



**MINISTRY OF SOCIAL  
DEVELOPMENT**

TE MANATŪ WHAKAHIATO ORA

11 MAR 2021

On 12 February 2021, you emailed the Ministry of Social Development (the Ministry) requesting, under the Official Information Act 1982 (the Act), the following information:

- 1. When were the current car running costs rates as found in Disability Allowance (personal health) and Temporary Additional Support (employment related costs) introduced?*
- 2. When were the car running costs rates last reviewed to ensure that they reflect the rapidly increasing cost of petrol?*
- 3. When are the car running costs rates scheduled to be reviewed to ensure that they reflect the rapidly increasing price of petrol?*
- 4. Why are the car running costs rates not reviewed regularly (6 monthly or annually) to ensure that they reflect the rapidly increasing price of petrol?*
- 5. I have noticed with great interest that there is no mention of car running costs rates for diesel vehicles such as RUC (road user charges). Does this mean that although the cost of running a diesel vehicle is more expensive than running a petrol vehicle the rates are the same?*
- 6. The government are encouraging New Zealanders to drive hybrid (electric vehicles). What does MSD propose to provide to support clients with the increased costs of purchasing a hybrid vehicle and the running costs of a hybrid vehicle?*

I will respond to your questions in turn:

- 1. When were the current car running costs rates as found in Disability Allowance (personal health) and Temporary Additional Support (employment related costs) introduced?*

The Ministry's vehicle running cost rates were introduced by Cabinet agreement in 1994 for Disability Allowance (DA) and later applied to Temporary Additional Support (TAS) in 2006. DA and TAS provide compensatory payments for a vehicle's running

costs only, such as consumables like petrol and oil. They do not compensate for a vehicle's fixed costs such as relicensing, insurance and Warrants of Fitness costs.

- 2. When were the car running costs rates last reviewed to ensure that they reflect the rapidly increasing cost of petrol?*

The Ministry monitors the variables that impact vehicle running costs, including petrol prices.

The Ministry last reviewed vehicle running costs rates in 2006 and 2011. In their 2011 review, the Ministry found that their payment rates compared favourably to those set by other agencies, such as the New Zealand Automobile Association (NZAA) and the Accident Compensation Corporation (ACC). For example, depending on engine size, the Ministry's rates were 20% to 57% higher than the NZAA's estimated 2011 vehicle running cost rates.

Although petrol prices have increased in the last few decades, this has not been without regular fluctuations. Since 2011, the Ministry's vehicle running cost rates have assumed retail petrol prices of \$2.10 per litre. In the last decade, New Zealand's average retail petrol prices have fluctuated, reaching a high of \$2.28 per litre in 2012 and a low of \$1.85 per litre in 2016. Relative to these fluctuations, the Ministry's petrol cost assumptions have compared reasonably.

- 3. When are the car running costs rates scheduled to be reviewed to ensure that they reflect the rapidly increasing price of petrol?*

While there is no scheduled review of the Ministry's vehicle running cost rates, the Ministry continues to monitor the variables that affect these rates, including petrol prices and mileage rates used by other agencies. As noted above, the Ministry's cost assumptions have compared reasonably relative to historical petrol costs and external agency rates.

- 4. Why are the car running costs rates not reviewed regularly (6 monthly or annually) to ensure that they reflect the rapidly increasing price of petrol?*

As above, the Ministry reviews these rates as needed to determine their relevance.

- 5. I have noticed with great interest that there is no mention of car running costs rates for diesel vehicles such as RUC (road user charges). Does this mean that although the cost of running a diesel vehicle is more expensive than running a petrol vehicle the rates are the same?*

The Ministry does not compensate for Road User Charges (RUC) separately, however, petrol RUC are included in petrol prices which the Ministry monitors and compensates for as part of a vehicle's running costs. While the Ministry's payment rates for vehicle running costs vary depending on engine size, they remain the same for all vehicle fuel types.

- 6. The government are encouraging New Zealanders to drive hybrid (electric vehicles). What does MSD propose to provide to support clients with the*

*increased costs of purchasing a hybrid vehicle and the running costs of a hybrid vehicle?*

As above, the Ministry provides compensatory payments for DA and TAS recipients for a vehicle's running costs only, not the vehicle's fixed costs. These payment rates do not vary based on a vehicle's fuel type, e.g. electric, petrol or hybrid. There are currently no scheduled changes to these payment settings.

The principles and purposes of the Official Information Act 1982 under which you made your request are:

- to create greater openness and transparency about the plans, work and activities of the Government
- to increase the ability of the public to participate in the making and administration of our laws and policies
- to lead to greater accountability in the conduct of public affairs.

This Ministry fully supports those principles and purposes. The Ministry therefore intends to make the information contained in this letter and any attached documents available to the wider public. The Ministry will do this by publishing this letter on the Ministry of Social Development's website. Your personal details will be deleted and the Ministry will not publish any information that would identify you as the person who requested the information.

If you wish to discuss this response with us, please feel free to contact [OIA\\_Requests@msd.govt.nz](mailto:OIA_Requests@msd.govt.nz).

If you are not satisfied with this response regarding vehicle running costs, you have the right to seek an investigation and review by the Ombudsman. Information about how to make a complaint is available at [www.ombudsman.parliament.nz](http://www.ombudsman.parliament.nz) or 0800 802 602.

Yours sincerely



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**Welfare System and Income Support Policy**