



28 November 2023

OC230866

Hon Simeon Brown
Minister of Transport

Action required by:
 Wednesday, 29 November 2023

100 DAY PLAN REMOVING THE AUCKLAND REGIONAL FUEL TAX SCHEME

Purpose

This briefing provides you with information on the Auckland regional fuel tax scheme and potential approaches to removing the scheme. We also attach, for your review, a draft Cabinet paper to take to Cabinet to formally start the process to remove the regional fuel tax.

Key points

Funding considerations

- The Auckland regional fuel tax scheme (Auckland RFT scheme) imposes a 10 cents per litre (11.5 cents including GST) tax on petrol and diesel distributed in the Auckland region. It has been operating since 1 July 2018 and is legislated to end on 30 June 2028. The scheme raises roughly \$150 million per year for Auckland Council and was expected to raise a total of \$1.5 billion in revenue for transport investment by 2028.
- As of September 2023, Auckland Council has received around \$780 million in regional fuel tax revenue, with approximately \$341 million held in reserve (unspent). The regional fuel tax revenue partially funds 14 capital projects (Annex 1), alongside other council funding sources and funding from the National Land Transport Fund (NLTF).
- Removing the Auckland RFT scheme will have several implications for Auckland Council. Auckland Council may ask the government to backfill lost revenue (which could be up to \$637.5 million) to ensure the delivery of the capital projects.
- Without assistance from the Crown, the removal of the Auckland RFT scheme could result in Auckland Council increasing alternative funding streams (for example reintroducing the \$150 transport levy) or deferring or not progressing with the projects. If Auckland Council is no longer able to progress the projects, it would lose the corresponding NLTF allocation.
- Auckland Council has voiced concern that removing the regional fuel tax will impact the delivery of roughly \$4.4 billion in transport investment. We expect Auckland Council to use the remaining regional fuel tax revenue towards the Eastern Busway

and Electric Trains and Stabling as these two projects have already been committed. The regional fuel tax portion of these two projects equates to \$350 million. We expect the remaining regional fuel tax funds to be sufficient for both projects. These projects comprise \$1.4 billion of the \$4.4 billion in transport investment.

- A strategic approach to transport in Auckland between the Government and Auckland Council is critical to optimise joint resources and achieve national transport outcomes including improving productivity and economic growth. Certainty on transport investments and indicative funding arrangements are an important piece in the development of the Auckland Integrated Transport Plan. The removal of the Auckland RFT scheme should be considered alongside wider discussions about transport in Auckland and national priorities through the Government Policy Statement on land transport. We advise discussing the scheme's removal with Auckland Council and the Minister of Finance.

Legislative considerations

- To remove the regional fuel tax scheme, you will need to progress a Bill through the House. There are two options available to you:
 - Option 1: repeal the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018, or
 - Option 2: repeal the Land Transport Management (Regional Fuel Tax) Amendment Act 2018 **and** the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018.
- We require a steer from you on your preferred option. Option 1 repeals the regional fuel tax scheme in Auckland specifically, removing the 10 cents per litre tax. Option 2 would repeal the Auckland RFT scheme and the legislative framework for regional fuel taxes across the country. This would remove regional fuel taxes as an option for regional councils seeking revenue for transport projects.
- Retaining the regional fuel tax legislation could provide a potential revenue tool for City Deals. Regional fuel taxes are cheaper to implement and operate, compared to things like congestion charging and tolling. This may make them a more suitable revenue tool for councils with fewer resources. However, the regional fuel tax will become a less effective revenue tool in the long-term as electric vehicle uptake increases. The regional fuel tax primary legislation also requires projects to be listed in the Order establishing a scheme, limiting the ability to shift funds quickly as priorities change.
- Any legislation removing the Auckland RFT scheme will need to set a scheme end date. We recommend removing the Auckland RFT scheme at the end of a quarter to simplify accounting for fuel companies and to facilitate an easier transition for rebate claimants (for example, farmers, construction sector).
- We expect this legislative change to be straightforward. First, you will need to progress with a Cabinet paper (attached) seeking approval to issue drafting instructions to the Parliamentary Counsel Office. We advise discussing the legislative priority of removing the Auckland RFT scheme with the Leader of the House, noting your commitment to introduce the Bill to the House within the first 100 days.

- We considered several other legislative options to remove the Auckland RFT scheme including secondary legislation (using the termination provision within the regional fuel tax primary legislation) or repealing the legislation via the draft Land Transport Management (Congestion Charging) Amendment Bill. These options carry higher risks (including potential legal challenge) than progressing with a separate Bill. We do not advise using these other options.
- As your proposed member's bill to remove the regional fuel tax has not yet been drawn from the ballot, it cannot be adopted by the Government as a means of saving time.

Recommendations

We recommend you:

- 1 **provide** feedback to officials on the draft Cabinet paper attached to this briefing to remove the regional fuel tax.
- 2 **agree** that the scope of a Bill to remove the regional fuel tax would:
 - 2.1 **Option 1:** Remove the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018 Yes / No
 - OR**
 - 2.2 **Option 2:** Remove Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018 and the associated legislative framework that provides for regional fuel tax in the Land Transport Management Act 2003. Yes / No
- 3 **agree** to include any needed technical savings provisions (including relating rebate claims, compliance and recording) within the Bill to remove the regional fuel tax Yes / No
- 4 **indicate** to officials your preferred end date for the Auckland regional fuel tax scheme
- 5 **indicate** to officials if introducing a Bill to remove the Auckland regional fuel tax is a priority for the 100 Day Action Plan
- 6 **agree** to discuss the priority of introducing and passing a Bill removing the regional fuel tax in Auckland with the Leader of the House Yes / No
- 7 **agree** to discuss removing the Auckland regional fuel tax scheme with the Mayor of Auckland, including your preferred end date Yes / No

8 share this briefing (and draft Cabinet paper) with the Minister of Finance

Yes / No



Matt Skinner
Manager, Revenue

28 / 11 / 2023

Hon Simeon Brown
Minister of Transport

..... / /

Minister's office to complete:

Approved

Declined

Seen by Minister

Not seen by Minister

Overtaken by events

Comments

Contacts

Name	Telephone	First contact
David Wood, Deputy Chief Executive, Investment and Monitoring	s 9(2)(a)	✓
Matt Skinner, Manager Revenue		
Joni Philip, Adviser Revenue		

PROACTIVELY RELEASED BY
 TE MANATU WAKA MINISTRY OF TRANSPORT

100 DAY PLAN REMOVING THE AUCKLAND REGIONAL FUEL TAX SCHEME

We understand removing the Auckland regional fuel tax scheme is a top priority for you

A 10 cent per litre (11.5 cents including GST) regional fuel tax applies to petrol and diesel distributed in the Auckland region between 1 July 2018 until 30 June 2028

- 1 The rationale for the regional fuel tax was to accelerate the delivery of transport projects that would otherwise be delayed or deferred. Revenue from the Auckland regional fuel tax scheme (Auckland RFT scheme) partially funds 14 transport capital projects specified in the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018 (Annex 1).
- 2 The Auckland RFT scheme raises approximately \$150 million a year and was expected to raise a total of \$1.5 billion in local revenue for transport investment by 2028. As of September 2023, Auckland Council has received around \$780 million in regional fuel tax revenue, with approximately \$341 million held in reserve. The Auckland RFT scheme has helped fund:
 - 2.1 Roading – new Matakana Link road
 - 2.2 Road safety – lowering speed limits, a new roundabout at the intersection of Dairy Flat highway and Coatesville Riverhead Highway, and installing red-light cameras
 - 2.3 Public transport – Lower Albert Street Bus Interchange and contributing to funding to Eastern Busway.
- 3 In 2021, Crown decisions to fund Penlink, Mill Road and parts of other regional fuel tax projects led to Auckland Council submitting a proposal to vary the RFT scheme. On 11 May 2023, the Auckland RFT Order was amended to increase the number of road safety and public transport initiatives receiving funding. These changes required Auckland Council to prepare a proposal to vary the Auckland RFT scheme, consult the public on proposed changes, and submit the proposal to the Minister of Finance and Minister of Transport (joint Ministers) to approve the changes.
- 4 Auckland Council could lose up to \$637.5 million in local revenue (roughly \$150 million each year, over four and a quarter years) if the Auckland RFT scheme is terminated at the quarter ending March 2024.
- 5 Waka Kotahi NZ Transport Agency publishes regional fuel tax quarterly reports to assess the volume of fuel delivered and fuel prices inside and outside of the scheme (whether fuel companies are increasing prices outside of the Auckland region to make additional profit). Reports show that there has not been price spreading because of the Auckland regional fuel tax.

Removing the Auckland regional fuel tax scheme has advantages and disadvantages

Removing the regional fuel tax scheme could provide some financial relief to disadvantaged groups

- 6 The financial impact of the Auckland RFT scheme has been raised as a concern by members of the Auckland community since its introduction. In 2018, the Independent Māori Statutory Board released a report on the proposed scheme and found low-income Auckland households would be unduly financially impacted. Recent consultation on the proposal to vary resulted in several concerns being raised, including that the scheme is unfair, unaffordable, and unfairly disadvantaging trade vehicles and the disabled community.
- 7 The regional fuel tax is a regressive flat charge, and so it is difficult to include a mitigation mechanism to relieve the pressure on different disadvantaged population groups.
- 8 Removing the regional fuel tax has the potential to reduce the price of petrol and some of the financial pressure on Auckland households. Removing the regional fuel tax will save the owner of a Toyota Hilux Cruiser (80-litre petrol tank) \$9.20, and the owner of a Toyota Corolla (50-litre petrol tank) \$5.75 (both numbers include GST). The average vehicle in Auckland travels 11,054 kilometres a year, so the Hilux driver would save \$139 per year and the Corolla driver would save \$96 per year (based on the stated fuel economy for each vehicle).
- 9 Removing the regional fuel tax is unlikely to have a substantive impact on households and could be removed alongside other interventions to help reduce the cost of living on Aucklanders.

Since its introduction there have been concerns about the pace of project delivery and large regional fuel tax reserves

- 10 The regional fuel tax was intended to accelerate the delivery of projects that would otherwise be delayed or deferred. Despite this intention, there remains a significant reserve of regional fuel tax funds and the pace of project delivery has not met initial expectations. Consequently, there appears to be a degree of dissatisfaction among the community and stakeholders with the regional fuel tax.
- 11 Auckland Council has noted previously that low expenditure was expected during the beginning of the Auckland RFT scheme as some of the capital projects were still being scoped. Expenditure was expected to ramp up as the projects progress. External pressures (such as the COVID-19 pandemic) have also delayed project delivery.

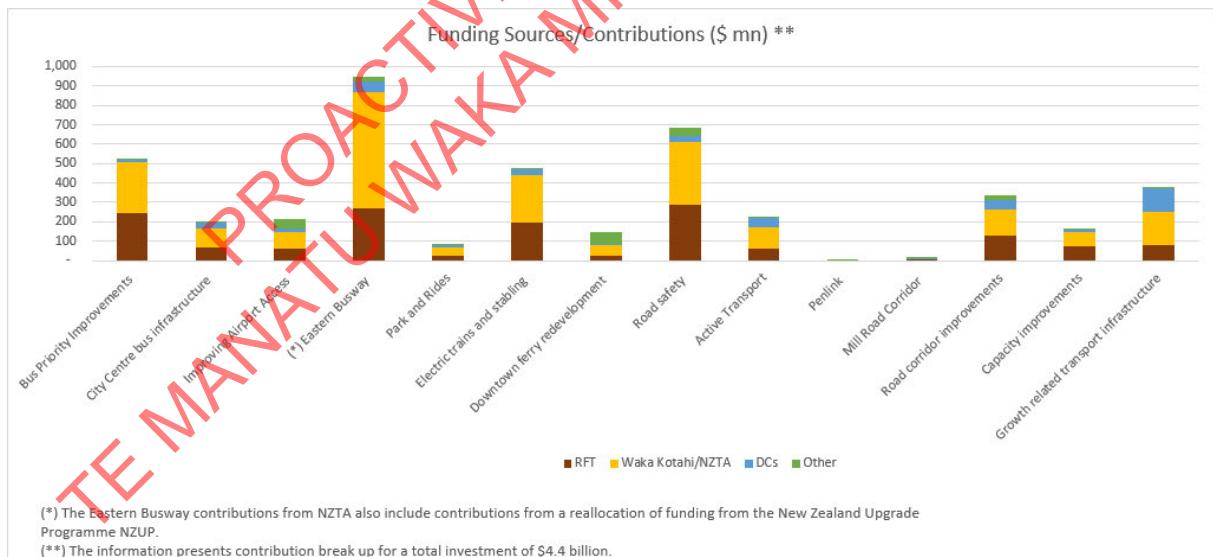
We expect Auckland Council to request revenue replacement and flag several risks with removing the regional fuel tax including deferral of the 14 capital projects

- 12 Auckland Council has been using/leveraging the regional fuel tax to raise debt which helps it finance capital investment. The Council may argue that removing the tax could have an impact on its credit rating. It is unlikely that removing \$150 million per

annum over a four-year period will substantially alter Auckland Council’s overall financial position.

- 13 The regional fuel tax scheme partially funds 14 capital projects alongside other council funding sources and funding from the NLTF. Graph 1 (below) presents the complete funding allocation of the Capital Projects, including the NLTF (Waka Kotahi NZ Transport Agency) and local share (regional fuel tax, development contributions and other local revenue sources).
- 14 We expect Auckland Council to ask the Crown to replace potentially up to \$637.5 million in lost revenue. Without assistance from the Crown, the removal of the regional fuel tax could result in Auckland Council increasing alternative funding streams (most likely through increased property rates) or deferring or not progressing with the projects.
- 15 Auckland Council has voiced concern that removing the regional fuel tax scheme will impact the delivery of roughly \$4.4 billion in transport investment. If Auckland Council is no longer able to progress these projects, it could lose the funding from the National Land Transport Fund (NLTF).
- 16 Before the introduction of the regional fuel tax, Auckland Council had an interim transport levy, a targeted rate of \$150 on residential properties. The levy was introduced to provide additional funds for transport expenditure and was replaced by the regional fuel tax. Currently, there is no indication whether Auckland Council is considering using a similar targeted rate increase following the removal of the scheme.

Graph 1: The complete funding source and contributions for each Capital Project



We do not expect all capital projects to be deferred

- 17 There is approximately \$341 million in reserve, with further revenue being collected up until the scheme’s end date, that can contribute to the delivery of committed transport projects. Currently, Auckland Council is required to spend the regional fuel tax revenue as set out in their proposal, this includes specific funding allocations to

each capital project (Annex 2). The names of the projects are then legislated in the capital project list.

- 18 We expect Auckland Council will use the remaining regional fuel tax revenue towards the Eastern Busway and Electric Trains and Stabling as these two projects have already been committed to. The regional fuel tax portion of these two projects equates to \$350 million. We expect the remaining regional fuel tax funds to be sufficient for both projects. This will deliver \$1.4 billion in transport investment of the \$4.4 billion planned for.
- 19 Penlink and Mill Road are two projects that were no longer eligible for further regional fuel tax funding following the 2023 amendment to the Order in Council because of Crown funding decisions. These projects are still included in the capital project list due to prior expenditure. The removal of the regional fuel tax scheme will not impact the delivery of these two projects.
- 20 The Crown replacing this revenue would cost \$150 million per annum until 30 June 2028. We note that this would be in addition to the pressures facing transport revenue more generally, as discussed in the briefing *Seeking Direction on Draft GPS 2024* [OC230887]. As a result, it is unlikely that there would be an option to absorb the cost difference within the NLTF, particularly given that this would require a departure from the standard 51-49 cost sharing rates. In addition, allocation of revenue from the NLTF is an independent decision for the Waka Kotahi Board.
- 21 A strategic approach to transport in Auckland between the Government and Auckland Council is critical to optimise joint resources and achieve national transport outcomes including improved productivity and economic growth. Certainty on transport investments and indicative funding arrangements is an important piece in the development of the Auckland Integrated Transport Plan. The removal of the Auckland RFT scheme should be considered alongside wider discussions about transport in Auckland. We advise discussing the scheme's removal with the Minister of Finance and the Mayor of Auckland.

There are operational decisions that will have implications for Waka Kotahi

- 22 The regional fuel tax is collected by Waka Kotahi. It also pays rebates and audits compliance. Waka Kotahi funds its administration activities on a cost recovery basis, by making deductions from the regional fuel tax collected before transferring the revenue to Auckland Council.
- 23 Waka Kotahi is paid by Auckland Council to collect the regional fuel tax from fuel companies. Should the regional fuel tax be removed, there are operational requirements that would need to be considered and funded:
- 23.1 Section 65ZC(3) of the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018 provides fuel users (for example, farmers and the construction industry) two years to make a rebate claim (in line with the fuel excise duty refund period). Waka Kotahi intends to continue to audit regional fuel taxpayers (the fuel companies) for two years following the end of the scheme.
- 23.2 Waka Kotahi would require funding for the RFT finishing, for the delivery of the assessments, processing late rebates, and other costs.

- 24 Waka Kotahi estimates approximately \$3 million would be required for the 2 years post the end of the scheme, to support the above requirements and recouping initial administrative costs that previous funding was not sufficient to cover. The legislation currently provides for Waka Kotahi to deduct its costs and expenses from revenue collected.
- 25 There is currently a maximum limit (\$66,800 per month) on the amount Waka Kotahi can deduct from the regional fuel tax revenue. This will need to be changed to account for the additional costs post the scheme end. The maximum is set by the Ministers of Finance and Transport in consultation with Waka Kotahi and Auckland Council. Further discussion is required to resolve the matter of outstanding and ongoing regional fuel tax administrative costs. We will provide you with further advice once timing and provisions for the end of the scheme are confirmed.

Ensuring the savings from removal of the regional fuel tax are passed on at the pump

- 26 Fuel companies pay regional fuel tax on fuel delivered to a retail site (for example, a service station) in the Auckland local government region (excluding Great Barrier Island). We expect that most retail sites, particularly sites owned and operated by the major fuel companies, would seek to immediately pass on savings resulting from the removal of the regional fuel tax (once the legislation is passed and the end date means it no longer applies).
- 27 This understanding is based on previous engagement with the fuel majors where they have indicated, in terms of tax incidence, that fuel is retailed based on its 'replacement value' rather than its cost to acquire. The immediate pass-through of tax changes has been our general experience with other tax changes, including increases and reductions to taxes that impact the price of fuel. There may be some retail sites, likely independently owned and operated, who may not want to immediately pass on the removal of the regional fuel tax until their tanks are restocked with fuel that was not subject to the tax, perceiving they will be 'taking a loss' on fuel on site that was subject to the regional fuel tax when it was acquired.

s 9(2)(f)(iv)

We have identified several options to introduce legislation for the removal of the Auckland RFT scheme

- 29 We have considered several options to begin the process of removing the Auckland RFT scheme, including primary legislation or secondary legislation.

Using primary legislation to repeal the Auckland RFT scheme is the most efficient option with the fewest risks

- 30 There are two options to remove the Auckland RFT scheme via primary legislation:

30.1 Option 1: repeal the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018, or

30.2 Option 2: repeal the Land Transport Management (Regional Fuel Tax) Amendment Act 2018 **and** the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018.

- 31 Option 1 would specifically repeal the regional fuel tax scheme in Auckland, effectively removing the imposition of the 10-cent regional fuel tax. Option 2 would repeal the Auckland regional fuel tax and the overall framework for regional fuel taxes across the country. It may also take the Parliamentary Counsel Office (PCO) slightly longer to draft legislation for Option 2 as it is repealing both the primary and secondary legislation.

- 32 Retaining the primary legislation will provide councils with a revenue option that can help fund capital transport projects over the medium-term, potentially also projects proposed through City Deals. The regional fuel tax will become a less effective revenue tool in the longer-term as electric vehicle uptake increases.

Option 1 will allow councils to propose a scheme, however joint Ministers have complete discretion to reject it

- 33 There is a marginal risk that keeping the regional fuel tax framework could result in councils proposing regional fuel tax schemes. We note, after the implementation of the Auckland RFT scheme, the previous Government made a public statement that there would be no additional regional fuel tax schemes. As a result, no regional council submitted a proposal. If you would like to make a similar public statement, we recommend that further advice is sought to ensure that this statement is not seen to predetermine the joint decision of yourself and the Minister of Finance on any proposal.

- 34 The proposal process requires council resource to design the scheme, draft a proposal and undertake public consultation. It would be a drain on council resource to submit a proposal that Ministers have already indicated would be denied. If a council did submit a proposal, joint Ministers would need to consider it, but they still retain complete discretion to reject it. It would be very unlikely that a council could successfully challenge this decision because of the broad discretionary powers available to joint Ministers in the legislation.

Option 2 will remove a revenue tool for regional councils that is dedicated to transport investments

- 35 In June 2023 the review into the future for local government released its final report. It found that local government funding and financing is under pressure and not sustainable. The review found that rates should be the main funding mechanism along with a range of new tools to raise revenue locally. The regional fuel tax is a short-to-medium term tool that can contribute funds for transport projects. Removing the regional fuel tax primary legislation will remove a potential funding stream from the available suite of transport revenue tools.
- 36 Retaining the regional fuel tax legislation could also provide a potential revenue tool for City Deals. A key to City Deals is the ability of local authorities to unlock additional revenue streams. Regional Councils with a smaller funding stream, may better facilitate implementing a regional fuel tax scheme due to cheaper operating costs when compared to alternative transport revenue tools (like congestion charging or tolling).
- 37 However, the regional fuel tax primary legislation does require projects to be listed in the Order establishing a scheme, limiting the ability to shift funds quickly as priorities change. It is possible to define projects quite broadly to create more flexibility.

We do not recommend using alternative legislative options because of higher risks. Removing the Auckland RFT scheme through the existing termination provision could result in legal challenge

- 38 The regional fuel tax legislation includes an early termination option (section 65L) allowing for a scheme to be terminated, or for the end date to be advanced in certain circumstances. There is a narrow criterion that Ministers must meet to undertake termination through this section. Joint Ministers “on their own initiative” can begin a termination process for a regional fuel tax scheme, in situations where they do not reasonably believe the regional council’s actions are adequate in carrying out the regional fuel tax scheme (as outlined in their proposal).
- 39 This option will not result in the immediate removal of a scheme. The termination section provides regional councils a three-month period to address the concerns raised by joint Ministers. If joint Ministers are not satisfied with the response, they can proceed with termination through an Order in Council. Joint Ministers may have reasonable concerns, for example the amount of money held in reserve or the delays in project delivery. However, a risk of a successful challenge is higher in these circumstances as Auckland Council could argue the outcome was predetermined.
- 40 We also considered the potential for using your draft member’s bill to remove the regional fuel tax. However, because the bill was not drawn from the ballot, it is not on the order paper. As it is not on the order paper it can not be adopted by the Government as a means of saving time.

s 9(2)(f)(iv)

The removal of the Auckland RFT scheme requires Cabinet agreement

- 43 You will need to ask Cabinet to agree to removing the Auckland RFT scheme and invite the issue of drafting instructions to PCO for a Bill. You will also need to ask Cabinet to agree to the:
- 43.1 date of termination – in determining the termination date, you may like to consider:
 - 43.1.1 the timetable for the passage of legislation through the House (further detail provided in table 1, below)
 - 43.1.2 the administrative advantages in simplifying accounting in ending the scheme at the end of a quarter (rather than partway through a quarter).
 - 43.1.3 fuel companies, who need to pay the regional fuel tax. In terms of fuel company payment schedules, these are monthly, so ending the scheme at the end of month (rather than part way through a month) would likely be more straightforward.
 - 43.1.4 off road claimants. The off-road claims system operates on a quarterly basis, so ending a scheme at the end of a quarter may facilitate an easier transition for claimants.
- 44 Auckland Council released the preliminary mayoral proposal for its Long Term Plan on 27 November 2023. The proposal sets out assumptions including that the regional fuel tax will continue until 30 June 2024 (end of the financial year).
- 45 We recommend ending the scheme at the end of a quarter to facilitate an easy transition for claimants and fuel companies.
- 46 The draft legislation will need to include saving provisions to address residual matters once the legislation is repealed, including:
- 46.1 the ability to make rebate claims – Waka Kotahi will need to continue to pay rebate claims on fuel that was subject to the regional fuel tax. Claimants have two years to make a claim to Waka Kotahi
 - 46.2 the ability to audit compliance – Waka Kotahi will need the power to audit compliance, and complete or take any enforcement action

46.3 any necessary reporting on revenue use – Auckland Council will still need to manage the regional fuel tax reserve and spend any remaining funds on the legislated list of projects, and account for the revenue.

Next steps

- 47 Provide feedback to officials on the attached draft Cabinet paper. The legislative process could begin within the first 100 days, including Cabinet approval and introduction of the draft Bill to the House (Table 1).
- 48 There is an opportunity to repeal the regional fuel tax in the first 100 days. This will require the Bill passing through the House under urgency, which removes the need for a select committee process. We advise discussing your chosen approach with the Leader of the House.
- 49 Removing the Auckland RFT scheme will have short-term fiscal implications on Auckland Council. We advise discussing the removal of the scheme with the Auckland Mayor, including your preferred end date.

Table 1: The legislative process to introduce legislation to remove the Auckland RFT scheme

Timeframes	Action
2 weeks	Provide feedback to officials on draft Cabinet paper and circulated the updated Cabinet Paper to your ministerial and caucus colleagues for consultation
1 week	Lodge the final Cabinet Paper
	Minister of Transport attends DEV meeting, seeking approval to issue drafting instructions to PCO
	Cabinet confirmation
1 week	Drafting instructions prepared and submitted to PCO
2-3 weeks	Drafting time for PCO – along with any clarifications
1 week	Departmental consultation on draft legislation and LEG paper
1 week	PCO peer review and NZ Bill of Rights vetting by the Ministry of Justice
1 week	Ministerial consultation
1 week	Lodge draft Bill for LEG committee
1 week	LEG committee meeting for approval in the House
1 week	Introduction in the House

ANNEX 1 CAPITAL PROJECTS RECEIVING AUCKLAND REGIONAL FUEL TAX SCHEME FUNDING

Capital project and description

Project 1: bus priority improvements (and associated walking and cycling safety improvements)—

- capital expenditure for whole-of-route bus priority improvements for approximately 200 km of high-priority bus routes (and associated safety improvements for walking and cycling on 15 to 20 km of those routes). The current highest priorities include Sandringham Road, Mt Eden Road, Manukau Road, Great North Road, Ponsonby Road, Ellerslie-Panmure Highway, Pakuranga Road, and New North Road:
- capital expenditure for 3 new bus interchanges at Glenfield shops, Dominion Road/Mt Albert Road intersection, and Dominion Road/Balmoral Road intersection:
- capital expenditure for bus priority improvements and improved bus shelters along Carrington Road:
- capital expenditure for bus and cycle lanes along Rosedale Road:
- capital expenditure to address accessibility deficiencies at public transport facilities (including tactile ground surfaces, appropriate slope gradients, clear paths of travel, and information at appropriate heights):
- capital expenditure for double-decker mitigation work, to enable double-decker buses to operate along certain routes:
- capital expenditure for Sylvia Park bus improvements, including a new bus station and route at Sylvia Park:
- operational expenditure for additional bus services on the above improved routes.

Project 2: city centre bus infrastructure—

- capital expenditure for downtown bus infrastructure, including a bus interchange in Lower Albert Street for North Shore and western buses, a bus interchange in Wynyard Quarter, a bus interchange in the Beach Road area, and bus priority improvements (for example, bus lanes or intersection optimisation) along Customs Street:
- capital expenditure for bus infrastructure in the city centre, including bus priority improvements and passenger facilities (stops and shelters) on Wellesley Street and Grafton Road, and a new Learning Quarter–Grafton Gully bus interchange:
- capital expenditure for Albert Street–Vincent Street bus corridor and improvements.

Project 3: improving airport access—

- capital expenditure for airport access public transport improvements, including capital improvements to support improved bus services from New Lynn, Mt Roskill, Onehunga, and Botany to the airport:
- capital expenditure for Puhinui bus–rail interchange upgrade:
- capital expenditure for new cycleways and cycling infrastructure in Māngere Bridge and Māngere:
- capital expenditure for airport to Botany route protection:
- capital expenditure for bus priority improvements and an interim bus interchange to extend the Airport Link Bus to Botany via Te Irirangi Drive:

Capital project and description

- operating expenditure for additional bus services to improve airport access on the above-mentioned routes.

Project 4: Eastern Busway—

- capital expenditure for Eastern Busway from Panmure to Pakuranga:
- capital expenditure for Pakuranga Town Centre Bus Station and Reeves Road Flyover:
- capital expenditure for Ti Rakau Drive Busway:
- capital expenditure for Botany Bus Station:
- operational expenditure for additional bus services on the Eastern Busway.

Project 5: park-and-ride facilities—

- capital expenditure for park-and-ride facilities in the north, north-west, south, and other areas, subject to business cases:
- capital expenditure for improvements to the existing park-and-ride facility at Waiheke Island's Matiatia transport interchange, and related landside improvements.

Project 6: electric trains and stabling—

- capital and operating expenditure for 23 additional trains and the construction of facilities to house and maintain the 23 additional trains:
- capital and operating expenditure for a new heavy maintenance facility to overhaul the existing train fleet:
- capital expenditure for improvements at Wellesley Street, Pitt Street, and Mt Eden Road to support new City Rail Link stations and to improve transfers between City Rail Link stations and other public transport services:
- operating expenditure for additional services (utilising the new trains) along the Eastern, Western, and Southern lines.

Project 7: ferry network improvements—

- capital expenditure for upgrade of Piers 3 and 4:
- capital expenditure for the redevelopment and upgrade of the Ferry Basin:
- capital expenditure for charging infrastructure for electric ferries.

Project 8: road safety—

- capital expenditure for critical safety projects across Auckland, including safer speed limits, rural road safety improvements, safer community projects (including through the Community Safety Fund), lower-cost targeted safety improvements, and installation of red light cameras:
- capital expenditure to address high-risk corridors, intersections, and speed-related deficiencies on the network:
- capital expenditure for the Rural Road Safety Programme and Urban Road Safety Programme to address 10 to 12 high-risk intersections per year, 200 km of high-risk routes per year, and 10% of the high-risk speed network per year, including the following:
 - safety improvements to high-risk corridors in urban areas Karangahape Road, Dominion Road, Queen Street, Symonds Street, and Lincoln Road, and high-risk intersections at Karangahape Road/Mercury Lane, Upper Queen Street/Karangahape Road, Botany Road/Ti Rakau Drive, Blockhouse Bay Road/Chalmers Street, and Trugood Drive/Ti Rakau Drive:

Capital project and description

- safety improvements to high-risk corridors Whitford Road, Old North Road, Murphys Road, Dairy Flat Highway, and Heights Road:
- safety improvements to high-risk intersections at Popes Road/Porchester Road, Waiuku Road/Attewell Road, Old North Road/Old Railway Road, Murphys Road/Redoubt Road and Coatesville–Riverhead Highway/Dairy Flat Highway:
- capital expenditure for expansion of safer communities (including through the Community Safety Fund) and speed management to cover more of the network, in particular on routes to and from schools, public transport facilities, and town centres. Funding will be applied to signage related to speed limit changes, traffic-calming measures (including speed humps), safety cameras, and crossing safety improvements:
- operating expenditure to fund, in the early stages, investigation and analysis, project development, and early community and stakeholder engagement.

Project 9: active transport—

- capital expenditure for walking and cycling programmes with priority investment in Manukau and Māngere East:
- capital expenditure for the Meadowbank–Kohimarama Connectivity Project (formerly called Orakei shared path):
- capital expenditure for Tamaki Drive and Ngapiipi Road safety improvements:
- capital expenditure to support the City Centre Masterplan Access for Everyone programme:
- capital expenditure for a programme delivering lower-cost cycling and micromobility improvements, including pop-up protection projects to retrofit existing painted cycle lanes with appropriate safety barriers.

Project 10: Penlink—

- planning and land acquisition work for Penlink project.

Project 11: Mill Road corridor—

- planning and land acquisition work for Mill Road project.

Project 12: road corridor improvements—

- capital expenditure on Lincoln Road and Matakana Link Road:
- capital expenditure on Glenvar Road/East Coast Road intersection upgrade, Smales Road/Allens Road intersection upgrade, and Lake Road improvements:
- capital expenditure on seal extensions.

Project 13: network capacity and performance improvement—

- capital expenditure to enhance public transport access, including on-demand dynamic rideshare trials, integrating active transport with scheduled public transport services, and traffic signal bus prioritisation:
- capital expenditure on network reliability by improving intersections, including in Mt Wellington, on Mill Road, and on Great South Road (Takanini):
- capital expenditure to repurpose existing road space to improve peak traffic flows by using dynamic traffic lanes on Great North Road, Blockhouse Bay Road, Patiki Road, Redoubt Road, and East Coast Road.

Project 14: growth-related transport infrastructure—

Capital project and description

- capital expenditure on growth-related transport projects, by providing support for additional population growth including bus priority, special vehicle lanes, and intersection improvements in the following key priority areas:
 - Pukekohe, Drury, Paerata, and Takanini:
 - Silverdale, Dairy Flat, Wainui, and Warkworth:
 - Kumeu, Red Hill, and Whenuapai:
 - Tāmaki, Māngere, and Mount Roskill (to support transport elements of the Auckland Housing Programme and supporting growth).

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

ANNEX 2

Table 1: Regional Fuel Tax funding allocation of capital projects

RFT Project (\$m)	Indicative RFT funding (\$m)	RFT Spend to date Sep 23 (\$m)	RFT to Sep complete (\$m)	Indicative Total Cost of project (\$m)
Bus Priority Improvements	246	30	216	527
City Centre Bus Infrastructure	72	13	59	199
Improving Airport Access	61	20	41	213
Eastern Busway	282	110	172	948
Park and Rides	25	0	25	77
Electric Trains and Stabling	197	20	178	474
Downtown Ferry Redevelopment	38	16	22	148
Road Safety	302	135	166	687
Active Transport	61	16	45	220
Penlink (fully Crown funded)	1	1	-0	Nil
Mill Road Corridor (fully Crown funded)	8	11	-3	Nil
Road Corridor Improvements	131	19	112	334
Capacity Improvements	75	39	36	168
Growth Related Transport Infrastructure	80	8	72	375
TOTAL	1,579	439	1,140	4,370

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

Office of the Minister of Transport

Cabinet 100-Day Plan Committee

Removing the Auckland Regional Fuel Tax Scheme

Proposal

- 1 This paper seeks agreement to end the Auckland Regional Fuel Tax Scheme on 30 June 2024 and remove the enabling legislative framework for regional fuel taxes.

Relation to government priorities

- 2 The Government's 100-day plan commits to introduce legislation to remove the Auckland Regional Fuel Tax Scheme (Auckland RFT Scheme).

Background

- 3 Since 1 July 2018, a 10 cent per litre regional fuel tax has applied to all petrol and diesel distributed in the Auckland region. The Auckland RFT scheme raises revenue to part-fund 14 capital projects that cannot be fully funded from other sources within the timeframe desired by a regional council.
- 4 The Auckland RFT scheme raises approximately \$150 million in revenue per year. As of September 2023, Auckland Council has received around \$780 million with around \$341 million held in reserve (unspent). The regional fuel tax is currently legislated to end on 30 June 2028.

I am asking Cabinet to agree to end the Auckland RFT scheme on 30 June 2024

- 5 Ending the regional fuel tax is an immediate priority for the Government. The rationale for ending the Auckland RFT scheme is to:
 - 5.1 **support households with the cost of living.** The cost of living is a real concern across the country, especially in our largest city. Households and businesses in Auckland do not need the added cost of a regional fuel tax. Removing it will save a person who fills up their fuel tank up to \$9.20.
 - 5.2 **address concerns with the lack of delivery.** Households and businesses in Auckland have paid the regional fuel tax since 2018, but few capital projects have been completed. Slow project delivery and a large reserve of regional fuel tax funds has resulted in dissatisfaction with what the regional fuel tax has delivered.
- 6 I have expressed to the Mayor that the Government is committed to working with Auckland Council. I have been informed that Auckland Council intends to use remaining revenue to fund the following two existing regional fuel tax projects (as defined in the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018):
 - 6.1 Project 4: the Eastern Busway;

- 6.2 Project 6: electric trains and stabling, for the purchase of new electric trains.
- 6.3 Project 12: road corridor improvements for key intersection upgrades and road improvements which include; Lincoln Road, Matakana Link Road, Glenvar Road/East Coast Road intersection upgrade, Smales Road/Allens Road intersection upgrade, and Lake Road improvements.
- 7 Repealing the Auckland RFT scheme by 30 June 2024 is likely to result in around \$450 million in remaining regional fuel tax funding (based on approximately \$341 million in reserve and around \$110 million in additional funding until the scheme end date). This sum will cover the regional fuel tax portion of project 4: the Eastern Busway and project 6: electric trains and stabling (combined \$350 million) with some remaining for priority capital projects, like project 12: road corridor improvements and project 14: growth related transport infrastructure.
- 8 I note that two of the capital projects (project 10: Penlink and project 11: Mill Road corridor) are currently completely Crown funded. These two projects are included on the Auckland RFT capital projects list due to past expenditure. Removing the Auckland RFT scheme will not impact the delivery of these two projects.
- 9 The removal of the Auckland RFT scheme will result in a revenue shortfall of approximately \$600 million (\$150 million over four years) for Auckland Council. I do not propose that the Crown backfill this sum. Removing the Auckland RFT scheme may result in some of the other projects being deferred, rescoped or not progressed. Many of the other projects are minor, such as speed limit reductions, speed calming measures which are low value and not a priority for the Government. The delivery of the remaining regional fuel tax projects is still to be determined, through ongoing discussions with Auckland Council.

I am also proposing to remove the enabling framework for regional fuel tax

- 10 Removing the legislative framework will mean no additional regional fuel taxes can be implemented. The existing framework allows regional councils to propose a regional fuel tax in their region to the Government. The framework is redundant as the Government does not intend to implement any future regional fuel tax schemes. Removing the framework will give certainty to households and businesses across New Zealand that no regional fuel tax will be implemented either inside or outside Auckland.

Implementation

- 11 The New Zealand Transport Agency (NZTA) collects the regional fuel tax. Off-road users of fuel will still be able to make rebate claims for fuel that was subject to the regional fuel tax for two years (aligned with fuel excise duty rebate timeframes).

Cost-of-living Implications

- 12 The proposals in this paper will help reduce some of the cost of living for people in Auckland. Removing the Auckland RFT scheme will save the owner of a Toyota Hilux Cruiser (80-litre petrol tank) \$9.20, and the owner of a Toyota Corolla (50-litre petrol tank) \$5.75 (both numbers include GST). The average vehicle in Auckland

travels 11,054 kilometres a year, so the Hilux driver would save \$139 per year and the Corolla driver would save \$96 per year (based on the stated fuel economy for each vehicle).

Financial Implications

- 13 Ending the regional fuel tax does not have any direct financial implications for the Crown. While the revenue is collected by a Crown entity (NZTA), the costs of doing so are deducted by NZTA from the revenue gathered. Any outstanding or ongoing administrative costs may need to be clarified, but this will not require Crown funding.
- 14 The Crown does not intend to backfill the foregone revenue. Discussions on transport investment and indicative funding arrangements is ongoing between the Government and Auckland Council.

Legislative Implications

- 15 A Bill in the House will be required to remove:
 - 15.1 The Auckland RFT scheme, by Land Transport Management (Regional Fuel Tax Scheme—Auckland) Order 2018; and
 - 15.2 The empowering framework for regional fuel tax in the Land Transport Management Act 2003, and the associated Land Transport Management (Regional Fuel Tax) Regulations 2018.
- 16 A Bill will need to be drafted by Parliamentary Counsel Office, including any consequential amendments and savings provisions.
- 17 I have discussed the priority of the Bill with the Leader of the House. As the removal of the regional fuel tax is in the Government's 100 day plan, the Bill will be accorded priority and afforded urgency through all stages in the House.

Impact Analysis

Regulatory Impact Statement

- 18 Cabinet has decided to suspend the requirement for Regulatory Impact Statements for decisions relating to 100 Day Plan proposals (taken within the 100 Days) which solely involve the repeal of legislation.

Climate Implications of Policy Assessment

- 19 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this proposal as the threshold for significance is not met.

Population Implications

- 20 The proposals in this paper will address some previously identified population issues with the regional fuel tax. Sapere Economics (2018) showed that the regional fuel tax disproportionately impacted low-income households more than high-income ones, as

the costs of fuel made up a larger share of their income. The report suggested fuel taxes impact Māori households disproportionately, as such households tended to have lower incomes, bigger families, inefficient cars, and made longer trips.

Human Rights

21 No direct human rights implications arise from the proposals in this paper.

Consultation

22 The Treasury, Department of Internal Affairs, Ministry of Business and Innovation and NZTA were consulted on this paper. The Department of Prime Minister and Cabinet was informed.

Communications

23 I intend to make a public announcement when the Bill is introduced in 2024.

Proactive Release

24 This paper will be proactively released, subject to any redactions as appropriate under the Official Information Act 1982, following final decisions by Cabinet.

Recommendations

The Minister of Transport recommends that Cabinet:

Policy decisions

- 1 **agree** to end the 10 cent per litre regional fuel tax on each litre of petrol and diesel distributed in Auckland on 30 June 2024;
- 2 **agree** to remove the enabling/empowering framework for regional fuel taxes as the Government wishes to provide certainty to households and businesses that no regional fuel taxes will be implemented in any other region;
- 3 **authorise** the Minister of Transport to make final decisions on details and matters that arise during the drafting of the Bill that are consistent with the overall policy intent without reference to Cabinet;

Legislative implications

- 4 **note** to give effect to decisions in rec 1 and 2 will require a Bill in the House to alter/repeal:
 - 4.1 the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018;
 - 4.2 parts of the Land Transport Management Act 2003 (and associated regional fuel tax regulations);
- 5 **agree** to add the Bill in rec 4 to the 2024 Legislation Programme;

IN CONFIDENCE

- 6 **agree** that the Bill in rec 4 will be afforded urgency through all stages in the House of Representatives;
- 7 **agree** to the drafting of any savings or consequential amendments, including to ensure that off-road claimants may continue to claim rebates for fuel that was subject to the regional fuel tax, and for the on-going accounting and reporting of regional fuel tax revenue until all revenue has been utilised;
- 8 **invite** the Minister of Transport to issue drafting instructions to Parliamentary Counsel Office to give effect to the agreed recommendations.

Authorised for lodgement

Hon Simeon Brown
Minister of Transport

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT



Cabinet 100-Day Plan Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Removing the Auckland Regional Fuel Tax Scheme

Portfolio Transport

On 13 December 2023, the Cabinet 100-Day Plan Committee:

Policy decisions

- 1 **agreed** to end the 10 cent per litre regional fuel tax on each litre of petrol and diesel distributed in Auckland on 30 June 2024;
- 2 **agreed** to remove the enabling/empowering framework for regional fuel taxes as the Government wishes to provide certainty to households and businesses that no regional fuel taxes will be implemented in any other region;

Legislative implications

- 3 **noted** that, to give effect to decisions in paragraphs 1 and 2, a Bill (the Bill) will be required to alter/repeal:
 - 3.1 the Land Transport Management (Regional Fuel Tax Scheme – Auckland) Order 2018;
 - 3.2 parts of the Land Transport Management Act 2003 (and associated regional fuel tax regulations);
- 4 **noted** that the Bill will be subject to a bid for the 2024 Legislation Programme;
- 5 **agreed** that the Bill will be afforded urgency through all stages in the House of Representatives;
- 6 **authorised** the Minister of Transport to make final decisions on details and matters that arise during the drafting of the Bill that are consistent with the overall policy intent in the submission under 100-23-SUB-0005 without further reference to Cabinet;
- 7 **agreed** to the drafting of any savings or consequential amendments, including to ensure that off-road claimants may continue to claim rebates for fuel that was subject to the regional fuel tax, and for the on-going accounting and reporting of regional fuel tax revenue until all revenue has been utilised;

8 **invited** the Minister of Transport to issue drafting instructions to Parliamentary Counsel Office to give effect to the agreed decisions.

Jenny Vickers
Committee Secretary

Present:

Rt Hon Christopher Luxon (Chair)
Rt Hon Winston Peters
Hon David Seymour
Hon Chris Bishop
Hon Dr Shane Reti
Hon Shane Jones
Hon Simeon Brown
Hon Erica Stanford
Hon Paul Goldsmith
Hon Judith Collins
Hon Mark Mitchell
Hon Nicole McKee

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet 100-Day Plan Committee: Period Ended 15 December 2023

On 18 December 2023, Cabinet made the following decisions on the work of the Cabinet 100-Day Plan Committee for the period ended 15 December 2023:

Out of Scope



100-23-MIN-0005

Removing the Auckland Regional Fuel Tax Scheme
Portfolio: Transport

CONFIRMED

Out of Scope



Out of Scope



Rachel Hayward
Secretary of the Cabinet

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT



26 January 2024

OC240038

Hon Simeon Brown
Minister of Transport

Action required by:
Tuesday, 30 January 2024

DRAFT CABINET PAPER - APPROVAL TO INTRODUCE: LAND TRANSPORT MANAGEMENT (REPEAL OF REGIONAL FUEL TAX) AMENDMENT BILL

Purpose

To seek your confirmation of key matters reflected in the draft legislation to remove the regional fuel tax (the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill).

Attached is a copy of the draft Bill and Legislation Cabinet Committee paper for your review and comment.

Key points

- Key matters in the draft Bill are:
 - the Auckland RFT scheme will end on 30 June 2024.
 - the timeframe for people to submit regional fuel tax rebate claims (for specified off-road fuel use) is reduced to 4 months. Cabinet were previously advised this would be a 2-year window in line with fuel excise duty rebates. However, reducing the timeframe reduces close-out costs and the need for the New Zealand Transport Agency (NZTA) to maintain processing ability, and helps wrap up the scheme quicker.
 - the specific capital projects from Schedule 2 that the Auckland Council must spend the reserve fund on. These are Project 4: Eastern Busway, Project 6: electric trains and stabling, Project 12: road corridor improvements, and Project 14: growth-related transport infrastructure.
 - a provision for NZTA's outstanding system set up costs (from 2018) to be recovered from regional fuel tax revenue to be received. Alternatives to this can be discussed if paying for this from revenue gathered is not the preferred approach.
 - a provision for anticipated NZTA wind-down costs to be recovered in advance from regional fuel tax revenue.

- a provision for NZTA to deduct an amount in advance of the anticipated amounts required to pay for rebates.
- We recommend you lodge the Cabinet paper with the Cabinet Legislation Committee by 8 February 2024. This will allow sufficient time for the legislation to be introduced in the first 100 days.

Recommendations

We recommend you:

- 1 **confirm** that the only capital projects that may be supported from the reserve fund are projects 4, 6, 12, 14 in Schedule 2 of the Auckland RFT order. Yes / No
- 2 **agree** to a four-month timeframe for submission of regional fuel tax rebate claims, once the scheme has ended Yes / No
- 3 **agree** to a provision that will enable NZTA to recover outstanding set up costs s 9(2)(i) from remaining revenue to be collected under the scheme subject to approval of the Ministers of Transport and Finance Yes / No
- 4 **approve** the draft Legislation Cabinet Committee paper and draft Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill for Ministerial consultation Yes / No



David Wood
DCE Investment & Monitoring

..... / /

Hon Simeon Brown
Minister of Transport

..... / /

Minister's office to complete:

- Approved
- Declined
- Seen by Minister
- Not seen by Minister
- Overtaken by events

Comments

Contacts

Name	Telephone	First contact
David Wood, DCE Investment & Monitoring	s 9(2)(a)	
Matt Skinner, Manager Revenue (policy matters)		✓
Rebecca Summerill (for legal issues)		

DRAFT CABINET PAPER - APPROVAL TO INTRODUCE: LAND TRANSPORT MANAGEMENT (REPEAL OF REGIONAL FUEL TAX) AMENDMENT BILL

A draft Cabinet paper and draft Bill are enclosed for your review

1 In order to meet the 100-Day Plan commitment to introduce legislation to repeal the Auckland regional fuel tax (RFT), we recommend seeking approval to introduce the Bill from the Cabinet Legislation Committee prior to 15 February 2024. The Bill has been drafted to give effect to Cabinet decisions to:

- 1.1 end the RFT on 30 June 2024
- 1.2 remove the enabling/empowering framework to give certainty to households and businesses that no further RFT will be implemented in the future.

Key matters for decision that arose during the drafting of the Bill

2 Cabinet authorised you to make policy decisions consistent with the overall policy intent on matters that arise during the drafting of the Bill [ref 100-23-MIN-0005]. This paper seeks your agreement to five key matters.

The draft Bill specifies which capital projects the remaining regional fuel tax revenue may be allocated to by Auckland Council

3 The draft Bill specifies that the remaining RFT revenue may only be allocated across four capital projects, namely:

- 3.1 Eastern Busway (project 4)
- 3.2 Electric Trains and Stabling (project 6)
- 3.3 Road Corridor Improvements (project 12)
- 3.4 Growth-related transport infrastructure (project 14).

4 This narrows the list of projects to be supported by RFT from the current schedule¹. We understand you will be discussing project priorities with the Mayor of Auckland. If these priorities change we can update the draft Bill.

Currently off-road users have two years to make a rebate claim; the Bill proposes to reduce the timeframe to four months once the scheme ends

5 Specified users of fuel are entitled to claim back the cost of the RFT where the fuel is used off road (for example, in construction, on farms, in commercial ships). Off-road users make claims to NZTA and, if validated, the claimant receives a refund. Claims submitted longer than 3 months after the quarter being claimed for receive a 10 percent reduction penalty.

¹ <https://www.legislation.govt.nz/regulation/public/2018/0103/latest/LMS52637.html>

- 6 The draft Bill contains a provision that reduces the timeframe that off-road claimants have to make a rebate claim. Currently RFT rebate claimants have two years to make a claim (in line with fuel excise duty refund processes). The previous Cabinet paper also indicated a two-year window to make a claim following the end of the scheme. However, the draft Bill now reduces the timeframe to four months after the scheme has ended.
- 7 Shortening the timeframe in which people can submit a rebate request reduces the time NZTA has to maintain the capacity and capability to administer rebates, and results in cost savings of up to \$0.5 million. It means many NZTA administrative activities can be wrapped up sooner after the end of the RFT.
- 8 Once the end date of the RFT has been publicly announced, NZTA will communicate the timeframe for rebate claimants to make their final claims. Most claimants routinely submit their rebate requests well within this timeframe.

The Bill contains a provision for NZTA to recover its initial set up costs for RFT activities from the revenue collected

s 9(2)(i)

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

The Bill contains a provision for NZTA wind-down costs to be recovered from revenue

- 14 NZTA deducts an amount from RFT each month to reimburse itself for costs incurred to collect the regional fuel tax, distribute the revenue to Auckland, administer rebate claims and audit compliance.

- 15 The Bill contains a provision to enable NZTA to retain sufficient revenue in the final month of the RFT scheme to cover its projected costs and expenses for the remaining months each function needs to continue. Any retained funds that are not spent will need to be passed on to Auckland Council.

The Bill contains a provision for NZTA to set aside an amount to continue to pay rebates

- 16 The Bill includes provision for NZTA to hold onto some extra revenue in anticipation of the quarterly rebate claims likely to be processed in the months following the end of the scheme. NZTA retains a rolling reserve of around \$1.5 million to cover rebate claims for fuel used off-road. They anticipate more will be required than this, given around \$0.6–\$0.8 million in rebates are processed each month.
- 17 The draft Bill requires NZTA to transfer the remaining rebate reserve to Auckland Council as soon as practicable after the end of June 2025, one year after the scheme ends. This is to account for any delays in processing some rebates, and to align with other wind-down processes ending.

Next steps

- 18 Should you want any changes to the draft Bill, please advise us and we will engage with Parliamentary Counsel Office on the revisions. Parliamentary Counsel Office will lodge the draft Bill with the Cabinet Office once finalised. We understand you will meet with the Mayor of Auckland soon, and you are likely to discuss progress on the Bill.
- 19 Your Office will need to lodge the Cabinet paper for the Cabinet Legislation Committee by 10.00am on 8 February 2024.
- 20 Once the Committee has authorised the Bill for introduction, and this is confirmed by Cabinet, the Bill will be ready for introduction. We will assist you in preparing:
- 20.1 Legislative Statement (for you to table at first reading)
 - 20.2 Disclosure Statement (as attached to the draft Cabinet paper)
 - 20.3 First, Second and Third reading speeches
 - 20.4 Press releases and any other material required for announcing the changes at the time the Bill is introduced.
- 21 We understand the Bill will be accorded urgency through all stages, so a motion will be needed to put the House into urgency. You should engage with the Leader of the House on the motion.
- 22 At first reading, any Regulatory Impact Statement is usually also made available (to members) and online (for the public). However, as RFT was part of the Government's 100-Day Plan, a Regulatory Impact Statement is not required.
- 23 Once the Bill has been passed, the New Zealand Transport Agency will update its website and start to communicate the deadline for rebate claimants to make their final claim, and RFT payers (fuel companies) on final payments.

In Confidence

Office of the Minister of Transport
Cabinet Legislation Committee

**Land Transport Management (Repeal of Regional Fuel Tax)
Amendment Bill: Approval for Introduction**

Proposal

- 1 This paper seeks approval to introduce the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill into the House as soon as possible.

Policy

- 2 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill's purpose is to repeal the 10 cent per litre regional fuel tax on each litre of petrol and diesel distributed in Auckland after 30 June 2024, and remove the legislative framework for imposing regional fuel taxes as the Government wishes to provide certainty to households and businesses that no regional fuel taxes will be implemented in any other region. This was agreed by the Cabinet 100-Day Plan Committee on 13 December 2023 (100-23-MIN-0005).

Need for legislation

- 3 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill is required to give effect to the policy decisions outlined above because they require changes to primary legislation.

Impact Analysis

- 4 The policy decisions relating to the contents of the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill are not subject to the regulatory impact statement requirements. This reflects the decision by Cabinet to suspend the requirement for regulatory impact statements for decisions relating to 100-Day Plan proposals (taken within the 100 days) that solely involve the repeal of legislation.

Compliance

- 5 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill complies with each of the following:
 - 5.1 the principles of the Treaty of Waitangi.
 - 5.2 the rights and freedoms contained in the New Zealand Bill of Rights Act 1990 (NZBORA) and the Human Rights Act 1993.
 - 5.3 the disclosure statement requirements. A disclosure statement has been prepared and is attached to this paper.

- 5.4 the principles and guidelines set out in the Privacy Act 2020.
- 5.5 relevant international standards and obligations.
- 5.6 the Legislation Guidelines (2021 edition).

Consultation

- 6 Due to time constraints, consultation has been limited to government officials.
- 7 The following departments have been consulted on the relevant parts of the draft Bill: the Ministry of Justice, Te Puni Kōkiri, the Ministry of Business, Innovation and Employment, Treasury, Te Arawhiti, The Department of Internal Affairs, Parliamentary Council Office and Inland Revenue. The Department of the Prime Minister and Cabinet has been informed. The New Zealand Transport Agency have also been consulted on implementation matters.

Binding on the Crown

- 8 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill does not bind the Crown.
- 9 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill will not create any new agencies and will not amend the existing coverage of the Ombudsman Act 1975, the Official Information Act 1982, or the Local Government Official Information and Meetings Act 1987.

Associated regulations

- 10 Consequential amendments are required to revoke the Land Transport Management (Regional Fuel Tax Scheme—Auckland) Order 2018 and the Land Transport Management (Regional Fuel Tax) Regulations 2018. No new regulations are required.

Commencement of legislation

- 11 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill will revoke the existing Auckland regional fuel tax scheme and the legal framework enabling the establishment of new regional fuel taxes as of 1 July 2024.
- 12 Some transitional provisions, including final disbursement of proceeds to Auckland Council, will not come into force until 1 July 2025, this allows for rebates to be processed and accounted for.
- 13 The provisions reducing the number of capital projects that the RFT funding will support comes into force the day after the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill receives Royal assent.
- 14 Four projects are able to access RFT funding following Royal assent of the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill:
 - 14.1 the Eastern Busway,

- 14.2 Electric trains and stabling,
- 14.3 Road corridor improvements, and
- 14.4 Growth-related transport infrastructure.

Parliamentary stages

- 15 The Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill should be introduced as soon as possible following Cabinet approval.
- 16 I propose that the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill be passed through all stages under urgency and not referred to the Transport and Infrastructure Select Committee for consideration.
- 17 I propose that the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill should be enacted before June 2024.

Proactive Release

- 18 This paper will be proactively released on Te Manatū Waka Ministry of Transport's website following the Bill's introduction into the House of Representatives, with any redactions in line with the Official Information Act 1982.

Recommendations

- 19 I recommend that the Cabinet Legislation Committee:
 - 1 **note** that on 18 December 2023, Cabinet confirmed decisions made by the Cabinet 100 Day Plan Committee on final policy proposals and agreed to [CAB-23-MIN-0491 refers] remove the Auckland Regional Fuel Tax Scheme.
 - 2 **note** that removing the Auckland Regional Fuel Tax is a priority for the Government and introduction of this Bill is part of the 100-day commitment.
 - 3 **approve** the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill for introduction, subject to the final approval of the Government caucus and sufficient support in the House of Representatives;
 - 4 **agree** that the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill be introduced as soon as possible after Cabinet approval;
 - 5 **agree** that the government proposes that Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill be:
 - 5.1 progressed through urgency and not referred to the Transport and Infrastructure Committee for consideration;

5.2 enacted before June 2024.

Authorised for lodgement

Hon Simeon Brown
Minister of Transport

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT



Cabinet Legislation Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill: Approval for Introduction

Portfolio **Transport**

On 15 February 2024, the Cabinet Legislation Committee:

- 1 **noted** that in December 2023, the Cabinet 100-Day Plan Committee agreed to final policy proposals to remove the Auckland Regional Fuel Tax Scheme [100-23-MIN-0005];
- 2 **noted** that removing the Auckland Regional Fuel Tax is a priority for the Government, and that the introduction of a Bill to do so is part of the 100-day commitment;
- 3 **agreed** to limit RTF funding to the following three projects:
 - 3.1 the Eastern Busway;
 - 3.2 electric trains and stabling;
 - 3.3 road corridor improvements;
- 4 **approved** the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill [PCO 25947] for introduction, subject to the final approval of the Government caucus and sufficient support in the House of Representatives;
- 5 **agreed** that the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill be introduced as soon as possible after Cabinet approval;
- 6 **agreed** that the Government propose that the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill be:
 - 6.1 progressed through all stages under urgency and not referred to the Transport and Infrastructure Committee for consideration;
 - 6.2 enacted before June 2024.

Rebecca Davies
Committee Secretary

Present:

Rt Hon Winston Peters
Hon Simeon Brown (Chair)
Hon Tama Potaka
Hon Nicole McKee
Hon Casey Costello
Hon Simon Watts
Hon Andrew Bayly
Scott Simpson, MP (Senior National Whip)
Todd Stephenson, MP (ACT Whip)
Jamie Arbuckle, MP (New Zealand First Whip)

Officials present from:

Officials Committee for LEG
Office of the Leader of the House
Office of the Minister of Climate Change

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT



31 January 2024

OC240027

Hon Simeon Brown
Minister of Transport

AIDE MEMOIRE : MEETING WITH MAYOR BROWN ON TRANSPORT IN AUCKLAND, 2 FEBRUARY 2024

Snapshot

You are meeting with Mayor Brown, at his request to discuss how the Government and Auckland Council can work together across a range of transport aspects.

Time and date	1.30-3pm, 2 February 2024
Venue	Auckland Council, Level 27, 135 Albert Street, Auckland Central
Attendees	Mayor Wayne Brown
Officials attending	
Agenda	No formal agenda however the Mayor has provided a number of topics for discussion
Talking points	talking points are attached

Contacts

Name	Telephone	First contact
Lou Lennane, Auckland Strategic Programme Lead	s 9(2)(a)	✓
Karen Lyons, Director Auckland		
David Wood, DCE Investment and Monitoring		

MEETING WITH MAYOR BROWN ON TRANSPORT IN AUCKLAND

Key points

- The Mayor released his Manifesto for Auckland in September 2023 which sets out a request for a continued partnership with Government as well as a proposal for a legislated joint decision-making committee for transport. The Mayor is supportive of progressing a City Deal for Auckland.
- In 2023, officials worked on an Auckland Integrated Transport Plan and the Mayor would like to see this continued through to completion. This meeting provides you with an opportunity to discuss the value of working through the ATAP partnership.
- As well as discussing working together, the Mayor has indicated he wishes to discuss the repeal of the Auckland Regional Fuel Tax, time of use charging, regulatory issues including parking infringements and charges, the Waitematā Harbour Connections project and his intention to lease the land at the Port of Auckland.

Out of Scope

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

Out of Scope

Auckland Regional Fuel Tax

- 11 The Mayor is concerned that the repeal of the Regional Fuel Tax (RFT) will have implications for funding some key projects and a flow on effect of general rates increases to cover the shortfall from the previously RFT funded component of projects.
- 12 The Mayor would like you to consider delaying the repeal of the RFT as well as reconsidering the programme of RFT capital projects to align Government and Council priorities.
- 13 You have indicated your support for the RFT to fund the Eastern Busway, electric trains and stabling, road corridor improvements and growth-related transport infrastructure.

Out of Scope

Out of Scope

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

Out of Scope



PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

Annex 1: Talking Points

MEETING WITH MAYOR BROWN ON TRANSPORT IN AUCKLAND

Introduction

- Thank you for your time today and for the preparation you have put in to provide us with a comprehensive list of topics for discussion.
- I appreciate the history of strong partnership Auckland Council has had with Government particularly across the transport portfolio through arrangements such as ATAP which the National government introduced in 2015.
- A good place for us to start is to discuss our respective transport priorities for Auckland, and what we need to support these priorities to progress.

Out of Scope

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT

Out of Scope

Regional Fuel Tax

- We have committed to end the RFT in order reduce costs being imposed on motorists. Removing it will require a change to primary legislation, which we are on track to introduce within our first 100 days.
- I intend to announce the end date for Regional Fuel Tax once the legislation is introduced, which is likely to be late February 2024.
- I am interested in your intentions for how the unspent regional fuel tax funding is likely to be committed. I understand your priorities are the Eastern Busway and Electric Trains and Stabling, and I agree these are my priorities too.
- My intention is for the Bill to allow the reserve fund (of approximately \$300 million) to support these and the road corridor improvement and growth-related projects (table attached).

Out of Scope

Out of Scope

Table One: Preference for projects that may be supported by the RFT reserve fund

Project as per RFT Order	Project Name (as referenced by AT)	Project Status (from AT, as at Dec 2023)
Project 4: Eastern Busway	Eastern Busway Stages 2 to 4 ¹	Underway
Project 4: Eastern Busway	Environmental sustainability infrastructure ²	Underway
Project 6: Electric trains and stabling	EMU Rolling Stock and Stabling Tranche for CRL	Underway
Project 6: Electric trains and stabling	CRL Road Side Projects	Underway
Project 12: Road corridor improvements	Glenvar Road/East Coast Road intersection and corridor improvements	Underway
Project 12: Road corridor improvements	Lake Road/Esmonde Road Improvements	Underway
Project 12: Road corridor improvements	Lincoln Road Corridor Improvements	Underway
Project 12: Road corridor improvements	Matakana Link Road (Auckland Transport advise RFT funding is still required to cover front-loaded costs that came from the NLTF)	Completed

¹ Includes the following from [Schedule 2](#): Eastern Busway: Botany Bus Station; Pakuranga Bus Station and Reeves Road Flyover; Ti Rakau Busway.

² This project is not listed in [the schedule](#), but 'operational expenditure for additional bus services' is.

UNCLASSIFIED

Project 12: Road corridor improvements	Smales/Allens Road Widening and Intersection Upgrade	Underway
Project 12: Road corridor improvements	Unsealed Road Improvements	Underway
Project 14: Growth-related transport infrastructure	Greenfield transport infrastructure - Northwest	Underway
Project 14: Growth-related transport infrastructure	Wainui Improvements	Underway
Project 14: Growth-related transport infrastructure	Supporting Growth - Post Lodgement and Property	Planned
Project 14: Growth-related transport infrastructure	Drury Local Road Improvements	Planned
Project 14: Growth-related transport infrastructure	Northwest Growth Improvements	Planned
Project 14: Growth-related transport infrastructure	Projects Supporting Auckland Housing Programme	Planned
Project 14: Growth-related transport infrastructure	Western Link Road Route Protection	Planned
Project 14: Growth-related transport infrastructure	Supporting Growth - Post Lodgement and Property	Underway

PROACTIVELY RELEASED BY
TE MANATU WAKA MINISTRY OF TRANSPORT