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SUBMISSION TO THE FINANCE AND EXPENDITURE SELECT COMMITTEE ON THE LAND TRANSPORT MANAGEMENT (REGIONAL FUEL TAX) AMENDMENT BILL

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HORTICULTURE IN NEW ZEALAND

1. Horticulture New Zealand (HortNZ) appreciates the opportunity to make a submission to the Finance and Expenditure Select Committee on the Land Transport Management (Regional Fuel Tax) Amendment Bill (the Bill). We wish to appear before the Committee to present our submission.
2. This submission is endorsed and supported by the following named organisations:
 - Onions New Zealand Inc.
 - Vegetables New Zealand Inc.
 - Process Vegetables New Zealand
 - Tomatoes New Zealand Inc.
 - New Zealand Apples and Pears Inc.
 - T&G Global Limited
 - Balle Bros Group Limited
3. There are 5,000 commercial fruit, vegetable and berryfruit growers in NZ who employ over 60,000 workers. The growers in the industry are mostly small to medium sized business with a few larger corporates in some sectors. Therefore changes in taxation can have a dramatic effect on the ability of these businesses to remain profitable and continue to

offer job opportunities to New Zealanders. Horticulture is a significant employer and a key factor in the maintenance of provincial New Zealand's cultural and social wellbeing.

THE BILL

4. We acknowledge and support the original intent of a Bill for a regional fuel tax (RFT) for Auckland, to fund the necessary Auckland transport infrastructure projects to “get Auckland moving”. In a media release¹, the Minister of Transport explained that:
 - a. The Land Transport Management (Regional Fuel Tax) Amendment Bill will enable Auckland Council to seek funding for specific transport-related projects. It would allow funds raised in Auckland to be spent only in Auckland.
 - b. Auckland is at a standstill and the Auckland Council understands the frustration of its ratepayers who are spending hours of their day stuck in traffic.
 - c. Auckland has gone through massive population growth in recent years and its current infrastructure can no longer support the city. Improving infrastructure in Auckland is vital for its businesses and its people for whom just getting to work, school and about their daily activities can be a struggle.
 - d. Solving Auckland's traffic gridlock is also important for the rest of New Zealand with congestion in the city between 2015 and 2017 estimated to have cost the economy between \$1.3 billion a year in lost productivity.
5. Auckland's clogged transport infrastructure adds significant cost to the distribution of fresh fruit and vegetables in the Auckland region, and getting Auckland moving is important for our sector, and for consumers. The delivery of perishable fresh produce via congested infrastructure adds significant cost to healthy eating for New Zealanders. Auckland's infrastructure is further burdened by the city sprawl, including into areas of national significance for the production of food. Auckland, and other cities, must acknowledge and address the transport infrastructure burden created by such sprawl.
6. This Bill does however broaden the scope from the Government's pre-election position, and the Minister's press release, to all regions, not just Auckland. This is a substantive change in expectation, and, if it were to become law, would remove the Parliamentary process from the approval for a RFT - in regions beyond Auckland. Giving the power to councils to consult as part of a broader long-term or annual plan does not give the opportunity for specific national consultation to ensure alignment of intent, process, and expectation, and diminishes the transparency vital to our democracy.
7. Horticulture operations will be affected by this Bill, with RFT paid on bulk fuel deliveries to horticultural operations. However, many horticultural fuel users are not users of transport infrastructure, and should be exempt, (a regional fuel tax acts as a proxy for road use – Ministry of Transport Regulatory Impact Statement [RIS] p.24). HortNZ has been in discussion with the Ministry of Transport regarding the in-principle approach to exemptions for non-road users, who would be subject to the RFT. It was agreed in-principle that such exemptions would apply to horticultural machinery, used primarily off-road. We acknowledge that some horticultural vehicles do use rural road infrastructure for movement between farms, however on-road fuel consumption as a proportion of total use is negligible, and exemption should be total.
8. The cashflow effect for some horticultural businesses, paying RFT then claiming rebates, will be extensive. One Auckland based horticultural business estimated total RFT liability could be in the region of \$200,000 per annum, with exempt rebates of approximately

¹ <https://www.beehive.govt.nz/release/regional-fuel-tax-auckland-step-closer>

\$50,000, and change in fuelling location likely to reduce RFT liability by approximately \$50,000.

9. The rebate process for exempt use where RFT has been paid must recognise there will be an additional burden on agricultural fuel users (and other like users). The requirements for record keeping are not described in the Bill, which creates uncertainty, and fear of extra burden.

Regulatory Impact Statement

10. The Ministry of Transport RIS sets out a number of issues which HortNZ considers worth further examination.

11. One aspect not specifically examined, although occasionally noted in the RIS is the use of pricing mechanisms to change road use behaviour. The RIS, and the preferred option of RFT, focus on the easiest and quickest option for revenue collection, not on using any mechanism to achieve two, mutually aligned, objectives: revenue collection, and change in infrastructure use to reduce congestion.

12. Tolling. The RIS includes consideration of the option for tolling existing roads:

Tolling can provide reasonable and proven pricing signals if it is used as a demand management tool toward the road pricing end of the spectrum. Variable tolls could be charged depending on the time of day, providing some pricing signals.

13. Tolling appears to be a logical option for achieving the same outcomes as RFT, with the added benefit of changing road use behaviour – clearly one of the inherent challenges for Auckland.

14. Technology. HortNZ notes also the possibilities of future options such as electronic Road User Charges (RUC) which enable flexible pricing mechanisms to change road use behaviour, and gather revenue to fund infrastructure.

15. HortNZ suggests that new technological options should be considered beyond the immediate term, and we therefore encourage the inclusion in this Bill of a specific time bound review of alternate options for the RFT. Our suggestion is for review within five years.

16. The RIS falls short on the analysis of compliance and administration cost, with the exception of fuel companies. The RIS does not identify off-road fuel users as affected by the administrative burden to seek rebate, and no monetised analysis was undertaken for this group, which includes New Zealand's food producers. HortNZ notes these costs could potentially be significant, and one large horticultural company advised HortNZ that it already finds the burden for claiming back RUC exemptions so high as to preclude them from doing so.

17. As noted below, the Bill does not provide certainty of the eligibility for exemption, nor the requirements for record keeping, and until this is provided HortNZ cannot make specific comment on the compliance and administration cost for fruit and vegetable growers. We note that in many cases such record keeping may require the adoption of new technology solutions, or adaptation of existing systems, all at the cost to food producers, and ultimately consumers. One large horticultural company has already advised HortNZ that their record keeping systems are not aligned with RFT, and the redesign would be significant and onerous.

18. We note that s.3.2. of the RIS specifically records some criteria for assessment of likely impacts, criteria which have not been addressed with sufficient certainty in this Bill for horticultural businesses:

Equity and fairness: The scheme should be fair. The burden of interventions differs across individuals and businesses depending on which bases and rates are

adopted. Assessment of both vertical equity (the relative position of those on different income levels or in different circumstances), horizontal equity (the consistent treatment of those at similar income levels, or similar circumstances) and spatial equity (areas and locations that benefit from the tax should pay the cost) is important.

Compliance and administration cost: The system should be as simple and low cost as possible for taxpayers to comply with and to administer.

19. HortNZ notes the RIS analysis of impacts is “worse than doing nothing/the status quo” for the impact categories of: compliance and administration cost; coherence; and speed of implementation. We consider most critically that insufficient regard has been given to the Equity and Fairness, and Compliance and Administration Cost, for horticultural producers. The RIS identifies costs down to the thousands of dollars for the Crown, but has no analysis of monetised, nor non-monetised, costs to off-road users, such as horticulturalists.

20. HortNZ also notes this RIS applies to Auckland only, and cannot therefore be considered a full analysis of the RFT benefits, risks and impacts, arising from this broadened Bill.

Exemption from RFT

21. HortNZ submits that those elements of the Bill, that are yet to be prescribed by order in Council, in particular eligibility for exempt use, create uncertainty for the horticulture industry and should be further prescribed to enable informed debate and contribution to the Bill’s development. Without certainty on exempt use in the RFT Bill for on-farm horticultural machinery and vehicles, Horticulture New Zealand would be opposed to this Bill.

22. HortNZ has proposed to the MoT that agricultural machinery, which is exempt from Road User Charges (RUC - the diesel fuel equivalent for Fuel Excise Duty), also be exempt from RFT, and we seek for this to be made clear in the primary legislation.

23. This Bill is appropriately proposing the rebate mechanism as already used for Fuel Excise Duty (FED) rebates, but FED exemptions have proven exceptionally confusing for agricultural vehicles. Exemption for non-road use should be based on the same exemption from RUC; would align in principle (i.e. diesel vehicles already considered exempt from road-use charges); is much clearer; and the list more easily understood for horticultural purposes: “A vehicle is exempt from paying road user charges if it belongs to a class of vehicles whose purpose or design means it is unsuitable for regular road use”. Specific inclusion in the Bill of such a description for exempt vehicles, would provide greater certainty to horticultural operations. The exemptions from RUC and FED are included in Appendices 1 and 2.

24. The opportunity for businesses to register for full and specific business exemption from RFT is unclear in the Bill. HortNZ seeks to confirm that horticulture businesses, where fuel use from on-farm storage would be entirely exempt from RFT, may register as an RFT exempt business, and invoicing from fuel companies would not include RFT.

Section 65A, Definitions:

25. Given the sizeable impact on horticultural off-road fuel users from the RFT, HortNZ is concerned that the Bill is not explicit in identifying such off-road use as exempt. Such use is to be prescribed in regulations, leaving our sector with uncertainty about whether their off-road use will be exempt from RFT. HortNZ submits that for agricultural machinery, the definitions should include the same exemptions as for RUC.

Section 65O, Liability to pay RFT:

26. Section 65O(2)(b) appears to leave open the possibility for horticultural businesses, where fuel use is only for RFT exempt purposes, to be able to register with the NZTA as an exempt fuel user, and therefore not be liable to pay RFT. HortNZ seeks clarification that this

sub clause applies to all possible exempt uses and users, not just those specifically prescribed in Clause 65A (a) – (d).

Section 65X, Process relating to RFT rebates:

27. HortNZ is concerned that this Bill does not adequately provide certainty on the record keeping requirements to support rebate claims.

28. Subpara 65X(1)(d) states that rebates must be “supported by any documentary evidence and any other information –

- (i) That is prescribed in the regulations made under this Act; or
- (ii) That the Agency reasonably requires.

HortNZ submits that this creates uncertainty as to the expectation of record keeping for horticultural operations exempt from RFT to support rebate claims. Experience suggests this creates the opportunity for the Agency to create burdensome record keeping requirements, in an effort to prevent RFT leakage.

29. HortNZ notes that many on-farm fuel tanks, where recording of fuel use to support rebate claims would be expected to take place, are:

- a. Often not under cover, and record keeping in wet conditions would be challenging
- b. often have no discharge measuring available
- c. and for many such on-farm vehicles, there is seldom a place for keeping paper records dry (e.g. on a tractor)

30. The range of horticultural operations likely to be subject to RFT but seeking rebates for exempt use is considerable; ranging from small bulk fuel supplies for single tractors, to large users fuelling utility vehicles, truck fleets, and large tractor/harvester fleets (>50 tractors). For the horticultural industry clear expectation, without undue burden, on the record keeping requirements is an absolute necessity.

31. HortNZ submits that a suitable de minimis be set under which a statutory declaration of exempt fuel use would be sufficient to support a rebate claim. We propose this is set around 2000 litres per month on a rolling average basis, per bulk fuel site. HortNZ considers this value reflects our analysis of the likely burden on small users to maintain full records and administer rebate claims (i.e. \$200 per month in staff wages, record keeping, and cashflow costs).

32. We also submit that penalising by 10%, those rebate applications made more three months after the last day of the period for which rebate is sought is not equitable given the threshold for many small businesses to execute rebates is not inconsiderable, and there is no economic loss to the regional council for late rebate claims. Those operations that consume fuel subject to the RFT, but would be exempt, and therefore eligible to a rebate will be subject to additional cost to record usage and seek such rebates, and should not therefore be penalised for delay in submitting rebate claims.

Section 65ZE, Regulations:

33. As previously noted, much of HortNZ's concern relates to uncertainties on exempt use and rebate claim records, which will be made in subsequent regulations, specifically:

- a. Sub-para (b); prescribing uses of fuel (other than use in a vehicle on a public road) that are exempt from regional fuel tax
- b. Sub-para (c); prescribing circumstances in which persons are entitled to an RFT rebate
- c. Sub-para (d); prescribing any information or other matter that must be provided to the Agency in support of an application for an RFT rebate

- d. Sub-para (e); prescribing accounts or records to be kept by any person for any purpose under this subpart
- e. Sub-para (f); prescribing an amount for purposes of s.65X(2)(b)

34. We again draw to the committee's attention the horticulture industry concern about uncertainty, about on-farm use not being specifically exempt, and concern about record keeping.

RFT Administration costs

35. HortNZ submits that any NZTA costs attributable to managing RFT rebates should be borne by the RFT scheme, not funded from other income sources, reflecting accurately the implementation and operational costs of the RFT.

CONCLUSION

36. Horticulture New Zealand generally supports the intention of this Bill, as originally proposed: for Auckland only, and to "get Auckland moving". We do not support RFT for all regions.

37. In our submission we draw attention to:

- a. Our in-principle discussions and agreement with MoT on exempt use for farm vehicles and machinery, noting such exempt use is not specifically identified in this Bill
- b. Our proposal for exemptions to align with those exemptions from Road User Charges
- c. Our concern about the burden and practicality of record keeping to support rebate claims, and the uncertainty of Agency expectations for our industry
- d. The real costs for the horticultural industry in record keeping and submission of rebate claims - likely to add to fresh food prices
- e. Our proposal for a de minimis value of fuel use, requiring only a statutory declaration for rebate claim
- f. The specific inclusion in the Bill of a review of new and improved options within five years.

38. Horticulture New Zealand does wish to appear before the committee to be heard, with oral evidence in support of this submission.



Mike Chapman
Chief Executive
Horticulture New Zealand

ENDS

Appendices:

1. Road User Charge Exemptions
2. Fuel Excise Duty Exemptions

APPENDIX ONE: ROAD USER CHARGE EXEMPTIONS

ROAD USER CHARGE EXEMPTIONS

Your vehicle may be exempt from road user charges (RUC) if:

- it is a light electric RUC vehicle (gross laden weight 3.5 tonnes or less) whose motive power is derived wholly or partly from an external source of electricity, or
- [it belongs to a class of vehicles whose purpose or design means it is unsuitable for regular road use](#), or
- [it is a light diesel vehicles \(3.5 tonnes or less\) that is used almost exclusively off-road for a certain purpose](#).

Vehicles unsuitable for regular road use

A vehicle is exempt from paying road user charges if it belongs to a class of vehicles whose purpose or design means it is unsuitable for regular road use.

Vehicles unsuitable for regular road use are listed below:

Description of vehicle type
A tractor – a motor vehicle (other than a traction engine) that is designed and constructed, and not merely adapted, for traction and powering implements
A traction engine
A forklift, telehandler or sidehandler
A self-propelled machine that is designed and constructed (not merely adapted) for the following specialist industrial purposes: aerodrome runway sweepers electrical substations filters for transformer oil log haulers that are stationary when hauling logs aero engine test benches
A self-propelled vehicle (other than a tractor) or towed vehicle that is designed and constructed for (not merely adapted) agricultural purposes, including: combine harvester maize harvester pea viner windrower

APPENDIX ONE: ROAD USER CHARGE EXEMPTIONS

Description of vehicle type
<p>silage chopper hay balers hay rakes cultivation equipment silage wagons feed troughs</p> <p>but not including:</p> <p>a self-propelled or towed vehicle designed for spreading fertiliser if it is used on a road for the cartage of fertiliser a self-propelled vehicle designed as a weed sprayer built on a truck chassis</p>
A trailer towed by a traction engine, a forklift, telehandler, sidehandler or self-propelled machine described above
A motor vehicle propelled and supported solely by self-laying tracks
All terrain vehicle
Aerodrome crash fire tenders used on road only in emergencies
Trailer scraper (not self-propelled)
Plant for servicing oil filled cables
Road rollers
Stone and gravel crushing and screening plant
Bulldozers and angle dozers
Front end loaders
Mobile pile drivers
Motor scrapers (self-propelled)
Self-propelled water carts that are always unladen on the road
Self-propelled trench diggers and excavators

APPENDIX ONE: ROAD USER CHARGE EXEMPTIONS

Description of vehicle type
Self-propelled vehicles that are always unladen on the road and that are designed exclusively for carrying earth or other bulk materials
Mobile cranes (excluding mobile vehicle recovery units, truck mounted cranes, and cranes to which a distance recording device is or could readily be fitted)
Motor graders
Cable jinkers
Post debarkers
Saw bench apparatus
Forestry chippers that are used exclusively in the operation or management of a forest
Sawing or shearing apparatus for tree cutting
Log haulers that are not self-propelled and are stationary when hauling logs
Log forwarders
Log processors

Light vehicles eligible for a RUC exemption

Light diesel vehicles (ie weigh less than 3.5 tonnes) that are used almost exclusively off-road for the following purposes may be eligible to be granted a permanent exemption from paying road user charges. The eligible purposes are:

- agricultural
- defence
- education
- forestry
- industrial
- medical
- search and rescue
- tourism.

The vehicle must meet the following criteria to retain the exemption:

APPENDIX ONE: ROAD USER CHARGE EXEMPTIONS

- ownership remains with the person who was granted the exemption, and
- the vehicle is driven almost exclusively off-road, and
- the vehicle is driven on public roads only within 10km of the boundary of the property where it's usually kept, and
- the vehicle has the exemption sticker displayed in the windscreen at all times.

If any of these criteria change, the exemption ceases and a new application must be made or a RUC licence must be purchased.

How to apply

You will need to make an [Application for RUC exemption under section 40 of the RUC Act 2012 \(RUC EX\)](#).

If your details have changed

If you already have a RUC exemption for an off-road light diesel vehicle, but your details have changed, you need to make an [Application to change details of RUC exemption \(RUC EC\)](#).

Vehicles exempt from registration and licensing

This factsheet explains the difference between vehicle registration and vehicle licensing, and the different situations when your vehicle could be exempt from registration, licensing and related fees.

Before you drive

Before you can drive a vehicle on the road, it must be registered and licensed (unless it's exempt from registration and licensing).

A vehicle must be registered first, before it can be licensed.

Vehicle registration

Registration is paying a one-off fee to add a vehicle's details to the motor vehicle register. When it's added to the register, we issue number plates for it.

Vehicle licensing

Vehicle licensing is paying a regular fee so that your vehicle is allowed to use the road. When you pay the fee, you get a licence label (showing the licence expiry date) which you must display on the vehicle.

Your vehicle licence is often referred to as your rego, but it isn't the same thing as registration.

What exemption means

If an exemption applies, that means certain law doesn't apply.

In some situations:

- your vehicle may not have to be registered or licensed
- your vehicle may have to be registered, but not licensed
- your vehicle may have to be registered and licensed, but you don't have to pay some of the registration and licensing fees or other levies.

Exemptions from registration and licensing

In some limited situations, you may use an unregistered vehicle on a road. An unregistered vehicle can't be licensed, which means in the two situations that follow, your vehicle doesn't have to be registered or licensed.

Using an unregistered vehicle on a private road

Your vehicle doesn't have to be registered if you only ever use it on a private road.

Private road means a road, place or arcade (eg a covered passage giving access to a number of shops) laid out or formed on private land by the owner of that land.

Using an unregistered vehicle on any other road

Using an unregistered vehicle on any road other than a private road is illegal.

However, if you're fined, you may have a defence. It's your responsibility to prove that you're entitled to use an unregistered vehicle in that situation.

You'll have a defence if the vehicle is:

- an official vehicle of a visiting military force
- being used on a road that's closed to vehicles by the road controlling authority (eg the council or the NZ Transport Agency)
- a motor vehicle normally propelled by mechanical power that is being temporarily towed (one time, not regularly) without the use of its own power
- a trailer attached to a tractor, traction engine, forklift or self-propelled machine that's designed for specialist industrial use*
- a trailer attached to a self-propelled machine that's designed for agricultural use*
- a trailer designed only for agricultural operations being used on a road only when:
 - going to or from a farm*, or
 - being inspected, serviced or repaired
- a trailer attached to an exempt vehicle as defined in the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004
- an overseas visitor's vehicle.

An overseas visitor's vehicle is a vehicle that's registered overseas and will be in New Zealand usually for less than 12 months. Some may stay in New Zealand for up to 18 months with permission from the New Zealand Customs Service.

For more information about overseas visitors' vehicles, please see Factsheet 35 *Importing a vehicle temporarily*.

For the bullet points marked with an asterisk () above, you won't have a defence if the vehicle is a heavy trailer carrying goods, travelling at more than 40km/h.

Exemptions from licensing only

In some limited situations you may use a registered but unlicensed vehicle on a road. In the two situations that follow, you'll have a defence if you get a ticket for using an unlicensed vehicle.

APPENDIX TWO: FUEL EXCISE DUTY EXEMPTIONS

Taking a vehicle for inspection, servicing and repairs

Your vehicle doesn't have to have a current licence if you're driving it on the road only to get a warrant of fitness (WoF), certificate of fitness (CoF), servicing or repairs.

You must be taking it **directly** to an appropriate place where you'll be getting those services.

The vehicle must still be safe to be used on the road, even if it needs repairs in order to pass an inspection.

Using a vehicle to cross the road

You can also drive an unlicensed vehicle on the road only to cross the road.

Crossing the road doesn't mean you can drive down the road for any distance. You must be crossing in a direct line from one side of the road to the other.

Warning! Make sure your vehicle is correctly registered and licensed for the way it's used. Law enforcement agencies may prosecute you if you're caught with a vehicle that isn't registered for the correct road use.

Exemptions from fees and/or levies

There are two types of vehicles that don't have to pay certain fees or levies: Exempt Class A and Exempt Class B vehicles.

Exempt Class A vehicles

Exempt Class A vehicles have to be registered and licensed, but you don't have to pay the registration fee or the vehicle licence portion of the licensing fee.

You still have to pay for the other fees and levies included in the total licensing fee (eg the ACC levy and the fees for number plates and licence labels).

Exempt Class A vehicles are:

- a pedestrian-controlled goods service vehicle
- a motor vehicle propelled and supported solely by self-laying tracks
- an all-terrain vehicle
- a logging truck or logging trailer that is:
 - unladen (isn't carrying logs), and
 - only used on a road while being taken directly to an appropriate place for inspection, servicing or repair, or to get evidence of vehicle inspection
- any mobile machinery* used on roads only in road construction zones, in accordance with notices declaring those zones.

*Mobile machinery:

- means a motor vehicle designed and used primarily for earthmoving or constructing and maintaining roads, bridges, ditches, or buildings
- includes an off-road dump truck
- excludes any motor vehicle designed primarily for carrying passengers or goods, including those that have had machinery added onto them.

Exempt Class B vehicles

Exempt Class B vehicles don't have to pay some ACC levies or tax on the fuel they use (known as fuel excise duty or equivalent).

They include farm vehicles, mobile machinery and other miscellaneous types of vehicle. The following types of vehicles are Exempt Class B vehicles.

Exempt Class B - farm vehicles

- A motor vehicle (not a trailer):
 - designed for agricultural operations, and
 - used on a road only for agricultural operations, and
 - including mobile huts, galleys and similar motor vehicles used on a road only for those agricultural operations, and
 - not including a vehicle designed for carrying or spreading lime or fertiliser when it's used on the road to carry lime or fertiliser, or when it's used on the road as a weed sprayer on a truck chassis.
- A motor vehicle (not a trailer):
 - owned by a farmer, and
 - used on a road only for agricultural operations, and
 - only used on the road to go from one part of the farm to another part of the same farm, or from one farm to another farm owned or managed by the same person.
- A tractor or traction engine:
 - used on the road only for agricultural operations, or
 - used mainly for agricultural operations and otherwise only for road construction and maintenance.
- A tractor owned by a farmer, used on a road only for:
 - the owner's agricultural operations, and/or
 - carrying milk, cream or whey to or from a dairy factory, and/or
 - carrying any farm produce, implements, stock or other necessary farm items:
 - from one farm to another farm owned or managed by the same person, or
 - for a maximum round trip (there and back) of 21 kilometres of public highway.
- A tractor owned by an agricultural contractor, used on a road only for:
 - carrying farm implements for a maximum round trip (there and back) of 21 kilometres of public highway, or
 - towing a farm implement or farm machine.
- A tractor that:
 - is designed and used partly for loading lime or fertiliser into topdressing aircraft, and
 - is designed and used partly for pulling a trailer that is designed and used only for carrying aviation fuel in a permanently attached tank, for use in topdressing aircraft, and
 - isn't used for any other purpose, and
 - isn't taken on any round trip (there and back) of more than 21 kilometres of public highway.

APPENDIX TWO: FUEL EXCISE DUTY EXEMPTIONS

Exempt Class B - mobile machinery

Any vehicle (other than a tractor) with machinery permanently attached, designed to be used on the road for driving, carrying or propelling:

- airport runway sweepers
- electrical substations
- filters for transformer oil
- stationary log haulers
- aero engine test benches.

Exempt Class B - miscellaneous

- Self-propelled grass mowers used only for the upkeep of grounds (cemeteries, recreation or education grounds) or for cutting grass verges on roads.
- Mobile huts, galleys or similar vehicles used only for constructing or maintaining roads.
- Traction engines.
- Forklifts.
- Airport crash tenders (specially-designed fire engines used at airports) when only used on the road in emergencies.
- Vehicles used:
 - only for loading and unloading ships, including embarking and disembarking passengers, baggage, mail and other cargo
 - on a public highway only when unladen (not carrying anything) and going from one wharf to another wharf, or from its usual place of storage to a wharf.
- Tractors used by local authorities only for constructing, maintaining and mowing stopbanks and the banks of other watercourses (eg rivers, streams, drains and canals).
- Tractors used only for shunting railway rolling stock.
- Trailers being towed by any vehicle described in the Exempt Class B - mobile machinery and miscellaneous examples in this factsheet.

What agricultural operations means

We mention agricultural operations a number of times in our farm vehicle examples.

Agricultural operation is defined in the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004.

Agricultural operation means any operation concerned directly with the management of a farm; and includes the transport on a road of the produce of a farm, farm implements, stock, or other requisites of any kind whatsoever for a farm, if they are transported:

- from a part of a farm to another part of the same farm or from a farm to another adjoining farm that is owned or managed by the same person, or

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- from a farm to another farm owned or managed by the same person if the motor vehicle carrying the goods is not taken during any one trip along more than 21 kilometres of public highway in going from the owner's farm or other place of garage and in returning to that farm or place.

Exemptions from WoF and CoF

This factsheet doesn't focus on exemptions from getting a warrant of fitness (WoF) or certificate of fitness (CoF).

If you need more information on WoF, CoF and safety requirements, please check our website at www.nzta.govt.nz/vehicles/warrants-and-certificates or call us on 0800 108 809.

However, because parts of this factsheet do focus on agricultural vehicles, please note the following information about WoFs and CoFs for those vehicles:

- Agricultural vehicles that are operated at speeds of 40km/h or less don't have to have a WoF or CoF, but they must meet WoF standards.
- Agricultural vehicles that are operated at speeds of more than 40km/h must have a WoF.
- If your Exempt Class A or B vehicle isn't an agricultural vehicle, it must still have a WoF or CoF.

An agricultural vehicle is a vehicle that is designed, constructed or completely adapted for agricultural purposes, and includes an agricultural tractor and an agricultural trailer.

Cars, utes, vans, trucks and similar vehicles that are designed for general road use aren't agricultural vehicles.

Contact details

- Visit our website: www.nzta.govt.nz.
- Email us: info@nzta.govt.nz.
- Call us: 0800 108 809.
- Write to us: NZ Transport Agency, Private Bag 11777, Palmerston North 4442.