objective of the policy is to increase the uptake of EVs.
25. We do not have enough data to estimate the specific effects of the exemption on EV uptake in isolation from other policies. Nor do we know the optimum date to remove the exemption, from the perspective of encouraging EV uptake. The proposed legislative amendment is therefore intended to continue the previously agreed policy to extend the light EV RUC exemption end date to when we expect EVs to make up two percent of the light vehicle fleet. At the same time, it is necessary to balance the value of the exemption to existing EV owners and potential purchasers, against the need to ensure the overall cost of the exemption to the land transport revenue system remains affordable.

Section 2: Deciding upon an option to address the policy problem

What criteria will be used to compare options to the status quo?

26. The primary purpose of the modelling was to estimate EV uptake, and what risks to revenue there are from the exemption continuing after its current expiry date of 31 December 2021.
27. For the analysis, we used the Ministry of Transport's fleet models and the most recent (April 2021) EV uptake projections. These projections are updated regularly to take into account, as far as possible, the impacts of other policy changes that will affect EV uptake including the expected effects of the Clean Car Discount and Standard.
28. We have modelled the impacts of the RUC extension on the rate of EV uptake. In order to estimate the effect of the exemption, we have used studies on price elasticities developed for the Clean Car Standard and Clean Car Discount. This work assumes that the value to the EV purchasers of the RUC exemption leads to a small (around 6 percent) additional uptake of EVs than would have occurred without the exemption.
29. We do not have any research on what effect removing the RUC exemption would have on EV sales. We have assumed that, provided the Clean Car Discount is in place, there is no negative effect on the number of EVs being purchased once it is removed. This is because the expected value of the Clean Car Discount to a potential EV purchaser is much higher than the value of the RUC exemption.
30. We have not looked at the impacts on population groups as there are no obvious effects and none were considered in the 2016 RIS when the policy was initially agreed. Any effects will be minor.

What scope will options be considered within?

31. The following options were considered:
- Option 1: the status quo – the RUC exemption applies to light electric vehicles until 31 December 2021

- Option 2: extending the RUC exemption for light electric vehicles until 31 March 2024
 - Option 3: extending the RUC exemption for light electric vehicles until 31 March 2025
32. There are a range of other potential policy options, such as exempting only those EVs entering the fleet after 1 January 2022 from paying RUC, or to charge EVs a lower rate of RUC than other light vehicles. These are not possible to implement under the current RUC legislation and so have not been considered here.
33. The Ministry's analysis estimates the number of EVs expected to enter the fleet up to 2025 is shown in Table 1. For this modelling, we assumed that the RUC exemption extension policy increased EV uptake slightly over the base case by 2025 and that the Clean Car discount also increases uptake (this is reflected in the mid-case). We have not shown the high case as EV uptake has consistently been lower than our models have predicted.
34. The model assumes that because EVs are cheaper to operate than conventional petrol and diesel vehicles they will travel further than those vehicles. We do not yet know if this will occur for EVs, but the effect has been seen with the uptake of fuel-efficient vehicles in other jurisdictions.
35. The model also assumes that the EVs will replace some petrol vehicles, so by extending the RUC exemption there will also be a small reduction in FED at the same time. The amount of FED offset by those additional EVs that enter the fleet as a result of the policy is estimated to be less than \$1 million in 2024.

Table 1 EV uptake and effects on revenue and CO₂ emissions

Year	Number of EVs (range)	EV % of the fleet (Base case)	EV % of the fleet (Mid case)	Millions of km travelled (range)	Annual tonnes of CO ₂ not emitted (Base case only) ¹¹	Expected RUC foregone ¹² (\$ million) (range)	Total NLTF (\$ million)	Percent of NLTF foregone from RUC exemption (range)
2016	2,473		0.1%	20	2,000	\$1	\$3,580	0.02%
2017	6,130		0.2%	50	6,000	\$2.7	\$3,689	0.05%
2018	11,590		0.3%	110	15,000	\$6.2	\$3,644	0.1%
2019	18,447		0.5%	190	27,000	\$11.8	\$3,903	0.3%
2020	24,000		0.6%	200	41,000	\$13.4	\$3,851	0.4%
2021	30,000 to 34,000	0.7%	0.8%	280 to 310	61,000	\$20 to \$30	\$4,257	0.5% to 0.7%
2022	37,000 to 47,000	0.9%	1.0%	380 to 450	76,000	\$20 to \$40	\$4,402	0.5% to 0.9%

¹¹ CO₂ emissions estimates assume EVs replace the average mix of petrol and diesel vehicles entering the fleet that year. The amount shown in the CO₂ not emitted is the reduction in emissions for that year only.

¹² Foregone RUC revenue figures for 2016-2019 reflect actual vehicle data for those years. Data from 2020 is an estimate; calculations use the actual RUC rates applying in that year. RUC estimates from 2020 onwards assumes no change in RUC rates from the 2020 rate of \$76/1,000 km.

2023	47,000 to 63,000	1.0%	1.3%	480 to 630	93,000	\$30 to \$50	\$4,511	0.7% to 1.1%
2024	59,000 to 81,000	1.2%	1.9%	590 to 880	108,000	\$40 to \$70	\$4,610	0.9% to 1.5%
2025	72,000 to 104,000	1.4%	2.3%	700 to 1,210	124,000	\$40 to \$90	\$4,706	0.8% to 1.9%

36. Table 1 sets out the results from the analysis. From this, it appears that Option 2, extending the RUC exemption to 2024, appears to be the best option between meeting the expected date of the two percent target, and not experiencing an unsustainable reduction in revenue for the NLTF. Extending the exemption to 2025 increases the risk for higher revenue reduction than desirable, and extends the revenue loss for a further year increasing the cumulative loss.
37. Extending the exemption to 31 March will also provide an additional benefit to EV owners over ending the exemption on 1 January, though that is not why the slightly later date was chosen.

Net benefits of extending the EV RUC exemption

38. Having determined that ending the exemption on 31 March 2024 was the preferred option from a revenue loss perspective, we investigated whether the policy of extending the RUC exemption until 2024 had a net positive benefit for the amount of revenue expected to be foregone.
39. As well as providing a general benefit to all EV owners and purchasers, the extension will also lead to increased uptake of EVs over the base case of no RUC exemption. Modelling indicates that the policy is cost-effective (has a benefit-cost ratio greater than 1) if it leads to more than 600 additional EVs by 2024 or 1,000 by 2025. This would be a roughly one percent additional increase in EVs entering the fleet by 31 March 2024 than would have occurred without the exemption. The model also shows that because more EVs would enter the fleet, extending the exemption to 2025 would lead to a greater benefit over the period that the exemption is extended. However, this is offset by the fact that the amount of revenue loss is increased.
40. The analysis estimates that the policy would mean approximately 3,700 more EVs entered the fleet by mid-2024 (the model is calibrated to financial years), than if the exemption was not extended. As Table 2 shows, the benefit of these extra EVs has a Benefit-Cost Ratio of 6.21. This suggests that the policy to extend the exemption to 31 March 2024 stands on its own merits and is cost-effective.
41. The relatively high benefit is because although the total number of EVs is small, the exemption extension is only for a little over two years. Whereas ongoing use of these vehicles has a benefit over their entire life and the cumulative benefit is much larger when considered over 20¹³ years.

¹³ We do not have any estimates for the actual length EVs will remain in the fleet as there are still too few EVs in service to have such data. This is only an indicative figure based on current vehicle turn over patterns. The analysis assumed that any EV scrapped before 20 years old is replaced with an EV so environmental benefits are consistent.

Table 2 Benefit-cost ratio of extending light EV RUC exemption

	Ends 1 July 2024	Ends 1 July 2025
Total new EVs	3,664	6,337
Benefit-Cost Ratio	6.21	6.34
Net Present Value	\$48,878,649	\$81,917,965
Cumulative revenue change	-\$107,035,655	-\$171,521,421
Cost per tonne of CO₂ abated	\$46	\$43

Table 3 Breakdown of benefits and costs of increasing EV uptake by extending the exemption

	Ends 1 July 2024	Ends 1 July 2025	Description
Benefits			
Energy savings	\$33,479,295	\$56,188,807	Reduction in fuel use, less increase in electricity use, times respective prices
GHG reduction	\$14,305,609	\$23,761,930	Reduction in the social cost of GHGs
Air pollution reduction	\$3,674,958	\$5,958,912	Reduction in the social cost of air pollution
Mobility increase	\$6,804,815	\$11,338,458	The benefit to EV owners of driving more vehicle kilometres travelled (VKT) at a lower cost
Costs			
Wear and tear costs	\$46,191	\$57,255	Increase in the social cost of wear and tear from more VKT
Social cost of crashes	\$9,339,837	\$15,272,888	Increase in the social cost of crashes and injuries from more VKT

Section 3: Delivering an option

How will the new arrangements be implemented?

42. The light EV RUC exemption end date is set by Order in Council. If Cabinet agrees to the change to the exemption end date, regulations will be made after that. No further legislative or other changes are needed for the policy to be implemented as it is merely continuing an existing policy.
43. The Ministry of Transport actively monitors the uptake of light electric vehicles and reports to the Minister of Transport. If there is a higher than expected uptake of light electric vehicles, further action may be required to manage the impact of foregone revenue on the NLTF. The Ministry of Transport would advise the Minister accordingly if this situation eventuated.