

Chair
Cabinet Business Committee

INTRODUCTION OF A REGIONAL FUEL TAX

Proposal

- 1 This paper seeks approval:
 - of key elements of the design of a regional fuel tax
 - for legislation to be drafted by Parliamentary Counsel Office to introduce a regional fuel tax.

Executive summary

- 2 A regional fuel tax is intended to provide an additional way for regions to fund transport infrastructure programmes that would otherwise be delayed or not funded. The revenue from a regional fuel tax will go to the relevant regional council.
- 3 This paper sets out the key proposed elements of a regional fuel tax:
 - Available to all regions, but at least initially only Auckland Council is expected to make a proposal for a regional fuel tax
 - Revenue may be used to fund capital programmes, debt repayment associated with a capital programmes and operational expenditure associated with a capital programme or package of work.
 - A two step process for establishing a regional fuel tax – regional council makes a proposal to joint Ministers (Transport and Finance), who will have broad discretion to accept or reject a proposal.
- 4 This paper also addresses other matters including exclusions and refunds for off-road petrol and diesel use. It is proposed that the NZ Transport Agency administers the regional fuel tax scheme.
- 5 My intention is that legislation will be in force by 1 July 2018. This may require a truncated parliamentary process (largely at select committee stage). The paper recommends drafting instructions be issued to Parliamentary Counsel Office for the drafting of the legislation.

Background

- 6 On 20 November 2017, Cabinet agreed, subject to final decisions, that the government will develop legislation to allow Auckland Council to introduce a regional fuel tax in 2018 of up to 10 cents per litre on petrol and diesel purchased for use on-road, using the 2008 regional fuel tax legislation as a basis [CAB-17-MIN-0510 refers].

- 7 On 22 November 2017, the Minister of Finance and I wrote to the Mayor of Auckland to advise of the government's intention to facilitate a regional fuel tax for Auckland. We noted the detail of the legislation was subject to final decisions and we tasked officials with ensuring legislation can be passed as soon as possible.
- 8 The Ministry of Transport estimates a 10 cents per litre regional fuel tax in Auckland will generate between \$170 and \$190 million per annum until around the end of 2028. Revenue is estimated to fall after 2028 primarily due to the increasing uptake of electric vehicles (in 2028 electric vehicles could be up to 15 percent of the vehicle fleet).
- 9 This estimate does not take into account the following factors:
- Some consumers or large trucks that travel between regions avoiding a regional fuel tax by purchasing fuel in a region that does not have a regional fuel tax. Initial modelling of the impact of large trucks that travel between regions and therefore can refuel outside Auckland could see the estimates in paragraph 8 reduced by up to \$20 million.
 - Illegal evasion by fuel being distributed without a regional fuel tax being paid.
 - Any unforeseen future growth or decline in fuel use.
- 10 Analysis carried out in 2008 by third parties indicated a 10 cent per litre regional fuel tax in Auckland would raise freight costs by 1.3 percent and increase the average motor vehicle running costs by \$150 per year.

Policy proposal – the fundamental design aspects of a regional fuel tax

- 11 The following section of this paper proposes the fundamental design aspects of a regional fuel tax. Policy approval is sought for the proposals outlined below, to be implemented by legislation.
- 12 The policy development process has been accelerated. There will be further decisions on details that will need to be made during the drafting of the legislation. I seek authorisation to make these decisions, consistent with the policy intent outlined in this paper, jointly with the Minister of Finance.

Purpose of a regional fuel tax

- 13 I propose the purpose or intent of a regional fuel tax is to raise revenue for transport programmes from road users in a region. A regional fuel tax is intended to provide additional funds for transport programmes that benefit a region, which would otherwise be delayed or would not be funded.

Process for establishing a regional fuel tax

14 I propose the regional fuel tax legislation provides the following process for establishing a regional fuel tax in a region:

- A regional council¹ proposes a regional fuel tax. The proposal sets out the tax rate, the duration of the tax, the programme or package of transport projects the revenue will fund and how the proposal contributes to the regional land transport plan.
- A regional council takes into account the views of its regional land transport committee and consults the community before finalising a proposal. This consultation may take place through existing local government consultation provisions, such as those relating to a Long Term Plan (LTP).
- A regional council submits its proposal to the Minister of Finance and the Minister of Transport.
- Joint Ministers, should they accept the proposal, will recommend an Order in Council to establish the regional fuel tax for that region.

15 It is proposed the legislation provides joint Ministers the decision making power to reject or accept a proposal from a region.

Use of revenue from a regional fuel tax

16 There is a wide spectrum of options for how revenue from a regional fuel tax could be used. At one end, revenue being deemed general revenue to fund any transport activities determined by the region. At the other end, revenue being only used to fund capital transport projects determined by joint Ministers.

17 I propose a middle ground, which is the revenue be used for a package or programme of projects proposed by the regional council and approved by joint Ministers. This should help enable the benefits of the regional fuel tax to be spread across the region.

18 I propose that revenue may be used to fund both capital payments and associated debt repayment. Operational expenditure when it is associated with the delivery of a package of projects or programme.

19 Joint Ministers will determine the extent to which capital and operational expenditure should be funded when approving proposals. Caution will be needed around the approval of operational expenditure because:

- operating costs are generally on-going whilst the duration of a regional fuel tax is limited
- the purpose of a regional fuel tax is to bring forward infrastructure that would otherwise be delayed

¹ For the avoidance of doubt, in this paper "regional council" includes unitary authorities. Auckland Council is a unitary authority.

- a regional fuel tax is not intended to simply substitute funds from existing sources – operating costs can often be funded from other sources such as the National Land Transport Fund or general rates.
- 20 Expenditure on an identified programme of capital projects is important because they will have a high degree of visibility – for example additional roads or additional public transport infrastructure – that would not have been possible without the regional fuel tax. Using a regional fuel tax to fund existing activities (or services) would make it less likely the public would be able to see any tangible benefits from the regional fuel tax.
- 21 I have directed officials to reconvene the Auckland Transport Alignment Project (ATAP) to update its indicative package of projects to ensure it reflects the Government’s transport priorities. I expect a report back in March 2018. It is envisaged that the regional fuel tax in Auckland would fund the updated ATAP package (or its successor).
- 22 Officials have consulted with Auckland Council and the Treasury on the use of the revenue. Their views are set out below.
- Auckland Council comment*
- 23 Auckland Council wishes to use the funds from a regional fuel tax for “transport activities” specified in its Regional Land Transport Plan (RLTP) / LTP / Annual Plan. These are proven statutory instruments which support a comprehensive approach to planning transport investment, with clear linkages to service levels, asset management plans and growth/land-use planning.
- 24 Legislative provision for “transport activities” would include both major and minor projects, and capital and operating expenditure. From Auckland Council’s perspective, the benefit of such an approach is that it avoids unbalanced investment in large infrastructure assets without providing for the maintenance of these assets, the services provided through them, or important smaller scale capital investments. By way of illustration, this provision would allow regional fuel tax revenues to be assigned to Auckland Transport’s network optimisation activities. These comprise a mix of minor capital works and operational expenditure, and will deliver the greatest return on investment of all the ATAP projects, as well as providing the most immediate relief of congestion in Auckland.
- 25 Auckland Council proposes that Ministers would approve a regional fuel tax to fund transport activities that have been identified as a priority for the region, and that cannot otherwise be funded within the intended timeframe. The Auckland Council would welcome a legislative requirement for the transport programme partially funded by regional fuel tax revenues to be jointly agreed with the government.
- 26 If, however, the government decides the legislation is to provide for transport “projects” as opposed to the Auckland Council’s preferred “transport activities” it is important that Auckland Council decides or agrees with the government what those projects are. This could be either through identification in the LTP / RLTP / Annual Plan and subject to final approval by Ministers or through the ATAP refresh. The Auckland Council would prefer the former, as ATAP does not have statutory

status. Identifying projects through the LTP / RLTP / Annual Plan has the benefit of ensuring that consultation on the fuel tax is achieved, without requiring a separate consultation process to be undertaken (as previously required by the 2008 regional fuel tax legislation).

- 27 Auckland Council is opposed to hypothecating the tax to specific capital projects, as the 2008 regional fuel tax legislation did, because a highly specific arrangement describing specific projects, anticipated benefits, timing and costs, additional funding sources and precise percentage allocations between projects is unnecessarily complex and inflexible. Auckland Council is also concerned this could increase the risk of judicial review (given projects inevitably change over time due to the consenting process or changing community needs).

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Treasury comment

s9(2)(g)(i) of OIA.

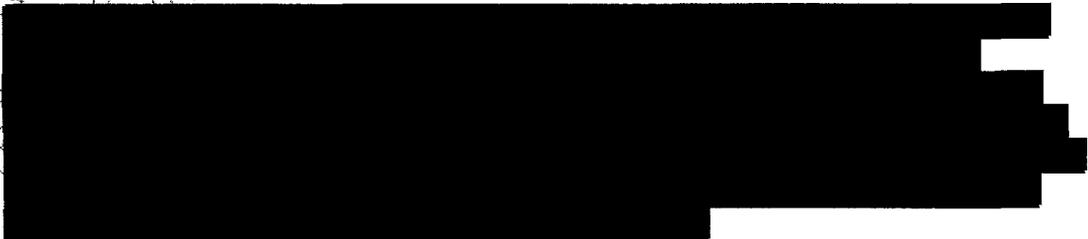
- 29 The Treasury notes that the Minister of Transport proposes that the revenue from the regional fuel tax should be used for a transport programme proposed by the regional council and approved by joint Ministers, including debt repayment and operational expenditure.

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s9(2)(g)(i) of OIA.

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- 32 The specific risk around the funding of light rail and other projects of importance to the government can be avoided if the government's starting point is that the use of revenue from a regional fuel tax should be restricted to funding the capital expenditure (including any associated debt servicing costs) of those projects. Auckland Council should be expected to fund operating costs (noting that half of these costs would be paid out of the National Land Transport Fund in any case) and other projects from other sources.

s9(2)(g)(i) of
OIA.

33 A regional fuel tax in Auckland is expected to raise some \$1.7-1.9 billion over 10 years.

Revenue from a regional fuel tax could therefore make a useful contribution to its cost.

34 The Treasury has examined the Council's various arguments and concludes that they do not have sufficient merit to justify incurring the risks described above.

35 The Treasury therefore recommends that in the case of the Auckland Council:

- the Council should be expected to make a contribution to light rail, and
- the regional fuel tax revenue be hypothecated to the capital and associated debt servicing costs of light rail only, noting that it will be easy to relax this condition at a later date if the government were to wish that.

Scope for other regions

36 I propose the legislation allows any regional council (or unitary council) to propose a regional fuel tax.

37 I am aware that representatives from other regions (for example, from Hamilton, Wellington, Christchurch and Otago) have expressed interest in a regional fuel tax.

38 I consider that the circumstances of Auckland are unique and at this time it is the only region where a regional fuel tax is warranted. I consider, however, it is prudent that the legislation should provide sufficient flexibility to readily deal with any change of circumstances on a case by case basis, noting that the final decision on whether a regional fuel tax is imposed is made by joint Ministers.

Maximum tax rate

39 I propose that the legislation provides for a maximum regional fuel tax rate.

40 I propose the maximum rate be determined jointly with the Minister of Finance prior to introduction of the Bill. Under this proposal, the maximum rate of the tax would be specified in the primary legislation (potentially in a schedule). This maximum rate would be able to be subsequently amended by Order in Council, with the Orders in Council being subject to confirmation by Parliament through the annual confirmation process. This provides sufficient flexibility for changing circumstances.

Maximum duration of a regional fuel tax in a region

41 I recommend that the legislation specifies a regional fuel tax cannot have an initial duration of more than ten years, from the date a proposal is approved by joint Ministers. I also propose that the legislation provides for Ministerial review of the operation of a regional fuel tax at any time and a mandatory review before a regional fuel tax lapses so that a decision can be made whether it should expire or be renewed.

- 42 For Auckland a regional fuel tax is only a short-medium term measure. Congestion pricing enables charging for specific roads (new or existing) and better enables targeting of those who benefit directly from the roads. Congestion pricing is likely a better and more enduring solution. However, congestion pricing is unlikely to be effective tool for raising revenue. Congestion pricing is also currently constrained by technology and high implementation costs.

Fuel subject to a regional fuel tax

- 43 As indicated above, I propose a regional fuel tax applies to petrol and diesel. I propose that compressed natural gas (CNG) and liquefied petroleum gas (LPG) are excluded.
- 44 Officials advise me that excluding CNG and LPG makes sense because the majority of these fuels are used off-road and a considerable amount of the excise duty paid on CNG and LPG is ultimately refunded. I understand that CNG and LPG vehicles comprise only 0.04 percent of the total New Zealand fleet.
- 45 A regional fuel tax applied to petrol alone would miss a significant portion of a region's road users and create a distortion in favour of diesel vehicles.

Regional fuel tax collected at the distribution level

- 46 I propose a regional fuel tax be collected at the distribution level: when the fuel is distributed to a retail destination (place of end use). A retail destination is any location where fuel is supplied for end use and includes both service stations and private storage facilities, such as those on farms.
- 47 Applying a regional fuel tax at the distribution level means anyone supplying fuel to a region with a regional fuel tax would be liable to pay the tax.
- 48 Collecting the tax at the distribution level results in lower compliance and administration costs than collection at the retail level. Collection at the distribution level also enables alignment with the existing Local Authorities Fuel Tax.
- 49 Collection at the distribution level has been discussed with the fuel companies that distribute fuel. Fuel companies strongly support aligning the new regional fuel tax legislation with existing obligations. This supports a rapid, low-cost implementation of the collection obligations.

Administration, monitoring, compliance and enforcement activities associated with a regional fuel tax

- 50 I propose the NZ Transport Agency collects and distributes the regional fuel tax funds and processes refunds. I propose the NZ Transport Agency has enforcement functions relating to ensuring distributors pay the regional fuel tax. These additional activities will supplement similar activities the NZ Transport Agency already undertakes. Discussions are on-going around the administrative costs that will be incurred.
- 51 Discussions are also on-going about Auckland Council having an enforcement role relating to the trucking of fuel into Auckland to avoid the regional fuel tax.

Off-road use of fuel

- 52 A regional fuel tax is not intended to be a fuel consumption tax, but rather a transport tax relating to use of roads.
- 53 A small amount of petrol and between 35 and 40 percent of diesel used across New Zealand is used off-road. As such, some exclusions and a refund system is proposed for fuel used off-road.
- 54 I propose, consistent with the existing Local Authorities Fuel Tax rules, that fuel distributors are not required to pay a regional fuel tax on fuel:
- used in the generation of electricity
 - supplied for use as fuel in any commercial ship
 - used in the manufacture of refined petroleum products at any refinery
 - used in any locomotive.
- 55 There are a range of other off-road uses that cannot be readily determined by the fuel distributor, but only by the person who actually uses the fuel. A mechanism already exists under which a refund of Fuel Excise Duty (59.24 cents per litre) can be claimed for petrol used in dedicated off-road vehicles. This mechanism does not allow a claim for all off-road use of petrol to balance fairness with robust rules that minimise the scope for avoidance.
- 56 I propose that where a person can claim a refund of Fuel Excise Duty, they should also be able to claim a refund of regional fuel tax.
- 57 In the case of off-road use of diesel, I propose a mechanism be established that allows a refund for regional fuel tax in the same circumstances where a user of petrol could claim a refund of Fuel Excise Duty.

Goods and Services Tax implications

- 58 A regional fuel tax has two separate goods and services tax (GST) implications. The first is the impact on retail purchasers of fuel. Fuel retailers charge their customers a final price, on to which GST is added. If retailers choose to increase their prices by 10 cents per litre to recover the cost of a regional fuel tax paid further up the supply chain, then retail consumers will see a total price increase of 11.5 cents – ten cents plus 15 per cent GST. This is unlikely to materially increase GST revenue, as in the absence of a regional fuel tax those retail consumers would probably have spent that 10 cent amount on some other product or service which was subject to GST. It is no different from any other cost increase faced by retailers.
- 59 The second GST question is whether the payment of regional fuel tax by the fuel distributors to the NZ Transport Agency should be subject to GST. Inland Revenue has advised that its preference is that it be deemed subject to GST. This would be consistent with the treatment of Fuel Excise Duty and Road User Charges, although not with some of the other levies and charges on fuel. It is important to note that whether this transaction is subject to GST or not makes no difference to the final

price paid by fuel buyers – the fuel distributor will be able to claim a GST input tax credit for GST it pays on any of its costs.

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Potential issues or risks with a regional fuel tax

- 60 There are some potential issues or risks with a regional fuel tax that cannot be completely mitigated. However, these issues are unlikely to be fatal to the overall objectives of the policy objective of raising revenue for a transport programme from road users in a region. These are discussed below.

The potential that the tax is spread by fuel companies

- 61 Fuel prices in New Zealand are fully deregulated, meaning there is nothing stopping retail outlets from selling fuel in different regions at different prices. The retail fuel market is highly competitive in some locations, particularly in the upper North Island, but may not be in others. As indicated in the recent Fuel Markets Financial Performance Study, there are likely to be instances where fuel companies price differentially at the national level to achieve their desired local outcomes.
- 62 When a regional petrol tax was imposed in the main centres between 1992 and 1996 it was levied at the wholesale level. There are reports that fuel companies chose to spread the cost of the regional petrol tax across the entire country. This behaviour may have resulted from concern over the financial viability of service stations at the boundaries of regions (where there may be a clear price differential with nearby outlets).
- 63 It is unclear whether fuel companies would adopt a similar practice in response to a regional fuel tax today – that is, keeping prices steady (and accepting a lower margin) in Auckland, and seeking to recover the reduced margin through higher prices in less competitive parts of the country. The majority of petrol stations are owned by fuel companies and therefore the incentive might be to maintain a price differential in order to encourage customers to fill up where the tax is lower.

Potential boundary issues

- 64 If the tax is not spread by fuel companies, then a regional fuel tax has the potential to result in customers crossing geographic boundaries of a region to buy fuel not subject to a regional fuel tax.
- 65 Officials do not consider there will be significant boundary issues at the household level. Only a small proportion of household travel is between regions and the distance to a fuel retailer outside the region is unlikely to provide enough of an incentive for most to travel. However, the price differential may result in behaviour changes for long-haul trucks that travel between regions regularly.
- 66 This kind of behaviour may also have an adverse impact on retailers close to the boundaries.

Potential equity issues and social and economic impacts

- 67 A regional fuel tax is only a proxy for the use of a region's roads. Fuel use varies by vehicle fuel efficiency and fully electric vehicles use no petrol or diesel. This means some people will pay less tax than others for travelling the same distance.

- 68 While difficult to quantify, there is some evidence that a regional fuel tax will have a greater impact on low income households, which spend more of their total income on private travel costs (eight percent of total income by decile 1 and 2 households, versus six percent of total income by deciles 5 to 8). Low income households may also have older, less fuel-efficient vehicles. The average age of vehicles owned by decile 1 households is 15 years, whereas the average age of vehicles owned by decile 10 households is 11 years.

Consultation

- 69 Officials from the Ministry of Transport have met with key stakeholders, including the fuel companies and distributors, representative road user groups (Road Transport Forum, New Zealand Automobile Association) and off-road user groups (Federated Farmers, Horticulture New Zealand). Their views have been taken into account in the design of the regional fuel tax proposed in this paper.
- 70 Officials have also consulted with Auckland Council through the policy development process. The Treasury, Department of Internal Affairs, Ministry of Business, Innovation and Employment, Inland Revenue and the NZ Transport Agency have been consulted on this paper. The Department of Prime Minister and Cabinet has been informed.

Financial Implications

Set up costs

- 71 There are some setup costs that the Crown will need to fund to implement a regional fuel tax. The majority of NZ Transport Agency's funding comes from specifically tagged road taxes and fees and charges, which can also not be used for the implementation of a regional fuel tax.
- 72 I am seeking a Crown appropriation of \$1 million for 2017/18 to fund the setting up of the regional fuel tax, to be repaid from regional fuel tax revenue in 2018/19 when the revenue from a regional fuel tax is received.
- 73 The final amount of the appropriation to be drawn down will be contingent on the Ministry of Transport approving the set up plan to a maximum of \$1 million. Officials are currently working through costings and whether the work can be done for less cost.

On-going costs

- 74 All on-going costs will be netted off the regional fuel tax revenue. Officials are currently exploring setting up a fee or a charge paid to NZ Transport Agency, from regional fuel tax revenue, for on-going costs associated with a regional fuel tax.

Human Rights

- 75 There are no human rights implications to this paper.

Legislative Implications

- 76 An amendment to the Land Transport Management Act 2003 will be required. It is my intention that legislation will be in force by 1 July 2018. This will require a truncated parliamentary process (largely at select committee stage).
- 77 It is also possible minor consequential amendments will be required to the transparency and accountability provisions of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.
- 78 An amendment to the Goods and Services Tax Act 1985 will be required to deem the payment of regional fuel tax by fuel distributors to the NZ Transport Agency to be subject to goods and services tax.

Regulatory Impact Analysis

- 79 The regulatory impact statement requirements apply to this proposal. A regulatory impact statement has been prepared and is attached to the Cabinet paper.
- 80 The Regulatory Quality Team at the Treasury has reviewed the regulatory impact statement "Regional fuel tax" by the Ministry of Transport and considers that it meets the Quality Assurance criteria.
- 81 The regulatory impact statement shows clearly that alternative options have been carefully considered, an indicative cost benefit analysis has been undertaken, implementation risks have been identified, a reasonable approach has been proposed to mitigate risks, and key stakeholders' views have been considered.

Gender Implications

- 82 There are no gender implications to this paper.

Disability Perspective

- 83 There are no disability perspectives relevant to this paper.

Publicity

- 84 I do not propose to issue a press release relating to this paper. I proposed releasing a media statement when the legislation is introduced into the House.

- 85 The purpose of a regional fuel tax is to raise revenue for a transport programme from road users in a region. On 13 December 2017, Cabinet Business Committee considered a paper (CBC-17-SUB-0052 refers) on the Auckland Smarter Transport Pricing Project. That paper noted that the second phase of the project includes proactive public engagement on congestion pricing options. The first phase of the Project identified that the primary success factor for congestion pricing gaining public acceptance was that congestion pricing should primarily be for demand management rather than revenue raising.

Recommendations

86 I recommend that the Cabinet:

1 **agree** that the overall objectives of a regional fuel tax are to both:

1..1 raise **revenue** for an additional transport programme from road users in a region; and

1..2 provide additional funds for a transport programme that benefits a region which would otherwise not be funded or would be delayed

2 **agree** that the legislation provides a process for establishing a regional fuel tax that includes:

2..1 a regional council (or unitary council) making a proposal that sets out the proposed tax rate, the duration of the tax, the transport programme and projects that the revenue will fund and how the proposal contributes to the regional transport plan

2..2 a regional council takes into account the views of its regional transport committee before finalising a proposal and consults the community

2..3 a regional council submits its proposal to joint Ministers (Transport and Finance)

2..4 Joint Ministers may reject or accept a proposal. Should joint Ministers accept the proposal they recommend an Order in Council to implement a regional fuel tax in that region

3 **agree** that legislation enable the funding of capital expenditure, associated debt repayment and operational expenditure when it is associated with the delivery of a package or programme of projects.

4 **agree** that legislation provide joint Ministers broad discretion to accept or reject a proposal from a region

5 **agree** that legislation enable any regional council (or unitary council) to propose a regional fuel tax for its region

6 **agree** that legislation will enable a maximum rate

7 **note** that the maximum rate will be agreed jointly with the Minister of Finance

8 **agree** that legislation specify the maximum initial duration of a regional fuel tax as ten years with a Ministerial review of the operation of a regional fuel tax at any time and a mandatory review before the end of the ten year period to determine whether it should it expire or be renewed

9 **agree** that the regional fuel tax applies to petrol and diesel and excludes compressed natural gas (CNG) and liquefied petroleum gas (LPG)

- 10 **agree** that the regional fuel tax is collected at the distribution level (when fuel is distributed to a retail destination)
- 11 **agree** that the NZ Transport Agency have administrative, monitoring and enforcement functions including collecting the tax and processing refunds including any consequential, transitional and any savings provisions
- 12 **agree** to similar exclusions provided in the Local Authorities Fuel Tax provisions in the Local Government Act 1974 and refunds consistent with those available for fuel excise duty for off-road use of both petrol and diesel
- 13 **agree** to an amendment to the Goods and Services Tax Act 1985 to deem the payment of regional fuel tax by the fuel distributor to the New Zealand Transport Agency to be subject to goods and services tax
- 14 **authorise** the Minister of Transport jointly with the Minister of Finance to make final decisions, consistent with the overall policy intent, on details that arise during the drafting of the Bill without reference to Cabinet
- 15 **agree** to provide Crown funding of \$1,000 million in 2017/18 for initial set up costs and for funds for the set up to be repaid from regional fuel tax revenue in 2018/19
- 16 **agree** to establish the following new appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Transport	Hon Phil Twyford	Regional Fuel Tax Administration	Non-Departmental Output Expense	This appropriation is limited to the administration of the regional fuel tax implementation, collection and refund

- 17 **approve** the following changes to appropriations to give effect to the recommendation in 16 above, with a corresponding impact on the operating balance:

Vote Name Minister of/for Portfolio	\$m – increase/(decrease)				
	2017/18	2018/19	2019/20	2020/21	2021/22 & Out years

Non-Departmental Output Expense: Regional Fuel Tax Collection and Refund Administration	1.000	-	-	-	-
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- 18 **agree** that the proposed change to appropriations for 2017/18 above be included in the 2017/18 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply
- 19 **note** that this will be fiscally neutral over the forecast period as the Crown funding in 2017/18 will be repaid as regional fuel tax revenue is collected in 2018/19
- 20 **agree** that the final amount of the appropriation to be drawn down will be contingent on the Ministry of Transport approving the set up plan to a maximum of \$1 million
- 21 **agree** that on-going NZ Transport Agency costs associated with administering the regional fuel tax scheme to be charged against the regional fuel tax revenue.
- 22 **invite** the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to the decisions in the recommendations above

Authorised for lodgement
Hon Phil Twyford
Minister of Transport

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