OC260756

22 October 2026

[redacted]

Thank you for your email received by the Ministry for Cities, Environment, Regions, and Transport (the Ministry) on 11 September 2026, requesting the following under the Official Information Act 1982 (the Act):

> "Information relating to the Government's decision, announced on 31 August 2026, that Fuel Excise Duty (FED) and Road User Charge (RUC) increases would not proceed in 2027.
> Please provide all information created, received, commissioned, considered, relied upon, or provided to Ministers, Ministerial offices, Cabinet, Cabinet committees, or relevant agencies from 1 July 2026 to 31 August 2026 concerning that decision.
> This includes, without limitation:
>
> 1. All Cabinet papers, Cabinet committee papers, Cabinet minutes, briefing papers, aide-memoires, reports, recommendations, decision records, submissions, correspondence, emails, meeting notes, text messages, and records of calls.
> 2. All material that records or explains the reasons for the decision, including analysis or advice concerning:
>   - fuel prices, cost-of-living, inflation, household, business, rural-community, freight, or transport-user impacts;
>   - National Land Transport Fund revenue and expenditure, funding pressures, funding shortfalls, Crown funding, borrowing, reprioritisation, expenditure reductions, or alternative funding sources;
>   - legislative, regulatory, Cabinet, parliamentary, election, implementation, or timing considerations;
>   - the planned transition from Fuel Excise Duty to Road User Charges for petrol vehicles; and
>   - alternatives considered, including proceeding, delaying, reducing, cancelling, replacing, or resuming FED and RUC increases.
> 3. All public-response material considered or relied upon in relation to the decision, including:
>   - public-opinion polling, surveys, focus groups, market research, sentiment analysis, media monitoring, social-media monitoring, protest-related material, petitions, complaints, public correspondence, and summaries or analysis of any such material;

- advice or analysis referring to actual or anticipated public response, public acceptability, public opposition, adverse public comment, negative public sentiment, political or reputational risk, communications risk, or electoral effects;
- stakeholder feedback and communications with motoring organisations, freight and transport organisations, business groups, local government, political parties, coalition partners, or other interested parties; and
- records identifying whether, and how, public concern, public opposition, protest activity, fuel-price pressure, affordability concerns, or anticipated electoral effects were taken into account in the final decision.

4. All communications and announcement-planning material relating to the 31 August 2026 announcement, including draft announcements, media releases, Q&As, talking points, press-gallery lines, communications plans, stakeholder-engagement plans, reactive media lines, and advice on the timing or framing of the announcement.
5. A complete schedule of all documents within scope. For each document withheld, refused, or released only in part, please provide:
    - date;
    - title or a sufficiently descriptive record of its subject matter;
    - document type;
    - originating agency;
    - author and recipient, except where personal details are properly withheld;
    - the decision-maker or recipient Minister, where applicable;
    - the precise withholding or refusal ground relied upon; and
    - confirmation that the public-interest test under section 9(1) was considered, where applicable."

On 21 September 2026, we invited you to refine the scope of your request because it covered a large quantity of information and may otherwise have been partially or fully refused under section 18(f) of the Act. Section 18(f) applies where the requested information cannot be made available without substantial collation or research. We suggested the following refinement:

> "Any information between 1 July 2026 and 31 August 2026 that was provided to Ministers, Minister's Offices, Cabinet, or Cabinet Committees on the decision to defer fuel excise duty and road user charges increases announced on 31 August 2026, that was:
>
> - **Advice provided**: including briefings, Cabinet papers, emails, and weekly reports,
> - **Communications and announcement material:** including press releases, fact checking, stakeholder analysis, petition-related advice and engagement advice."

As we did not receive a response, we wrote to you on 6 October 2026 to confirm that we would proceed on the basis of the amended scope.

On 6 October 2026, we also advised you that we would be extending the due date for your request by up to 10 working days because consultations necessary to make a decision on the request were such that a proper response to the request could not reasonably be made within the original limit.

We have identified 37 documents within the scope of your request. Our decisions on these documents are listed in Annex One and the full documents are in Annex two. Of these documents:

- 24 are being released with information withheld under section 9 of the Act or as out of scope, and
- 13 are being released in full.

Information has been withheld under the following provisions of section 9 of the Act:

9(2)(a)	to protect the privacy of natural persons,
9(2)(f)(iv)	to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials,
9(2)(g)(i)	to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty,
9(2)(h)	to maintain legal professional privilege, and
9(2)(i)	to enable a Minister of the Crown or any public service agency or organisation holding the information to carry out, without prejudice or disadvantage, commercial activities.

With regard to the information that has been withheld under section 9 of the Act, we are satisfied that the reasons for withholding the information at this time are not outweighed by public interest considerations that would make it desirable to make the information available.

We note that the recommendations proposed in the Cabinet Economic Policy Committee paper (Document 20) are superseded by those made by Cabinet which you can read more about here: https://www.beehive.govt.nz/release/government-cancels-fuel-tax-hike.

If you would like to discuss this decision with us, please do not hesitate to contact us at OIA@mcert.govt.nz.

You have the right to seek an investigation and review of this response by the Ombudsman, in accordance with section 28(3) of the Act. The relevant details can be found on the Ombudsman's website www.ombudsman.parliament.nz.

Please note that, due to the public interest in our work, the Ministry publishes its Official Information Act responses. Our response to you and the information released with it may therefore be published on our website. Before publication, we will remove any personal or identifying information.

Nāku noa, nā



Jamie Kendrick
Manager, Revenue (Acting)
Ministry for Cities, Environment, Regions, and Transport

Annex One: Document Schedule

#	Date	Reference	Title of Document	Decision on request
1	02/07/2026	N/A	Email: Q&A on FED/RUC increases	Released with some information withheld under section 9(2)(a).
2	02/07/2026	N/A	Email: FED/RUC increases timeframes AM – referred to MOF	Released with some information withheld under sections 9(2)(g)(i) and 9(2)(a).
3	02/07/2026	OC260544	Fuel Excise Duty and Road User Charges: timeframe options to progress increases	Released with some information withheld under Section 9(2)(a) and 9(2)(h).
4	09/07/2026	N/A	Email: FED/RUC Increases timeframes – MOF request for updated timings 1	Released with some information withheld under sections 9(2)(a) and 9(2)(g)(i).
5	09/07/2026	N/A	Email: FED/RUC Increases timeframes – MOF request for updated timings 2	Released with some information withheld under sections 9(2)(a) and 9(2)(g)(i).
6	09/07/2026	N/A	MCERT Note: Deferring FED and RUC increases	Released in full.
7	09/07/2026	N/A	Email: FED/RUC increases timeframes AM – MOF request for updated timings 3	Released with some information withheld under sections 9(2)(a) and 9(2)(g)(i).
8	09/07/2026	N/A	Treasury Note: FED and RUC increases	Released in full.
9	14/07/2026	N/A	Email: Re Newstalk ZB Media Request Response – Fuel Excise Duty	Released with some information withheld under section 9(2)(a). Some information is marked as out of scope.
10	24/07/2026 to 21/08/2026	N/A	Extracts from Transport Portfolio Weekly Report Week ending 24 July 2026 to 21 August 2026	Released with some information withheld under section 9(2)(a).

#	Date	Reference	Title of Document	Decision on request
11	24/07/2026 to 28/07/2026	N/A	Email Chain: Draft FED/RUC Cabinet paper 1	Released in full.
12	24/07/2026	N/A	Draft Cabinet Paper: Deferring fuel excise duty and road user charges increases – 24 July version	Released with some information withheld under section 9(2)(i).
13	24/07/2026 to 06/08/2026	N/A	Email chain: Draft FED/RUC Cabinet papers 2	Released with some information withheld under section 9(2)(a).
14	24/07/2026 to 07/08/2026	N/A	Email chain: Draft FED/RUC Cabinet paper 3	Released with some information withheld under section 9(2)(a).
15	05/08/2026	N/A	Draft Cabinet Paper: Tracked Deferring fuel excise duty and road user charges increases – 5 August version	Released with some information withheld under section 9(2)(i).
16	19/08/2026	N/A	Email: OC260603: Delaying FED and RUC increases Cabinet paper	Released in full.
17	19/08/2026	OC260603	Cabinet Paper: Deferring fuel excise duty and road user charge increases	Released with some information withheld under sections 9(2)(f)(iv) and 9(2)(a).
18	19/08/2026	OC260603	Tracked changes: Cabinet Economic Policy Committee paper: Deferring fuel excise duty and road user charge increases	Released with some information withheld under section 9(2)(i).
19	19/08/2026	OC260603	Talking points ECO 26 August 2026	Released in full.
20	19/08/2026	OC260603	Cabinet Economic Policy Committee paper: Deferring fuel excise duty and road user charge increases	Released with some information withheld under section 9(2)(i).

#	Date	Reference	Title of Document	Decision on request
21	25/08/2026	N/A	Email: FED/RUC deferral – MOF office question	Released with some information withheld under section 9(2)(a).
22	26/08/2026	N/A	Email: Draft FED-RUC Cabinet paper wording	Released in full.
23	26/08/2026	OC260603	Document: Draft new Cabinet paper wording	Released with some information withheld under section 9(2)(f)(iv).
24	27/08/2026	N/A	Email: Further advice on deferring FED/RUC increases	Released with some information withheld under section 9(2)(a).
25	27/08/2026	N/A	Email: Estimates re difference PED/RUC change time paths	Released in full.
26	27/08/2026	N/A	Email – FED-RUC Options and Revenue Impacts	Released with some information withheld under section 9(2)(a).
27	27/08/2026	N/A	Document – FED-RUC increase options and revenue impacts	Released in full.
28	28/08/2026	N/A	Email: Results for the two options for today are now ready	Released in full.
29	28/08/2026	N/A	Email – Updated talking points for Cabinet	Released with some information withheld under section 9(2)(a).
30	28/08/2026	N/A	Document – Updated Talking points for 31 August	Released in full.
31	28/08/2026	N/A	Email Chain – Final talking points and alternative recommendations	Released with some information withheld under section 9(2)(a).
32	28/08/2026	N/A	Document – alternate recommendations for deferring FED and	Released in full.

#	Date	Reference	Title of Document	Decision on request
			RUC increases	
33	28/08/2026	N/A	Document -Updated Talking Points for 31 August 2026	Released in full.
34	28/08/2026	N/A	Email: Updated talking points for Cabinet – FED and RUC increases	Released with some information withheld under section 9(2)(a).
35	31/08/2026	N/A	Email – Fact Check on PR for Minister's office	Released with some information withheld under section 9(2)(a).
36	31/08/2026	N/A	Press Release – Fact Checked by MCERT	Released in full.
37	31/08/2026	N/A	Email: Urgent fact check	Released with some information withheld under section 9(2)(a).

Document 1

From: Media Mailbox
Sent: Thursday, 2 July 2026 12:12 pm
To: Emma Wardle (Parliament); Media Mailbox; Marian Willberg
Cc: Quaid Forbes
Subject: RE: Q&A on FED/RUC increases

Thanks Emma, will pass on to the RUC team.
Regards
Sharon

From: Emma Wardle <Emma.Wardle@parliament.govt.nz>
Sent: Thursday, 2 July 2026 11:40 am
To: Media Mailbox <media@transport.govt.nz>; Marian Willberg <m.willberg@transport.govt.nz>
Cc: Quaid Forbes <Quaid.Forbes@Parliament.govt.nz>
Subject: Q&A on FED/RUC increases

Hi team,

When we were getting the Minister's pack for the Superhui ready, we spotted the below Q&A which must have slipped through the cracks from old material:

Is the Government still going ahead with the planned increases to fuel excise duty and road user chargers on 1 January 2027?

- Yes – the Government plans to return to the previous practice of regular FED and RUC increases from January 2027.

This response doesn't reflect the Government or the Minister's current publicly-stated position. I've pasted below some alternative lines that can be used for future reference (this was used in an oral question in the House last week):

- The Government's stated position is that the planned FED/RUC increase next year is unlikely, but still possible.
- I am mindful of the pressure on household budgets, but I'm also acutely conscious the land transport funding system is not sustainable the way it is at the moment.
- Developments in the Middle East may ease some pressure. However, it is too early to determine whether this will result in a sustained reduction in oil prices.
- Fuel prices will be one factor we consider, but we also need to weigh the broader revenue impact of any decision, including the implications of deferring the planned increase.
- Ultimately, every dollar raised through fuel taxes goes back into the land transport system. There is strong public demand for maintaining our existing assets, as well as for investing in new roads and infrastructure across the country - and all of this needs to be paid for.
- The Government has not made a call yet, but when we do, we will announce it.

Thanks,

Emma Wardle
Lead Private Secretary - Transport | Office of Hon Chris Bishop
Attorney-General | Housing | Infrastructure | RMA Reform | Transport | Associate Finance | MP for Hutt South

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M: s 9(2)(a)
Email: emma.wardle@parliament.govt.nz | Website: www.beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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Document 2

From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Thursday, 2 July 2026 3:55 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Paul O'Connell; Sam Lockyer; Paul O'Connell; Sam Lockyer; Anna Wilson-Farrell; Anna Wilson-Farrell; Alastair Shelton; Alastair Shelton; Lucy Forsman; Lucy Forsman
Subject: FW: FED/RUC increases timeframes AM - referred to MoF

Kia ora Emma,

Below is an update from TSY on FED/RUC timeframes. They have provided our AM to MOF with a cover note recommending the increases proceed as already agreed – hoping that it goes in her weekend bag, and that they hear something back next week.

Happy to discuss.
Jamie

From: Lorenzo Malavisi [TSY] <Lorenzo.Malavisi@treasury.govt.nz>
Sent: Thursday, 2 July 2026 3:26 pm
To: Lucy Forsman <L.Forsman@transport.govt.nz>; Jamie Kendrick <J.Kendrick@transport.govt.nz>; Sam Lockyer <S.Lockyer@transport.govt.nz>; George Ross <G.Ross@transport.govt.nz>; Jess Edlin <J.Edlin@transport.govt.nz>
Cc: Lydia Verschaffelt [TSY] <Lydia.Verschaffelt@treasury.govt.nz>; Warwick White [TSY] <Warwick.White@treasury.govt.nz>; Ben Quilter [TSY] <Ben.Quilter@treasury.govt.nz>; Ben Hay-Smith [TSY] <Ben.Hay-Smith@treasury.govt.nz>
Subject: FED/RUC increases timeframes AM - referred to MoF

[UNCLASSIFIED]

Kia ora Lucy, Jamie and team,

Thanks again for sharing the FED/RUC timeframes briefing. This has now been referred to MoF, and our private sec is hoping to include it in MoF's weekend bag s 9(2)(g)(i)

We've provided some high-level covering points (see below as a FYI), but at this stage haven't been asked for anything more substantive (and we've suggested your briefing does a good job of setting out relevant info and context for decisions).

Still no formal commission from the MoF specifically on FED/RUC, but we will let you know next week what we hear back, and any next steps for further advice/commissions.

As always, happy to chat!

- Treasury recommends **Scenario 1:** proceeding with the agreed increases and 1 January 2027 implementation date.
- We continue to recommend **not** reducing or deferring planned increases to fuel excise duty and road user charges (FED/RUC) as doing so would provide limited and poorly targeted relief, dampen the effect of prices increases in signalling scarcity and helping consumers to manage fuel consumption, and reduce investment in roading infrastructure.

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- The Ministry of Transport has modelled other scenarios to illustrate the fiscal impact if planned FED/RUC increases were delayed (further modelling on alternative scenarios can be commissioned):
    - *Delaying the first increase by six months (but proceeding with the rest as planned)*
        - A one-off reduction of $276 million revenue for 2026/27.
    - *Delaying all increases by six months*
        - $276 million lost revenue for 2026/27,
        - $172 million lost revenue for 2027/28, and
        - An average of $110 million each year following
        - Across the GPS27 period total lost revenue would be $1.17 billion
    - *Delaying all increases by 12 months*
        - Revenue loss across the four years from 1 July 2026 to 30 June 2030, would be $1.27 billion
        - Total revenue reduction of $2.54 billion over the GPS 27 period

      [Note – these figures are in the context of annual FED and RUC revenue of approximately $4 billion for FY25/26 and $4.5 billion for FY26/27]
- **NZTA forecast impact -** NZTA has advised increased revenue from already agreed FED/RUC increases has already been incorporated into the forward work programme, and any changes could have material implications for delivery of transport system improvements, maintenance, and operations, depending on scale and timing of deferral.

Ngā mihi,

Lorenzo Malavisi (he/him) | Te Tai Ōhanga – The Treasury
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone: s 9(2)(a) | Email: lorenzo.malavisi@treasury.govt.nz
https://treasury.govt.nz/ | LinkedIn

TE TAI ŌHANGA
THE TREASURY

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Ministry for Cities, Environment, Regions & Transport

Fuel Excise Duty and Road User Charges: timeframe options to progress increases

Date:	2 July 2026	Priority:	Urgent	Tracking number:	OC260544

To	Action sought	Response by
Hon Chris Bishop **Minister of Transport**	Indicate your preferred approach to progressing FED and RUC increases	8 July 2026

Contact for discussion (if required)

Name	Position	Telephone	1st contact
Anna Wilson-Farrell	Director – Revenue	s 9(2)(a)	☐
Jamie Kendrick	Manager (Acting) – Revenue	s 9(2)(a)	☑

Action for Minister's Office staff

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Purpose

1. This briefing seeks direction on your preferred approach to progressing Fuel Excise Duty (FED) and Road User Charges (RUC) increases, ahead of the Pre-election Economic and Fiscal Update (PREFU).

Key points

2. Cabinet has agreed FED and RUC increases of 12, 6, and 4 cents from 1 January 2027, but deferred implementation due to Middle East crisis uncertainty.
3. The key choices are whether to keep or change the agreed increases, and whether to keep or defer the 1 January 2027 start date. These choices determine the Cabinet process and what can wait until after the election.
4. Two deadlines drive timing: any new Cabinet policy decision must be made by 4 August for PREFU, and FED rate legislation can only pass before the election during the six remaining sitting days before the House rises on 24 September.
5. Proceeding unchanged needs no new Cabinet policy decision and is lowest risk. Changing rates is more demanding: it requires further revenue advice, uses unconsulted rates, and smaller increases would materially reduce long-term revenue.
6. Subject to your direction, we will draft a Cabinet paper with options by 8 July for consultation with Ministerial colleagues.

Recommendations

7. We recommend you **indicate** your preferred approach for progressing FED and RUC increases to inform the draft Cabinet paper:

i.	Proceed with the agreed increases on 1 January 2027.	Yes / No
ii.	Keep the same FED and RUC rates but defer the implementation date.	Yes / No
iii.	Change the agreed 12, 6, and 4 cent FED and RUC increases and implement on 1 January 2027.	Yes / No
iv.	Change the agreed 12, 6, and 4 cent FED and RUC increases and defer implementation.	Yes / No



Anna Wilson-Farrell
Director – Revenue

..... / ..... / .....

Hon Chris Bishop
Minister of Transport

..... / ..... / .....

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Fuel Excise Duty and Road User Charges: timeframe options to progress increases

Context

8. Cabinet has agreed to increase FED and RUC rates on 1 January 2027 [CAB-24-MIN-0057]. Implementing this decision has been deferred due to uncertainties about the impact of the Middle East crisis. This advice is provided should you wish to make decisions about the increases in time to include in the Pre-Election Fiscal Update [PREFU].

9. Making changes to the timing of these increases, or the amount they will increase by, will require further Cabinet policy decisions. For changes to be reflected in PREFU, a Cabinet policy decision is needed by 4 August.

10. No new Cabinet policy decision is required if no changes are made to the agreed increases or the 1 January 2027 implementation date.

11. Changes to FED and RUC are made through different mechanisms, with different timing implications. FED increases require legislative changes to the Customs and Excise Act 2018, (FED legislation) while RUC changes can be made through an Order in Council, which requires a 42-day period after gazettal before it can take effect.

Summary of options

12. We have identified four broad options for implementing or amending the already agreed increases. Any decision except deferral of increases until at least 1 April 2027 will require Cabinet priority and/or House urgency before the election.

    - **Option 1: proceed with the agreed increases on 1 January 2027** – this is the simplest option, requiring no further Cabinet decisions. Regulatory and legislative changes can be progressed before the election.
    - **Option 2: keep the same FED and RUC increases but defer the implementation date** – this requires Cabinet decisions. Timing would depend on amended implementation date:
        - If implementation is 1 March 2027, FED changes could be progressed after the election, but – due to 42-day gazette requirement – RUC changes should be progressed prior to the election.
        - If implementation is 1 April 2027, both FED and RUC changes could be progressed after the election.
    - **Option 3: change agreed 12, 6, and 4 cent FED and RUC increases and implement on 1 January 2027** – this requires Cabinet decisions. This option is the most challenging. It requires a new Cabinet policy decision based on additional revenue advice guided by Ministerial direction, and changes to be progressed before the election.

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- **Option 4: change agreed 12, 6, and 4 cent FED and RUC increases and defer implementation:** this option requires a new Cabinet policy decision based on additional revenue advice guided by Ministerial direction. If deferred to at least 1 April 2027 changes can be progressed after the election.

Timing and process implications

Option 1 – implementing increases as planned

13. Proceeding with increases as planned means that work can progress without needing a new Cabinet policy decision. Parliamentary Counsel Office (PCO) is drafting legislation and regulation changes based on existing decisions, and revenue forecasts are already in PREFU.
14. The agreed FED and RUC increases could go to Cabinet Legislation Committee (LEG) for approval as soon as 6 August.
15. FED legislation would need to be passed under urgency between LEG approval and before the House rises on 24 September. In theory it could be possible to pass FED legislation between post-election government formation and 1 January. However, given uncertainties about forming a government and a small number of available sitting days, it would be a high-risk option.
16. RUC regulations can only come into force 42 days after Cabinet approval. This means that there is a sufficient window for this period between an August or September LEG date and 1 January 2027, but it would not be feasible to progress regulations after the election for a 1 January commencement.

Option 2 – deferring the implementation date

17. If you want to defer the implementation of FED and RUC increases until later in 2027, a Cabinet decision would be needed to agree a new date. As this decision would change revenue forecasts, it would be needed before 4 August to update PREFU.

s 9(2)(h)

19. There would be less time pressure on RUC regulations. CBC decisions on 7 September would allow sufficient time for the 42-day period to pass before commencement in 2027.
20. If the implementation date is changed to a date of 1 March 2027, there may be time to progress both FED and RUC changes after the election, subject to government continuity and priorities in the new year. However, the 42-day gazette period for RUC regulations makes this approach high risk. We recommend regulating and legislating a 1 March 2027 implementation date prior to the election.
21. If the implementation date is 1 April or later, regulating and legislating both changes post-election is feasible provided legislative priority is given to FED changes being passed under urgency.

Option 3 – change agreed 12, 6, and 4 cent FED and RUC increases and implement on 1 January 2027

22. A Cabinet decision would be required by 4 August to change the level of FED and RUC increases and

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update PREFU. If this occurs:

- s 9(2)(h)
- [redacted]

23. We also note:

    - The changed increases would not have been consulted on, as the current ones were via GPS24. However, if the increases are lower, this may present less risk.
    - Smaller increases, whether or not they are implemented on 1 January 2027, will significantly reduce long-term revenue generation compared to deferring the already agreed increases.

Option 4 – change agreed 12, 6, and 4 cent FED and RUC increases and defer implementation

24. A Cabinet decision would be required by 4 August to change the amounts of FED and RUC increases and update PREFU. If this occurs, this option is subject to the same advice as option 2 above:

    - If the implementation date is 1 March 2027, we recommend regulating and legislating changes prior to the election.
    - If the implementation date is 1 April or later, regulating and legislating changes post-election is feasible provided legislative priority is given to FED changes being passed under urgency.

Next steps

25. If you want to implement changes as planned (option 1):

    - We will continue to work with PCO to prepare RUC regulations and a FED amendment bill, based on existing Cabinet decisions.
    - We will draft a Cabinet paper for LEG in in early August and support the passage of a FED bill under urgency before the House rises.

26. If you want to defer the implementation of already agreed FED and RUC increases (option 2):

    - We will provide you a draft Cabinet paper with deferral timing options and revenue implications by 8 July to facilitate consultation with Ministerial colleagues. A revised paper with a recommended option could then be lodged in time for the Cabinet Economic Policy Committee on 29 July.
    - We will draft a cabinet paper for CBC on 7 September (if you wish to progress ahead of the election), or for LEG in early 2027, seeking agreement to RUC regulation changes and agreement to introduce a bill to make FED changes.

27. If you want to change the agreed 12, 6, and 4 cent FED and RUC increases and implement on 1 January 2027 (option 3):

    - Based on feedback on this paper, we will draft a Cabinet paper with options to change the level of increases by 8 July to facilitate consultation with Ministerial colleagues. A revised paper with a recommended option could then be lodged in time for the Cabinet Economic Policy Committee on

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29 July.

- We will draft a Cabinet paper for CBC on 7 September seeking agreement to RUC regulation changes and agreement to introduce a bill to make FED changes.

28. If you want to change agreed 12, 6, and 4 cent FED and RUC increases and defer implementation (option 4):

    - If deferral to 1 March, we will follow the same process as paragraph 27 above.
    - If deferral to 1 April or later, we will draft a Cabinet policy paper seeking agreement to the change to include in PREFU and prepare for implementation after the election.

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Document 4

From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Thursday, 9 July 2026 11:18 am
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Anna Wilson-Farrell; Sam Lockyer; Paul O'Connell; Lucy Forsman; Rosalie Fiel
Subject: FW: FED/RUC increases timeframes AM - MoF request for updated timings

Hi Emma, as discussed, please see the ask from TSY below, to go into advice to MOF to be delivered today.

I will ask them to copy Bishop's office in, as requested. Will keep you updated and share what we supply with you.

Ngā mihi
Jamie
Jamie Kendrick
Manager (Acting) - Revenue
Ph: s 9(2)(a) email: Jamie.Kendrick@mcert.govt.nz



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From: Lorenzo Malavisi [TSY] <Lorenzo.Malavisi@treasury.govt.nz>
Sent: Thursday, 9 July 2026 11:14 am
To: Lucy Forsman <L.Forsman@transport.govt.nz>; Jamie Kendrick <J.Kendrick@transport.govt.nz>; Sam Lockyer <S.Lockyer@transport.govt.nz>; George Ross <G.Ross@transport.govt.nz>; Jess Edlin <J.Edlin@transport.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; Jessica Edlin <Jess.Edlin@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>
Cc: Lydia Verschaffelt [TSY] <Lydia.Verschaffelt@treasury.govt.nz>; Warwick White [TSY] <Warwick.White@treasury.govt.nz>; Ben Quilter [TSY] <Ben.Quilter@treasury.govt.nz>; Ben Hay-Smith [TSY] <Ben.Hay-Smith@treasury.govt.nz>; Jess Grant [TSY] <Jess.Grant@treasury.govt.nz>
Subject: RE: FED/RUC increases timeframes AM - MoF request for updated timings

Kia ora koutou, and thanks for the call just now Jamie,

As discussed, we have heard from the office that FED/RUC deferral was raised with MoF at secondees meeting yesterday.

MoF has indicated she may be open to a deferral, and has asked specifically to double check on the timings for inclusion by PREFU, including what the drop-dead timeframes would be.

We are drafting up some points to go to the office shortly, including again our recommendation not to defer, and seeking to set out the timeframes that are possible.

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Our ask for you/the team:

- Can we get a break down of the 4 August deadline mentioned in the AM (MoF specifically asked on this and said it seemed early to her).
- If Ministers were to take a Cabinet paper in mid to late August, what is the steps and timing required to work through changes at MCERT side (noting this is not ideal and not recommended by us) for the inclusion into PREFU (whether that be a reopening of forecasts or a central adjustment by Tsy team).
- Can you set out any of the other independencies that make the timing of changes difficult (Jamie you mentioned the scenarios modelling would take more time if new scenarios were needed beyond the 7 already modelled etc.)

Generally, just looking at any info that will support us in giving advice on the narrowness of timings, and we can highlight the uncertainties – its not clear exactly what MoF is requesting or if she is intending to go down this route, so we are just needing to explore all options.

Happy to discuss and apologies again for the urgent commission.

Ngā mihi,

Lorenzo Malavisi (he/him)
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone: s 9(2)(a) | Email: lorenzo.malavisi@treasury.govt.nz

From: Lorenzo Malavisi [TSY]
Sent: Thursday, 2 July 2026 3:26 pm
To: Lucy Forsman <L.Forsman@transport.govt.nz>; Jamie Kendrick <J.Kendrick@transport.govt.nz>; Sam Lockyer <S.Lockyer@transport.govt.nz>; George Ross <g.ross@transport.govt.nz>; Jess Edlin <J.Edlin@transport.govt.nz>
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Subject: FED/RUC increases timeframes AM - referred to MoF

[UNCLASSIFIED]

Kia ora Lucy, Jamie and team,

Thanks again for sharing the FED/RUC timeframes briefing. This has now been referred to MoF, and our private sec is hoping to include it in MoF's weekend bag s 9(2)(g)(i)

We've provided some high-level covering points (see below as a FYI), but at this stage haven't been asked for anything more substantive (and we've suggested your briefing does a good job of setting out relevant info and context for decisions).

Still no formal commission from the MoF specifically on FED/RUC, but we will let you know next week what we hear back, and any next steps for further advice/commissions.

As always, happy to chat!

- Treasury recommends **Scenario 1:** proceeding with the agreed increases and 1 January 2027 implementation date.

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- We continue to recommend **not** reducing or deferring planned increases to fuel excise duty and road user charges (FED/RUC) as doing so would provide limited and poorly targeted relief, dampen the effect of prices increases in signalling scarcity and helping consumers to manage fuel consumption, and reduce investment in roading infrastructure.
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        - Across the GPS27 period total lost revenue would be $1.17 billion
    - *Delaying all increases by 12 months*
        - Revenue loss across the four years from 1 July 2026 to 30 June 2030, would be $1.27 billion
        - Total revenue reduction of $2.54 billion over the GPS 27 period

      [Note – these figures are in the context of annual FED and RUC revenue of approximately $4 billion for FY25/26 and $4.5 billion for FY26/27]
- **NZTA forecast impact -** NZTA has advised increased revenue from already agreed FED/RUC increases has already been incorporated into the forward work programme, and any changes could have material implications for delivery of transport system improvements, maintenance, and operations, depending on scale and timing of deferral.

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Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone: s 9(2)(a) | Email: lorenzo.malavisi@treasury.govt.nz
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Document 5

From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Thursday, 9 July 2026 1:19 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Anna Wilson-Farrell; Paul O'Connell; Alastair Shelton; Sam Lockyer; Lucy Forsman; Joanne Leung; Haobo Wang; Roselle Thoreau
Subject: FW: FED/RUC increases timeframes AM - MoF request for updated timings
Attachments: 20260709 - TSY MoF FED - RUC timing.docx

Hi Emma, attached is what we provided to TSY. As well as PREFU timing info, it amended the summary of options in the briefing we provided to you. These options were updated to account for advice about a later CAB date. The 4 August deadline in the briefing was based on PREFU timeframes, which now appear to have some flexibility.

Happy to discuss
Jamie

Jamie Kendrick
Manager (Acting) - Revenue
Ph: s 9(2)(a) email: Jamie.Kendrick@mcert.govt.nz

Ministry for Cities, Environment, Regions & Transport
www.mcert.govt.nz | www.govt.nz

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From: Jamie Kendrick
Sent: Thursday, 9 July 2026 1:15 pm
To: 'Lorenzo Malavisi [TSY]' <Lorenzo.Malavisi@treasury.govt.nz>
Cc: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Alastair Shelton <Alastair.Shelton@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>; Haobo Wang <Haobo.Wang@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>
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Subject: FED/RUC increases timeframes AM - referred to MoF

[UNCLASSIFIED]

Kia ora Lucy, Jamie and team,

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Thanks again for sharing the FED/RUC timeframes briefing. This has now been referred to MoF, and our private sec is hoping to include it in MoF's weekend bag s 9(2)(g)(i)

We've provided some high-level covering points (see below as a FYI), but at this stage haven't been asked for anything more substantive (and we've suggested your briefing does a good job of setting out relevant info and context for decisions).

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As always, happy to chat!

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    [Note – these figures are in the context of annual FED and RUC revenue of approximately $4 billion for FY25/26 and $4.5 billion for FY26/27]
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Lorenzo Malavisi (he/him) | Te Tai Ōhanga – The Treasury
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone: s 9(2)(a) Email: lorenzo.malavisi@treasury.govt.nz
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Ministry for Cities, Environment, Regions & Transport

Deferring FED and RUC increases

Timeframe for 3 August Cabinet decisions to meet PREFU deadlines

The current deadline of 3 August for a Cabinet decision is based on the following:

- Following a Cabinet decision on 3 August, MCERT will require a minimum of 2 working days to calculate the new rates for the PREFU process (approx. 5 August).
- In parallel, Treasury will incorporate the latest official statistics into the macroeconomic forecast. The updated macroeconomic forecast is expected to be available by on 7 August.
- Once the updated macroeconomic forecast is available, MCERT will require a further 5 working days to prepare the forecast, undertake stakeholder engagement, complete moderation and internal peer review, and obtain sign-off.
- The PREFU forecast would then be ready on 14 August.

If Cabinet makes a decision that requires an additional forecast after 14 August, it would take a **minimum of 3 working days** from notification of the decision (assuming Treasury does not revise the macroeconomic forecasts).

Under this scenario, agencies will already have signed off the revenue impacts arising from the macroeconomic forecast update as part of the 14 August forecast round, meaning that only the effects of the new rates would need to be incorporated and checked. As a result, the sign-off process should be shorter.

Timing implications of a 26 August Cabinet decision

If Cabinet makes a decision in late August (working on an assumption of a 26 August ECO decision), implementing those decisions before the election is feasible but constrained.

Note the 4 August timeframe previously provided was based on PREFU dates and required lead-in time. The following advice assumes flexibility in these timeframes.

All options below assume Cabinet and House, and PCO priority and legislation passed under urgency.

If a Cabinet ECO decision is made on 26 August

- **Option 1: proceed with the agreed increases on 1 January 2027** – this is the simplest option, requiring no further Cabinet decisions. Regulatory and legislative changes can be progressed before the election.
- **Option 2: keep the same FED and RUC increases but defer the implementation date** - timing would depend on amended implementation date:
    - If implementation is 1 April 2027, both FED and RUC changes could be progressed after the election.
    - If implementation is 1 March 2027, FED changes could be progressed after the election, but – due to 42-day gazette requirement – RUC changes should and can be progressed prior to the election.
- **Option 3: change agreed 12, 6, and 4 cent FED and RUC increases and implement on 1 January 2027** – this requires Cabinet decisions. Two weeks required to recalculate RUC rates. PCO would then have 1 week to draft. This leaves 1 sitting week to pass FED legislation under urgency. RUC changes can be gazetted before election.
- **Option 4: change agreed 12, 6, and 4 cent FED and RUC increases and defer implementation:** As above. If 1 April or later could be done following election. If 1 March or earlier, as per option 3.

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Document 7

From: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>
Sent: Thursday, 9 July 2026 5:19 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Jamie Kendrick; Paul O'Connell; Lucy Forsman; Sam Lockyer; Alastair Shelton; Joanne Leung
Subject: FW: FED/RUC increases timeframes AM - MoF request for updated timings
Attachments: FED and RUC increases (Tsy note).docx

Kia ora Emma,

Further to the correspondence with Jamie today, below is where the Treasury landed with their advice.

Best wishes for the long weekend.

Ngā mihi

Anna

From: Lorenzo Malavisi [TSY] <Lorenzo.Malavisi@treasury.govt.nz>
Sent: Thursday, 9 July 2026 2:52 pm
To: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Cc: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Alastair Shelton <Alastair.Shelton@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>; Haobo Wang <Haobo.Wang@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Lydia Verschaffelt [TSY] <Lydia.Verschaffelt@treasury.govt.nz>; Warwick White [TSY] <Warwick.White@treasury.govt.nz>; Ben Quilter [TSY] <Ben.Quilter@treasury.govt.nz>
Subject: RE: FED/RUC increases timeframes AM - MoF request for updated timings

> Some people who received this message don't often get email from lorenzo.malavisi@treasury.govt.nz. Learn why this is important

Thank you Jamie and team – appreciate you pulling this together for us in very tight timeframes!

We have just sent it over the road, alongside our note (see attached).

Our advice ultimately was downgraded, so now will only be going to MoF's office and advisors (not as a briefing to MoF herself). As such it won't be referred to Bishop's office.

It's a bit of a recut of our previous advice, but we have focussed on 2 key points:

- **The FED/RUC increases agreed by Cabinet are already in the fiscal forecasts.**
- **Timing for PREFU is tight – Cabinet decisions by 3 August will be reflected in PREFU. While later Cabinet decisions are possible, this depends on the scale of any FED/RUC changes. We assess**

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the latest date for Cabinet approval is 31 August if the decisions do not affect economic forecasts.

We've told the office we can work on getting a firmer understanding of the 'later decisions' drop-dead date next week, if required. It will involve us coordinating across Treasury to determine what would or would not need macroeconomic forecast updates. We will keep you in the loop if that does get requested, and what any outcome is.

You are welcome to share your note with Bishop's office if useful.

If Ministers are interested in taking later decisions (i.e. after the 4 August deadline), we are keen to chat further about how we can best support you and work through timeframes, as acknowledging things will be a bit tight (and dependent on a number of complex factors)!

Thanks again for your help!

Ngā mihi,

Lorenzo Malavisi (he/him)
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone: s 9(2)(a) | Email: lorenzo.malavisi@treasury.govt.nz

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Subject: RE: FED/RUC increases timeframes AM - MoF request for updated timings

Kia ora koutou, and thanks for the call just now Jamie,

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As discussed, we have heard from the office that FED/RUC deferral was raised with MoF at secondees meeting yesterday.

MoF has indicated she may be open to a deferral, and has asked specifically to double check on the timings for inclusion by PREFU, including what the drop-dead timeframes would be.

We are drafting up some points to go to the office shortly, including again our recommendation not to defer, and seeking to set out the timeframes that are possible.

Our ask for you/the team:

- Can we get a break down of the 4 August deadline mentioned in the AM (MoF specifically asked on this and said it seemed early to her).
- If Ministers were to take a Cabinet paper in mid to late August, what is the steps and timing required to work through changes at MCERT side (noting this is not ideal and not recommended by us) for the inclusion into PREFU (whether that be a reopening of forecasts or a central adjustment by Tsy team).
- Can you set out any of the other independencies that make the timing of changes difficult (Jamie you mentioned the scenarios modelling would take more time if new scenarios were needed beyond the 7 already modelled etc.)

Generally, just looking at any info that will support us in giving advice on the narrowness of timings, and we can highlight the uncertainties – its not clear exactly what MoF is requesting or if she is intending to go down this route, so we are just needing to explore all options.

Happy to discuss and apologies again for the urgent commission.

Ngā mihi,

Lorenzo Malavisi (he/him)
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone s 9(2)(a) | Email: lorenzo.malavisi@treasury.govt.nz

From: Lorenzo Malavisi [TSY]
Sent: Thursday, 2 July 2026 3:26 pm
To: Lucy Forsman <L.Forsman@transport.govt.nz>; Jamie Kendrick <J.Kendrick@transport.govt.nz>; Sam Lockyer <S.Lockyer@transport.govt.nz>; George Ross <g.ross@transport.govt.nz>; Jess Edlin <J.Edlin@transport.govt.nz>
Cc: Lydia Verschaffelt [TSY] <Lydia.Verschaffelt@treasury.govt.nz>; Warwick White [TSY] <Warwick.White@treasury.govt.nz>; Ben Quilter [TSY] <Ben.Quilter@treasury.govt.nz>; Ben Hay-Smith [TSY] <Ben.Hay-Smith@treasury.govt.nz>
Subject: FED/RUC increases timeframes AM - referred to MoF

[UNCLASSIFIED]

Kia ora Lucy, Jamie and team,

Thanks again for sharing the FED/RUC timeframes briefing. This has now been referred to MoF, and our private sec is hoping to include it in MoF's weekend bag s 9(2)(g)(i)

We've provided some high-level covering points (see below as a FYI), but at this stage haven't been asked for anything more substantive (and we've suggested your briefing does a good job of setting out relevant info and context for decisions).

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Still no formal commission from the MoF specifically on FED/RUC, but we will let you know next week what we hear back, and any next steps for further advice/commissions.

As always, happy to chat!

- Treasury recommends **Scenario 1:** proceeding with the agreed increases and 1 January 2027 implementation date.
- We continue to recommend **not** reducing or deferring planned increases to fuel excise duty and road user charges (FED/RUC) as doing so would provide limited and poorly targeted relief, dampen the effect of prices increases in signalling scarcity and helping consumers to manage fuel consumption, and reduce investment in roading infrastructure.
- The Ministry of Transport has modelled other scenarios to illustrate the fiscal impact if planned FED/RUC increases were delayed (further modelling on alternative scenarios can be commissioned):
    - *Delaying the first increase by six months (but proceeding with the rest as planned)*
        - A one-off reduction of $276 million revenue for 2026/27.
    - *Delaying all increases by six months*
        - $276 million lost revenue for 2026/27,
        - $172 million lost revenue for 2027/28, and
        - An average of $110 million each year following
        - Across the GPS27 period total lost revenue would be $1.17 billion
    - *Delaying all increases by 12 months*
        - Revenue loss across the four years from 1 July 2026 to 30 June 2030, would be $1.27 billion
        - Total revenue reduction of $2.54 billion over the GPS 27 period

      [Note – these figures are in the context of annual FED and RUC revenue of approximately $4 billion for FY25/26 and $4.5 billion for FY26/27]
- **NZTA forecast impact -** NZTA has advised increased revenue from already agreed FED/RUC increases has already been incorporated into the forward work programme, and any changes could have material implications for delivery of transport system improvements, maintenance, and operations, depending on scale and timing of deferral.

Ngā mihi,

Lorenzo Malavisi (he/him) | Te Tai Ōhanga – The Treasury
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone: s 9(2)(a) | Email: lorenzo.malavisi@treasury.govt.nz
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TE TAI ŌHANGA
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Fuel Excise Duty (FED) and Road User Charges (RUC) Increases

Min Bishop referred to MoF an MCERT Aide Memoire (OC260533) on timelines for FED/RUC increases. This was referred for MoF's information – no action or response is required.

However, given MoF's comments at secondees meeting, there are two points we suggest highlighting to MoF when reading this AM:

1. **The FED/RUC increases agreed by Cabinet are already in the fiscal forecasts**. Any changes to Cabinet's decisions would affect fiscal forecasts. The impact on OBEGALx will depend on the extent that reduced revenue is partially or fully offset by NZTA reducing its operating expense (as opposed to reducing capital expenditure).

2. **Timing for PREFU is tight – Cabinet decisions by 3 August will be reflected in PREFU.** There is some flexibility for later Cabinet decisions, but this depends on the scale of any FED/RUC changes. For example, decisions with a smaller impact may be taken up to 31 August, while larger impacts need to be taken earlier if they affect economic forecasts (e.g. CPI). We can advise further on this once we have considered the fiscal and economic forecast interdependencies.

FED/RUC increases have already been incorporated into the forecasts

- The planned FED/RUC increases[1] are incorporated into BEFU 2026 fiscal forecasts and NZTA's forward work programme.
- Deferring reducing FED/RUC increases would materially impact funding for the National Land Transport Fund (NLTF). Accordingly, Ministers would need to consider either:
    a. topping up the NLTF to cover this shortfall, and/or
    b. accepting reductions in funding available to NZTA and the flow on affect to its activities (including contracted work already underway).
- The Ministry of Transport has modelled scenarios to illustrate the fiscal impact if planned FED/RUC increases were delayed:
    a. *Delaying the first increase by six months (but proceeding with the rest as planned)*
        - A one-off reduction of $276 million revenue for 2026/27.
    b. *Delaying all increases by six months*
        - $276 million lost revenue for 2026/27,
        - $172 million lost revenue for 2027/28, and
        - An average of $110 million each year following
        - Across the GPS27 period total lost revenue would be $1.17 billion
    c. *Delaying all increases by 12 months*
        - Revenue loss across the four years from 1 July 2026 to 30 June 2030, would be $1.27 billion
        - Total revenue reduction of $2.54 billion over the GPS 27 period

[1] Cabinet agreed in 2024 to phase in future FED increases (and equivalent changes to RUC) at 12 cents per litre from 1 January 2027, 6 cents per litre from 1 January 2028, and 4 cents per litre from 1 January 2029 (and every year after).

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[Note – these figures are in the context of annual FED and RUC revenue of approximately $4 billion for FY25/26 and $4.5 billion for FY26/27]

- The impact on OBEGALx from changes to FED/RUC depends on how NZTA allocates lost funding between operating expenses and capital expenditure.

Timing for decisions by PREFU are narrow

- Cabinet decisions on or before 3 August will be captured in PREFU. Current timelines:

Milestones for PREFU submission (preferred)	Indicative Timing
NZTA forecasts provided to MCERT	29 July
Cabinet decision by this date on deferrals/decreases to allow updated to economic forecasts, and for MCERT to incorporate changes into PREFU forecasts submission	3 August
Treasury updated macroeconomic forecasts provided to agencies (including MCERT) to prepare revenue forecasts.	7 August
MCERT forecasts due to Treasury	14 August

- Decisions could be taken after 3 August, but the latest date depends on whether they are likely to affect economic forecasts (notably CPI and its flow on effects). The latest date is 31 August ***if*** the decisions do not affect economic forecasts (earlier if they do affect economic forecasts).

Other points

- Our previous advice on FED/RUC changes in response to cost-of-living pressures still holds, which is Treasury recommends proceeding with the agreed increases as planned (**Scenario 1** in OC260533), as reductions to FED/RUC are not effective as a cost-of-living measure.
- Even with the already agreed revenue increases, the NLTF remains on an unsustainable footing, with revenue not matching ambition for the land transport system.
- We support the AM's timing for progressing RUC regulations and FED legislation before the election, to avoid risks of delays and lost revenue post-election (OC260533 refers).

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Document 9

From: Media <Media@mcert.govt.nz>
Sent: Tuesday, 14 July 2026 3:34 pm
To: Emma Wardle [EXTERNAL] (Parliament); Media; Quaid Forbes
Cc: Anna Wilson-Farrell; Louise Hornabrook; Jamie Kendrick
Subject: RE: NEWSTALK ZB Media Request response - Fuel excise duty

That's all fine thanks Emma.
Regards
Sharon

From: Emma Wardle <Emma.Wardle@parliament.govt.nz>
Sent: Tuesday, 14 July 2026 3:08 pm
To: Media <Media@mcert.govt.nz>; Quaid Forbes <Quaid.Forbes@parliament.govt.nz>
Cc: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Louise Hornabrook <Louise.Hornabrook@mcert.govt.nz>; Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Subject: RE: NEWSTALK ZB Media Request response - Fuel excise duty

Hi Sharon,

Thanks for sending this through 😊

Please see below a couple of suggested changes from the Office highlighted. In summary:

- The first is just to tighten up the language/make it easier to read.
- The second is to direct the journalist to the Minister's existing public statements.
- Out of Scope

Out of Scope

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Out of Scope

The Government increases to FED and RUC set out in GPS 2024 signalled a return to regular FED and RUC increases to help provide a predictable and sustainable revenue outlook. Equal increases to FED and RUC do not address the disparity between them.

The Minister of Transport has recently restated the Government's position on the upcoming FED/RUC increases (refer: Hansard - New Zealand Parliament - Tuesday, 23 June 2026).

Sing out if you have any questions!

Thanks,
Emma

From: Media <Media@mcert.govt.nz>
Sent: Tuesday, 14 July 2026 1:18 pm
To: Emma Wardle <Emma.Wardle@parliament.govt.nz>; Quaid Forbes <Quaid.Forbes@parliament.govt.nz>
Cc: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Louise Hornabrook <Louise.Hornabrook@mcert.govt.nz>; Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>; Media <Media@mcert.govt.nz>
Subject: FW: NEWSTALK ZB Media Request response - Fuel excise duty

Hi Emma and Quaid

Please see email inquiry below from Azaria at Newstalk and our response. Please note the line highlighted below about FED/RUC increases as per your earlier key messages about this. If I could let me know you are OK with this by 3.30pm, that would be great.

MCERT spokesperson:

Out of Scope

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The Government increases to FED and RUC in GPS 2024 was a return to regular FED and RUC increases to help support future revenue needs and provide a predictable and sustainable revenue outlook. Equal increases to FED and RUC do not address the disparity between them.

The Minister of Transport has said recently that the planned FED/RUC increase next year is unlikely, but still possible. Developments in the Middle East may ease some pressure. However, it is too early to determine whether this will result in a sustained reduction in oil prices.

Out of Scope

Thanks and regards

Sharon

Sharon Williams
Principal Adviser
email: Sharon.Williams@mcert.govt.nz | mobile: s 9(2)(a)

Ministry for Cities, Environment, Regions & Transport
www.mcert.govt.nz | www.govt.nz

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From: Azaria Howell s 9(2)(a)
Sent: Monday, 13 July 2026 10:42 am
To: Media <Media@mcert.govt.nz>; Media Mailbox <media@transport.govt.nz>
Subject: Media Request - Fuel excise duty

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Kia ora,

Azaria Howell here from Newstalk ZB. Hope you're well!

I'm getting in touch to please request statements on two aspects of this OIA which at the time came from the Ministry of Transport, related to fuel tax.

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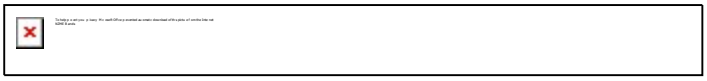
Out of Scope

Separately, page 30 states the following: *"The revenue forecasts include the plan agreed by Cabinet to return to the previous practice of regular FED and RUC increases as set out in the Government Policy Statement on land transport 2024 (GPS) – i.e. 12 cents per litre from 1 January 2027, 6 cents per litre from 1 January 2028, and an annual 4 cents per litre increase thereafter."* Is this still planned, and why is it not increasing by 26 percent to 91 cents per litre as discussed above to address disparity?

Thank you so much! I really appreciate your time.

Kind regards,

AZARIA HOWELL
Senior Political Reporter | Parliamentary Press Gallery
M: s 9(2)(a)
E:





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Extract from transport portfolio weekly Report for the week ending 24 July 2026

Fuel Excise Duty (FED) and Road User Charges (RUC)

We are developing a Cabinet paper to defer the initial planned increase to FED and RUC – from 1 January 2027 to 1 July 2027, with subsequent increases to proceed as agreed from 1 January 2028. Once Cabinet confirms this decision, FED legislative and RUC regulatory processes can be undertaken following the election.

Business Group: Sector Strategy, System Performance Group

Owner: Jamie Kendrick, Manager (Acting), Revenue

Contact: s 9(2)(a)

Extract from transport portfolio weekly report for the week ending 31 July 2026

Fuel Excise Duty (FED) and Road User Charges (RUC)

On 24 July we provided you with a draft Cabinet paper seeking agreement to defer the first planned 12 cent per litre increase to FED and equivalent RUC increase from 1 January 2027 to 1 July 2027. Subsequent increases would proceed as agreed from 1 January 2028.

Pending your feedback, we will continue to work with Treasury and NZTA to finalise the paper, including to confirm the impact of the deferral on forecast revenue and expenditure for the remainder of the 2026/27 financial year.

Business Group: Sector Strategy, System Performance Group

Owner: Jamie Kendrick, Manager (Acting), Revenue

Contact: s 9(2)(a)

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Extract from transport portfolio weekly report for the week ending 7 August 2026

Fuel Excise Duty (FED) and Road User Charges (RUC)

On Wednesday 5 August we will provide your Office an updated draft Cabinet paper for Ministerial consultation seeking approval to delay the planned FED and RUC increases until 1 July 2027. The paper has been updated to reflect your discussions with officials about the options for resolving the OBEGALx impact from NZTA's forecast changes. FED and RUC Cabinet decisions need to be made by Monday 31 August to be included in the Pre-Election Fiscal and Economic Update (PREFU). To meet this timeframe, consultation on the Cabinet paper should be completed by Tuesday 18 August, for lodgement to the Cabinet Economic Policy Committee (ECO) on Thursday 20 August.

Business Group: Sector Strategy, System Performance Group

Owner: Jamie Kendrick, Manager (Acting), Revenue

Contact: s 9(2)(a)

Extract from transport portfolio weekly report for the week ending 14 August 2026

Fuel Excise Duty (FED) and Road User Charges (RUC)

Departmental and Ministerial consultation is underway on a draft Cabinet paper seeking approval to defer the planned FED and RUC increases until 1 July 2027. The paper also reflects ongoing work to resolve the OBEGALx impact from New Zealand Transport Agency's (NZTA) forecast expenditure changes. FED and RUC Cabinet decisions need to be made by Monday 31 August to be included in the Pre-Election Fiscal and Economic Update (PREFU). To meet this timeframe, consultation on the Cabinet paper will be completed in time for lodgement on Thursday 20 August.

Business Group: Sector Strategy, System Performance Group

Owner: Jamie Kendrick, Manager (Acting), Revenue

Contact s 9(2)(a)

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Extract from transport portfolio weekly report for the week ending 21 August 2026

Fuel Excise Duty (FED) and Road User Charges (RUC)

Ministerial and agency consultation on the Cabinet paper to defer FED and RUC increases concluded on18 August. A revised Cabinet paper, incorporating feedback, and talking points will be provided to your Office for Thursday 20 August lodgement to the Cabinet Economic Policy Committee (ECO) meeting on Wednesday 26 August.

Business Group: Sector Strategy, System Performance Group

Owner: Jamie Kendrick, Manager (Acting), Revenue

Contact: s 9(2)(a)

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From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Tuesday, 28 July 2026 12:18 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Sophia Trewavas [EXTERNAL] (Parliament); Zoe Barham [EXTERNAL] (Parliament); Grace McKibbin [EXTERNAL] (Parliament); Paul O'Connell; Anna Wilson-Farrell; Lucy Forsman; David Kidman; Rosalie Fiel; George Ross; Sam Lockyer; Anna Northcott
Subject: Re: DRAFT FED / RUC cabineet paper

Thanks for the update Emma.

From: Emma Wardle <Emma.Wardle@parliament.govt.nz>
Sent: Tuesday, 28 July 2026 11:07
To: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Cc: Sophia Trewavas <sophia.trewavas@parliament.govt.nz>; Zoe Barham <Zoe.Barham@parliament.govt.nz>; Grace McKibbin <Grace.McKibbin@parliament.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; David Kidman <David.Kidman@mcert.govt.nz>; Rosalie Fiel <Rosalie.Fiel@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Anna Northcott <Anna.Northcott@mcert.govt.nz>
Subject: RE: DRAFT FED / RUC cabineet paper

Hi Jamie,

Just to keep you up to date, Minister Bishop has now reviewed the draft Cabinet paper.

He has been in discussion with MOF who has indicated that she would like this Cabinet paper to also include some material on the OBEGALx B27 tagged contingency. I'm catching up with Lucy this afternoon on this.

This could change our timeframes for Ministerial/departmental consultation and lodgement. Will let you know as I know more.

Thanks,
Emma

From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Friday, 24 July 2026 12:02 pm
To: Emma Wardle <Emma.Wardle@parliament.govt.nz>
Cc: Quaid Forbes <Quaid.Forbes@parliament.govt.nz>; Sophia Trewavas <sophia.trewavas@parliament.govt.nz>; Zoe Barham <Zoe.Barham@parliament.govt.nz>; OCU <ocu@transport.govt.nz>; Grace McKibbin <Grace.McKibbin@parliament.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; David Kidman <David.Kidman@mcert.govt.nz>; Rosalie Fiel <Rosalie.Fiel@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Anna Northcott <Anna.Northcott@mcert.govt.nz>
Subject: DRAFT FED / RUC cabineet paper

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Kia ora Emma,

Attached is a draft Cabinet paper: Deferring fuel excise duty and road user charge increases, for the Minister's review.

This is still subject to refinement — we continue to work at pace with the Treasury and NZTA – we do need to do more with NZTA in particular.

On the revenue impact of the deferral, currently shown as $276.0 million, this figure is informed by:

- the original MBU26 work, signed off in February, and the follow-up scenario work, signed off in March.
- it has been checked again this week and QA'd, an the numbers are unchanged.

That said, the figure remains a forecast. We have had one round of engagement with NZTA and will do further work with both NZTA and the Treasury; NZTA may land on a higher number, and forecasts of this kind are inherently subject to a range of factors affecting whether they are realised. We'll firm this up through the next round of engagement.

A few other elements are also still being finalised, including the appropriation detail (recommendation 8) and the consultation list.

We've also engaged with TSY to understand how to appropriately reflect the Minister of Finance's role in the paper which we continue to work with them on. Would be glad for any direction from the Minister's office as well.

Happy to discuss.
Jamie

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Document 12

Office of the Minister of Transport

Cabinet Economic Policy Committee

Deferring fuel excise duty and road user charge increases

Proposal

1 This paper seeks agreement to defer planned increases to fuel excise duty and road user charges by six months and draw down funding from the Fuel Response Fund tagged operating contingency to offset the revenue and fiscal impacts of this deferral.

Relation to government priorities

2 This proposal relates to commitments in the *Government Policy Statement on land transport 2024* (GPS 2024), the Government's *Land Transport Revenue Action Plan* and the Government's response to the Middle East fuel crisis.

Executive Summary

3 This paper seeks agreement to defer the planned January 2027 increase to fuel excise duty (FED), and the equivalent increase to road user charges (RUC), by six months until 1 July 2027. It also seeks agreement to draw down funding from the Fuel Response Fund tagged operating contingency to offset the resulting National Land Transport Fund (NLTF) revenue gap.

4 Since March 2026, fuel prices have increased significantly due to the conflict in the Middle East. Higher petrol and diesel prices are increasing costs for households and businesses, particularly through direct household fuel costs and higher operating costs for sectors exposed to diesel prices. Proceeding with the planned January 2027 increases would add to these cost pressures and wider inflationary effects.

5 Deferring the increases for six months is a temporary, targeted and timely response to the Middle East fuel crisis. The deferral is forecast to reduce NLTF revenue by $276.0 million in 2026/27. The New Zealand Transport Agency (NZTA) has indicated there is no realistic pathway to offset this reduction through further savings or deferring planned activities in 2026/27 without a significantly longer lead time. Requiring NZTA to manage the reduction within existing funding would create delivery risks, increase pressure on GPS 2027, and create a risk of a negative OBEGALx impact.

6 I recommend that up to $276.0 million be drawn down from the Fuel Response Fund tagged operating contingency – set aside to enable Cabinet to fund additional temporary, targeted and timely measures needed to mitigate the impact of the Middle East Fuel crisis – to meet the revenue shortfall created by the deferral. This will provide short-term cost-of-living relief while preserving NZTA's current forecasts, maintaining the land transport revenue path agreed in GPS 2024, and avoiding an impact on OBEGALx. Subsequent FED and RUC increases will proceed as already agreed.

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Background

7 Revenue from fuel excise duty (FED) and road user charges (RUC) is hypothecated into the National Land Transport Fund (NLTF), which the New Zealand Transport Agency (NZTA) invests to deliver land transport activities.[1] FED and RUC are the largest contributors to the NLTF. They have not increased since 2020, which means they have fallen in real terms by approximately 21 percent.

8 Funding land transport investment is one of the key challenges in the transport system [ECO-26-MIN-0128]. This challenge is not new. Since early 2010's, successive governments have significantly topped-up the NLTF with Crown grants and loans.

9 Therefore, to support a more sustainable transport revenue system the Government agreed through GPS 2024 to FED and equivalent RUC increases of:

9.1 12 cents per litre from January 2027;

9.2 6 cents per litre from January 2028; and

9.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

10 These increases have been incorporated into government forecasts. If a decision is made to delay the increases, this needs to be made in August 2026 so that updated revenue forecasts can be included in the Pre-Election Economic and Fiscal Update.

Higher fuel prices are increasing costs for households and businesses

11 Since March 2026, fuel prices have significantly increased due to the conflict in the Middle East. Higher fuel prices have increased operating costs for New Zealand businesses, particularly those exposed to higher diesel costs in the road freight, agriculture, and construction industries. Higher fuel prices have also imposed direct costs on New Zealand households.

12 The Government has taken steps to address the impacts on households and businesses. Regulatory relief for businesses has included removing obstacles to businesses using zero-emissions vehicles and removing permit requirements for 50MAX[2] vehicles, reducing paperwork and lowering compliance costs. Working families have been provided with targeted fuel-cost support to address the cost-of-living impacts of higher fuel prices through a $50 per week increase to the in-work tax credit.

13 Increasing transport costs have economy-wide effects, including on inflation. Rising petrol and diesel prices were the biggest contributors to the increase in inflation in the 12 months to the end of June 2026.[3] Going ahead with FED and RUC increases in January 2027 would compound the existing inflationary effects of increased fuel

[1] Such as the construction and maintenance of state highways, local and rural roads, and public transport

[2] A freight vehicle permitted to carry up to 50 tonnes.

[3] Higher petrol and diesel prices accounted for almost two-thirds of the 1.5 percent increase to inflation in the June 2026 quarter.

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prices and counter the measures put in place by the Government to address higher fuel costs.

14 I therefore recommend that the 12 cent per litre increase to FED and RUC set out in GPS 2024 be delayed by six months until 1 July 2027 to provide cost-of-living relief to New Zealand households.

15 I intend for the subsequent 6 and 4 cent FED and equivalent RUC increases to continue as planned from 1 January 2028 and 1 January 2029, so the deferral provides short-term relief without materially changing the Government's strategic transport investment objectives.

Deferring FED and RUC increases will reduce NLTF revenue in 2026/27

16 A six-month delay will have implications for NZTA's planned 2026/27 expenditure budget for the 2024-27 National Land Transport Programme. This is based on an expected increase in FED and RUC revenue from January 2027. Ministry for Cities, Environment, Regions and Transport (MCERT) modelling indicates a six-month FED and RUC deferral of the 12 cent per litre increases will reduce NLTF revenue by $276.0 million in 2026/27[4].

17 I have considered two options for managing the forecast reduction in revenue from deferring the FED and RUC increases:

17.1 NZTA manages the reduced revenue by reducing expenditure over the forecast period and using debt to address a 2026/27 cashflow shortage.

17.2 Additional funding is made available to NZTA through the Fuel Response tagged operating contingency fund.

Reducing NZTA expenditure creates delivery and OBEGALx risks

18 The Government expects NZTA to manage its expenditure within available NLTF funding and Crown appropriations. Unless additional funding is made available, NZTA would need to manage reduced revenue by decreasing expenditure over the forecast period.

19 NZTA has indicated there is no realistic pathway to offset the revenue reduction through savings or deferring planned activities in 2026/27 without a significantly longer lead time.

- Expenditure towards the National Land Transport Programme is largely committed for 2026/27, with many multi-year projects or funding allocations already approved by the NZTA Board.

[4] MCERT modelling estimates the range of revenue loss compared to MBU 2026 forecasts to be between $266.0 and $282.0 million with a medium forecast of $276.0 million.

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- Through Budget 2026 NZTA and MCERT already carried out a process to identify approximately s 9(2)(i) and deferrals to reprioritise towards funding the Cambridge to Piarere Road of National Significance.

- Identifying further savings risks affecting the financial sustainability and delivery of committed programmes.

20 Expenditure savings could be found over the forecast period, with a debt facility used to fund 2026/27 expenses to be repaid over the same period, noting the revenue foregone is 1.29 percent of the $21.270 billion revenue expected over that period.

21 However, I do not recommend NZTA use debt now to manage the reduction in revenue over the forecast period:

- It would reduce NZTA's ability to deliver on the Government's investment intentions, such as the update to the Major Transport Projects Pipeline announced on 9 July 2026, and affect the development of the Government Policy Statement on land transport 2027 (GPS 2027).

- It would require NZTA to take on a new debt facility to address a cashflow shortage in 2026/27 and deliver its planned investments, as existing debt facilities are already committed[5].

- I also note on 17 June 2024, the Minister of Finance and Minister of Transport provided NZTA a Letter of Comfort that recognised the challenge NZTA has in taking on debt without certainty that there will be enough revenue to enable repayment.

- As NZTA cannot at this stage confirm how it would manage the revenue reduction by reducing expenditure, there is a risk of a negative OBEGALx impact[6]. The extent of this risk is unclear. It will depend on how NZTA reprioritises its expenditure. A negative impact on OBEGALx will only be avoided if NZTA realises all savings through operational expenditure.

A Crown grant could be facilitated by the Fuel Response tagged operating contingency

22 A Crown grant is simple to implement. However, if new funding is required to provide a grant, it would increase Crown debt and – depending on how NZTA uses the funding – would have a negative OBEGALx impact.

[5] Two existing debt facilities are available for use over the forecast period. A shock facility for managing unexpected revenue and expenditure shocks to the system and the GPS 2024 loan facility to help NZTA to deliver against GPS 2024. NZTA has signalled that the shock facility is likely to be drawn down from to respond to storm events and flooding from earlier this year and the GPS 2024 facility is largely committed to existing projects.

[6] OBEGALx is the measure of whether the Government's day-to-day revenues exceed its day-to-day expenses but excludes the revenues and expenses of the Accident Compensation Corporation. A decrease in revenue that is not offset by a corresponding decrease in expenditure has a negative impact on OBEGALx as it risks decreasing the Government's operating balance.

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23 Budget 2026 set aside a $450 million tagged operating contingency fund limited to the 2026/27 financial year. It enables Cabinet to fund additional temporary, targeted and timely measures needed to mitigate the impact of the Middle East Fuel crisis.

24 The decision to defer the FED and RUC increases is a consequence of the Middle East fuel crisis. Deferring the increases aligns with the underlying policy objective of the tagged operating contingency by mitigating fuel cost pressures on households and businesses. Deferring the increases would have the same fiscal effect as a temporary support measure by reducing the financial burden associated with higher fuel prices. Consistent with the fund's parameters, using it to cover foregone revenue from deferring FED and RUC increases is:

- Temporary: it would only cover a 6-month deferral of FED and RUC increases.
- Targeted: While a deferral of FED and RUC increases would benefit all road users who pay those charges, it is directed at the specific source of cost pressure arising from the Middle East fuel crisis.
- Timely: Avoided costs to households and businesses are delivered immediately.

25 I recommend that funding of up to $276.0 million is drawn down from the tagged operating contingency to meet the revenue gap in the NLTF created by deferring the FED and RUC increases by six months.

26 I also recommend that the Minister of Transport and Minister of Finance are authorised to make any adjustments up to the amount of the agreed drawdown. Final decision can be based on updated revenue forecasts carried out through the Pre-Election Economic and Fiscal Update 2026.

27 The tagged operating contingency can fund activities in the 2026/27 financial year, but decisions must be made before the fund expires on 31 March 2027. It cannot be used for any later decisions to further defer or change the FED and RUC increases.

Maintaining NLTP funding will reduce pressure on GPS 2027

28 The ten-year forecast of expenditure NZTA has developed to inform the GPS 2027 relies on the FED and RUC increases being in place. These increases are required to meet PPP and debt repayments; fund other existing commitments; and fund base levels of expenditure for ongoing road maintenance, operations, and renewals programmes, public transport services, rail, road safety and critical resilience activities to efficiently maintain land transport services to a reasonable standard.

29 If funding is not made available, and NZTA is required to defer planned investment activities, this is likely to affect GPS 2027. Projects not completed in the 2024-27 period will flow into the 2027-30 period, increasing pressure on the National Land Transport Fund.

Cost-of-living Implications

30 The proposal in this paper will mitigate the cost-of-living impacts arising from increased fuel prices. A 12 cent per litre increase in fuel costs (and equivalent increase

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in RUC) would increase transport costs for households and businesses with the greatest impacts falling on lower-income, rural and regional households, and those with limited access to alternative transport options. It may also contribute to wider inflationary cost pressures through higher freight and business operating costs, some of which could be passed through to consumers.

Financial Implications

31 The proposed deferral of FED and RUC by six months will result in a reduction of $276.0 million in FED and RUC revenue into the NLTF. This reduction will be offset by the recommended approach of drawing down an equivalent amount from the Fuel Response tagged operating contingency. This preserves NZTA's current forecasts and has no impact on OBEGALx.

32 If the reduced revenue from the deferral of FED and RUC increases is not offset, there will be a negative OBEGALx impact. This impact will depend on how NZTA reprioritises its expenditure. A negative impact on OBEGALx will only be avoided if NZTA realises all savings through operational expenditure.

Legislative Implications

33 Amendments to the Customs and Excise Act 2018 and to the Road User Charges (Rates) Regulations 2015 will be needed to implement fuel excise duty and road user charge increases on 1 July 2027. These changes will need to be made ahead of the changes taking effect.

Impact Analysis

Regulatory Impact Analysis

34 The Regulatory Impact Analysis requirements apply to this paper. MCERT has determined that this proposal is exempt from the requirement to provide a Regulatory Analysis Summary on the grounds that its economic, social or environmental impacts are limited and easy to assess.

Climate Implications of Policy Assessment

35 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the CIPA criteria are not met.

Population Implications

36 There are no implications for specific population groups arising from this paper.

Human Rights

37 There are no inconsistencies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

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Use of External Resources

38 One external contractor was engaged to provide support to the drafting of this paper. The contractor was engaged on a short-term basis to supplement agency capability and to provide specialist expertise not readily available within the Ministry.

Consultation

39 [To be completed] The Treasury, New Zealand Transport Agency, New Zealand Customs Service, Ministry for Business, Innovation, and Employment, Ministry of Regulation, [who else] were consulted on this paper. The Department of Prime Minister and Cabinet was informed.

Communications

40 The Minister of Transport's office will manage communications following Cabinet decisions.

Proactive Release

41 I intend to proactively release Cabinet and Cabinet committee papers and minutes within 30 business days of decisions being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material.

Recommendations

The Minister of Transport recommends that the Committee:

1 note the Government Policy Statement on land transport 2024 set out increases to fuel excise duty (and equivalent increases to road user charges) of:

1.1 12 cents per litre from January 2027;

1.2 6 cents per litre from January 2028; and

1.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

2 agree to delay the planned increase of 12 cents per litre to fuel excise duty (and the equivalent increase to road user charges) from January 2027 until 1 July 2027;

3 note that subsequent increases will proceed as already agreed;

4 note that delaying the planned increases until 1 July 2027 is forecast to reduce National Land Transport Fund revenue by $276.0 million in the 2026/27 financial year;

5 note that as part of Budget 2026, Cabinet [CAB-26-MIN-0156 refers]:

5.1 agreed to establish a tagged operating contingency up to the following amount to provide for additional targeted fuel related measures:

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	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Fuel Response Tagged Operating Contingency	450.000	-	-	-

5.2 agreed that drawdowns for funding from the above tagged operating contingency must be for temporary, targeted and timely proposals in the next 12 months that alleviate the effects of the Middle East conflict;

6 authorise the Minister of Transport and Minister of Finance jointly to draw down the tagged operating contingency funding in recommendation 5.1 above, subject to their satisfaction it meets the conditions described in recommendation 5.2 above;

7 agree that, as the conditions described in recommendation 5.2 above have been met, draw down of the tagged operating contingency can proceed;

8 agree to establish the following new appropriation:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry for Cities, Environment, Regions, and Transport.	Crown Contribution to the National Land Transport Fund	Non-Departmental Output Expenses	This appropriation provides operating funding to the NZ Transport Agency Waka Kotahi to address any known shortfall in the National Land Transport Fund arising from other Government Policy decisions.

9 approve the following changes to appropriations to give effect to the policy decision in recommendation 7 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Output Expenses: Crown Contribution to the National Land Transport Fund	0.276	-	-	-	-
Total operating	0.276	-	-	-	-

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10 authorise the Minister of Transport and Minister of Finance to make any adjustments necessary to the draw down from the tagged contingency and appropriations that arise from the Pre-Election Economic and Fiscal Update 2026;

11 agree that the proposed changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

12 agree that the expenses incurred under recommendation 9 above be charged against the Conflict Related Operating Contingency described in recommendation 5.1 above;

13 note that, following the adjustment detailed in recommendation 9 above, the remaining balance and indicative phasing of the tagged operating contingency described in recommendation 4 above will be:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Fuel Response Tagged Operating Contingency	174.000	-	-	-

14 note that the Fuel Response tagged operating contingency described in recommendation 5.1 above will expire on 31 March 2027.

15 agree to allow costs to be met from this tagged operating contingency for actual expenses incurred up to 30 June 2027, provided the drawdown is approved on or before 31 March 2027.

Not Authorised for lodgement.

Hon Chris Bishop

Minister of Transport

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From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Thursday, 6 August 2026 11:47 am
To: Genevieve Woodall
Cc: Emma Wardle [EXTERNAL] (Parliament); Sophia Trewavas [EXTERNAL] (Parliament); Zoe Barham [EXTERNAL] (Parliament); OCU; Grace McKibbin [EXTERNAL] (Parliament); Paul O'Connell; Anna Wilson-Farrell; Lucy Forsman; David Kidman; Rosalie Fiel; George Ross; Sam Lockyer; Anna Northcott
Subject: Re: DRAFT FED / RUC cabinet paper

Thanks Gen!

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From: Genevieve Woodall <genevieve.woodall@parliament.govt.nz>
Sent: Thursday, 06 August 2026 11:45:45
To: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Cc: Emma Wardle [EXTERNAL] (Parliament) <Emma.Wardle@parliament.govt.nz>; Sophia Trewavas [EXTERNAL] (Parliament) <Sophia.Trewavas@parliament.govt.nz>; Zoe Barham <Zoe.Barham@parliament.govt.nz>; OCU <ocu@transport.govt.nz>; Grace McKibbin [EXTERNAL] (Parliament) <Grace.McKibbin@parliament.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; David Kidman <David.Kidman@mcert.govt.nz>; Rosalie Fiel <Rosalie.Fiel@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Anna Northcott <Anna.Northcott@mcert.govt.nz>
Subject: RE: DRAFT FED / RUC cabinet paper

Hi Jamie

Thank you for sharing the updated version of the FED/RUC cabinet paper and outlining the next steps below.

I'm comfortable for the latest draft to be provided to TSY and NZTA, noting that it may be amended further and departmental consultation is expected to commence next week.

I will come back to you to confirm any changes needed ahead of Ministerial consultation getting underway.

Thanks

Genevieve Woodall
Acting Private Secretary - Transport | Office of Hon Chris Bishop
Attorney-General | Housing | Infrastructure | RMA Reform | Transport | Associate Finance | MP for Hutt South
M: s 9(2)(a)
Email: genevieve.woodall@parliament.govt.nz | Website: www.beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

---

From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Wednesday, 5 August 2026 5:27 pm
To: Genevieve Woodall <genevieve.woodall@parliament.govt.nz>
Cc: Emma Wardle <Emma.Wardle@parliament.govt.nz>; Quaid Forbes <quaid.forbes@parliament.govt.nz>; Sophia

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Trewavas <sophia.trewavas@parliament.govt.nz>; Zoe Barham <Zoe.Barham@parliament.govt.nz>; OCU <ocu@transport.govt.nz>; Grace McKibbin <Grace.McKibbin@parliament.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; David Kidman <David.Kidman@mcert.govt.nz>; Rosalie Fiel <Rosalie.Fiel@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Anna Northcott <Anna.Northcott@mcert.govt.nz>
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OBEGALx update	Friday 7 August
FED and RUC Cabinet paper updated	Monday 10 August
Consultation	Tuesday 11 – Tuesday 18 August
Lodgement	Thursday 20 August
ECO	Wednesday 26 August
Cabinet	Monday 31 August

Happy to discuss.
Jamie

Jamie Kendrick
Manager (Acting) - Revenue
Ph: s 9(2)(a) email: Jamie.Kendrick@mcert.govt.nz

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From: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Sent: Friday, July 24, 2026 12:01
To: Emma Wardle <emma.wardle@parliament.govt.nz>
Cc: Quaid Forbes <quaid.forbes@parliament.govt.nz>; Sophia Trewavas <sophia.trewavas@parliament.govt.nz>; Zoe Barham <zoe.barham@parliament.govt.nz>; OCU <ocu@transport.govt.nz>; Grace.McKibbin@parliament.govt.nz <Grace.McKibbin@parliament.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; David Kidman <David.Kidman@mcert.govt.nz>; Rosalie Fiel <Rosalie.Fiel@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Anna Northcott <Anna.Northcott@mcert.govt.nz>
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- the original MBU26 work, signed off in February, and the follow-up scenario work, signed off in March.

- it has been checked again this week and QA'd, an the numbers are unchanged.

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A few other elements are also still being finalised, including the appropriation detail (recommendation 8) and the consultation list.

We've also engaged with TSY to understand how to appropriately reflect the Minister of Finance's role in the paper which we continue to work with them on. Would be glad for any direction from the Minister's office as well.

Happy to discuss.
Jamie

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Sent: Friday, 7 August 2026 4:28 pm
To: Genevieve Woodall
Cc: Emma Wardle [EXTERNAL] (Parliament); Sophia Trewavas [EXTERNAL] (Parliament); Zoe Barham [EXTERNAL] (Parliament); OCU; Grace McKibbin [EXTERNAL] (Parliament); Paul O'Connell; Anna Wilson-Farrell; Lucy Forsman; David Kidman; Rosalie Fiel; George Ross; Sam Lockyer; Anna Northcott
Subject: Re: DRAFT FED / RUC cabinet paper

Thanks Gen!

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From: Genevieve Woodall <genevieve.woodall@parliament.govt.nz>
Sent: Friday, 07 August 2026 16:20:25
To: Jamie Kendrick <Jamie.Kendrick@mcert.govt.nz>
Cc: Emma Wardle [EXTERNAL] (Parliament) <Emma.Wardle@parliament.govt.nz>; Sophia Trewavas [EXTERNAL] (Parliament) <Sophia.Trewavas@parliament.govt.nz>; Zoe Barham <Zoe.Barham@parliament.govt.nz>; OCU <ocu@transport.govt.nz>; Grace McKibbin [EXTERNAL] (Parliament) <Grace.McKibbin@parliament.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; David Kidman <David.Kidman@mcert.govt.nz>; Rosalie Fiel <Rosalie.Fiel@mcert.govt.nz>; George Ross <George.Ross@mcert.govt.nz>; Sam Lockyer <Sam.Lockyer@mcert.govt.nz>; Anna Northcott <Anna.Northcott@mcert.govt.nz>
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Hopefully Emma will have good news on Monday!

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A few other elements are also still being finalised, including the appropriation detail (recommendation 8) and the consultation list.

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We've also engaged with TSY to understand how to appropriately reflect the Minister of Finance's role in the paper which we continue to work with them on. Would be glad for any direction from the Minister's office as well.

Happy to discuss.
Jamie

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Office of the Minister of Transport

Cabinet Economic Policy Committee

Deferring fuel excise duty and road user charge increases

Proposal

1 This paper seeks agreement to defer planned increases to fuel excise duty and road user charges by six months and draw down funding from the ~~Fuel~~ Conflict Response ~~Fund tagged o~~Operating Ceontingency to offset the revenue and fiscal impacts of this deferral.

Relation to government priorities

2 This proposal relates to commitments in the *Government Policy Statement on land transport 2024* (GPS 2024), the Government's *Land Transport Revenue Action Plan* and the Government's response to the Middle East fuel crisis.

Executive Summary

3 This paper seeks agreement to defer the planned January 2027 increase to fuel excise duty (FED), and the equivalent increase to road user charges (RUC), by six months until 1 July 2027. It also seeks agreement to draw down funding from the Conflict Response ~~Fund tagged o~~Operating Ceontingency (tagged operating contingency) to offset the resulting National Land Transport Fund (NLTF) revenue gap.

4 Since March 2026, fuel prices have increased significantly due to the conflict in the Middle East, and future prices remain uncertain. Higher petrol and diesel prices are increasing costs for households and businesses, particularly through direct household fuel costs and higher operating costs for sectors exposed to diesel prices. Proceeding with the planned January 2027 increases would add to these cost pressures and wider inflationary effects.

5 Deferring the increases for six months is a timely and temporary cost-of-living relief response to the Middle East fuel crisis~~, and is the most temporary, targeted and timely response being considered to the Middle East fuel crisis~~. The deferral is forecast to reduce NLTF revenue by $276.0 million in 2026/27. The New Zealand Transport Agency (NZTA) has indicated there is no realistic pathway to offset this reduction through further savings or deferring planned activities in 2026/27 without a significantly longer lead time. Requiring NZTA to manage the reduction within existing funding would create delivery risks, increase pressure on GPS 2027, and create a risk of a negative OBEGALx impact.

6 I recommend that up to $276.0 million be drawn down from the ~~Fuel Response Fund~~ tagged operating contingency – set aside to enable Cabinet to fund additional temporary, targeted and timely measures needed to mitigate the impact of the Middle East Fuel crisis – to meet the revenue shortfall created by the deferral. This will provide short-term cost-of-living relief while preserving NZTA's current forecasts, maintaining the land transport revenue path agreed in GPS 2024, and avoiding an

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impact on OBEGALx. Subsequent FED and RUC increases will proceed as already agreed.

Background

7 Revenue from fuel excise duty (FED) and road user charges (RUC) is hypothecated into the National Land Transport Fund (NLTF), which the New Zealand Transport Agency (NZTA) invests to deliver land transport activities.[1] FED and RUC are the largest contributors to the NLTF. They have not increased since 2020, which means they have fallen in real terms by approximately 21 percent.

8 Funding land transport investment is one of the key challenges in the transport system [ECO-26-MIN-0128]. This challenge is not new. Since early 2010's, successive governments have significantly topped-up the NLTF with Crown grants and loans.

9 Therefore, to support a more sustainable transport revenue system the Government agreed through GPS 2024 to FED and equivalent RUC increases of:

9.1 12 cents per litre from January 2027;

9.2 6 cents per litre from January 2028; and

9.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

10 These increases have been incorporated into government forecasts. If ~~a~~ the decision is made to delay the increases, this needs to be made in August 2026 so that updated revenue forecasts can be included in the Pre-Election Economic and Fiscal Update.

11 If no decision is made to delay the increases by 31 August 2026, and the increases are to come into effect on 1 January 2027:

11.1 Legislation to increase FED would need to be passed under urgency in the two remaining House sitting weeks before it rises.

11.2 Regulations to increase RUC would need to be agreed by Cabinet Legislation Committee and gazetted prior to the election.

Higher fuel prices are increasing costs for households and businesses

12 Since March 2026, fuel prices have significantly increased due to the conflict in the Middle East. Higher fuel prices have increased operating costs for New Zealand businesses, particularly those exposed to higher diesel costs in the road freight, agriculture, and construction industries. Higher fuel prices have also imposed direct costs on New Zealand households.

13 The Government has taken steps to address the impacts on households and businesses. Regulatory relief for businesses has included removing obstacles to businesses using zero-emissions vehicles and removing permit requirements for 50MAX[2] vehicles,

[1] Such as the construction and maintenance of state highways, local and rural roads, and public transport
[2] A freight vehicle permitted to carry up to 50 tonnes.

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reducing paperwork and lowering compliance costs. Working families have been provided with targeted fuel-cost support to address the cost-of-living impacts of higher fuel prices through a $50 per week increase to the in-work tax credit.

14 Increasing transport costs have economy-wide effects, including on inflation. Rising petrol and diesel prices were the biggest contributors to the increase in inflation in the 12 months to the end of June 2026.[3] Going ahead with FED and RUC increases in January 2027 would compound the existing inflationary effects of increased fuel prices and counter the measures put in place by the Government to address higher fuel costs.

15 There is ongoing uncertainty about what the situation will look like by 1 January 2027. Conditions, and therefore fuel prices, could be materially worse or they may have improved. Regardless, I consider that it is prudent to delay the planned increases to FED and RUC to provide certainty to businesses and households. I therefore recommend that the 12 cent per litre increase to FED and RUC set out in GPS 2024 be delayed by six months until 1 July 2027 ~~to provide cost-of-living relief to New Zealand households~~.

16 I intend for the subsequent 6 and 4 cent FED and equivalent RUC increases to continue as planned from 1 January 2028 and 1 January 2029, so the deferral provides short-term relief without materially changing the Government's strategic transport investment objectives.

Deferring FED and RUC increases will reduce NLTF revenue in 2026/27

17 A six-month delay will have implications for NZTA's planned 2026/27 expenditure budget for the 2024-27 National Land Transport Programme. This is based on an expected increase in FED and RUC revenue from January 2027. Ministry for Cities, Environment, Regions and Transport (MCERT) modelling indicates a six-month FED and RUC deferral of the 12 cent per litre increases will reduce NLTF revenue by $276.0 million in 2026/27[4].

18 I have considered two options for managing the forecast reduction in revenue from deferring the FED and RUC increases:

18.1 Option 1: NZTA manages the reduced revenue by reducing expenditure over the forecast period and using debt to address a 2026/27 cashflow shortage.

18.2 Option 2: Additional funding is made available to NZTA through the ~~Fuel Response~~ tagged operating contingency fund.

[3] Higher petrol and diesel prices accounted for almost two-thirds of the 1.5 percent increase to inflation in the June 2026 quarter.
[4] MCERT modelling estimates the range of revenue loss compared to MBU 2026 forecasts to be between $266.0 and $282.0 million with a medium forecast of $276.0 million.

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Option 1: Reducing NZTA expenditure creates delivery risks

19 The Government expects NZTA to manage its expenditure within available NLTF funding and Crown appropriations. The Crown's primary lever to influence expenditure is through the GPS and any additional appropriated funding (which is largely capital in nature).

20 Unless additional funding is made available, NZTA would need to manage reduced revenue by decreasing expenditure over the forecast period. NZTA has indicated there is no realistic pathway to offset the revenue reduction through savings or deferring planned activities in 2026/27 without a significantly longer lead time.

20.1 Expenditure towards the National Land Transport Programme is largely committed for 2026/27, with many multi-year projects or funding allocations already approved by the NZTA Board.

20.2 Through Budget 2026 NZTA and MCERT already carried out a process to identify approximately s 9(2)(i) and deferrals to reprioritise towards funding the Cambridge to Piarere Road of National Significance.

20.3 Identifying further savings risks affecting the financial sustainability and delivery of committed programmes and would likely result in reduced maintenance expenditure with a consequential impact on the road network.

21 Expenditure ~~savings~~ reductions could be found over the forecast period, with a debt facility used to fund 2026/27 expenses to be repaid over the ~~same~~ forecast period, noting the revenue foregone is 1.3~~29~~ percent of the $21.~~270~~ billion FED and RUC revenue expected over that period.

22 However, I do not recommend NZTA use debt now to manage the reduction in revenue over the forecast period:

22.1 It would reduce NZTA's ability to deliver on the Government's investment intentions, such as the update to the Major Transport Projects Pipeline announced on 9 July 2026, and affect the development of the Government Policy Statement on land transport 2027 (GPS 2027).

22.2 It would require NZTA to take on a new debt facility to address a cashflow shortage in 2026/27 and deliver its planned investments, as existing debt facilities are already committed[5].

22.3 I also note that on 17 June 2024 the Minister of Finance and Minister of Transport provided NZTA a Letter of Comfort that recognised the challenge NZTA has in taking on debt without certainty that there will be enough revenue to enable repayment.

[5] Two existing debt facilities are available for use over the forecast period. A shock facility for managing unexpected revenue and expenditure shocks to the system and the GPS 2024 loan facility to help NZTA to deliver against GPS 2024. NZTA has signalled that the shock facility is likely to be drawn down from to respond to storm events and flooding from earlier this year and the GPS 2024 facility is largely committed to existing projects.

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~~*OBEGALx risks*~~ *Transport Budget 2027 pre-commitment*

23 Officials are developing options for Ministers to consider in relation to the non-cash $1.005 billion tagged operating contingency established at Budget 2026 and pre-committed against the Budget 2027 operating allowance. This includes~~considering~~ how NZTA ~~can~~ could reduce its operating expenditure before the 2026 Pre-election Economic and Fiscal Update (PREFU) and ~~how a reduction might~~the impact of options on OBEGALx[6]. ~~This is to remove the tagged contingency established in Budget 2026 to manage the $1.005 billion OBEGALx impact from NZTA forecast changes, which would then allow us to return this amount to the operating allowance for Budget 2027.~~

24 Government influence is, however, limited due to the NZTA Board's statutory independence when making NLTF funding decisions. Officials are considering whether the Government could signal, ahead of GPS 2027, lower funding ranges for areas such as public transport, local roads and state highway operations. Any such signal would need to be strong enough for NZTA and Treasury to use in PREFU forecasts, while maintaining NZTA's statutory independence.

25 I am also mindful that we will need to be clear on how any policy decision builds off our recent decisions and public messaging. A $1 billion reduction in operating expenditure would further reinforce to stakeholders how little ~~money~~ funding is available to even maintain the system. These reductions are also in addition to the identified s 9(2)(i) from the current GPS Period (ending 30 June 2027) to enable Cambridge to Piarere to be delivered in the next GPS period ~~and the $450 million in OBEGALx reductions NZTA was able to make in Budget 2026~~.

26 Some expenditure reductions are already expected, with NZTA's initial PREFU forecast showing a net $200 million reduction, which is about ~~6~~ 1 percent of the $17.0 billion forecast operating expenditure. The final impact on OBEGALx of this expenditure reduction is not yet clear because the forecasts are not yet complete and some reductions relate to the completion or reduction of Crown funding, which may not impact on OBEGALx once incorporated into the consolidated fiscal forecasts.

Option 2: A*dditional funding* ~~Crown grant could be~~ facilitated by the ~~Fuel Response~~ tagged operating contingency

27 Additional funding by a Crown grant is simple to implement. However, if new funding is required to provide a grant, it would increase Crown debt and – depending on how NZTA uses the funding – ~~would~~ could have a negative OBEGALx impact.

28 Budget 2026 set aside ~~a~~ $450 million for the tagged operating contingency fund limited to the 2026/27 financial year. It enables Cabinet to fund additional temporary, targeted and timely measures needed to mitigate the impact of the Middle East Fuel crisis.

[6] OBEGALx is the measure of whether the Government's day-to-day revenues exceed its day-to-day expenses but excludes the revenues and expenses of the Accident Compensation Corporation. A decrease in revenue that is not offset by a corresponding decrease in expenditure has a negative impact on OBEGALx as it risks decreasing the Government's operating balance.

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29 The decision to defer the FED and RUC increases is a consequence of the Middle East fuel crisis. Deferring the increases aligns with the underlying policy objective of the tagged operating contingency by mitigating fuel cost pressures on households and businesses. Deferring the increases would have the same ~~fiscal~~ effect as a temporary support measure by reducing the financial burden associated with higher fuel prices. ~~Consistent with the fund's parameters, using it to c~~Covering foregone revenue from deferring FED and RUC increases is the most targeted cost of living response to the Middle East crisis currently being considered. It is also:

29.1 Temporary: a decision to defer the FED and RUC increase by 6 months would be temporary~~it would only cover a 6-month deferral of FED and RUC increases~~.

~~29.2 Targeted: While while a deferral of FED and RUC increases would benefit all road users who pay those charges, it is directed at the specific source of cost pressure arising from the Middle East fuel crisis.~~

~~29.3~~29.2 Timely: ~~Avoided~~ deferring the increases planned for 1 January 2027 would provide immediate cost-of-living relief through avoided costs to households and businesses~~ are delivered immediately~~. It is also timely to provide this certainty to households and businesses now.

30 I recommend that funding of up to $276.0 million is drawn down from the tagged operating contingency to meet the revenue gap in the NLTF created by deferring the FED and RUC increases by six months.

31 I also recommend that the Minister of Transport and Minister of Finance are authorised to make any adjustments up to the amount of the agreed drawdown. Final decision can be based on updated revenue forecasts carried out through the Pre-Election Economic and Fiscal Update 2026.

32 The tagged operating contingency can fund activities in the 2026/27 financial year, but decisions must be made before the fund expires on 31 March 2027. It cannot be used for any later decisions to further defer or change the FED and RUC increases.

Maintaining NLTP funding will reduce pressure on GPS 2027

33 The ten-year forecast of expenditure NZTA has developed to inform the GPS 2027 relies on the FED and RUC increases being in place. ~~These~~ The FED and RUC increases are required to meet PPP and debt repayments; fund other existing commitments; and fund base levels of expenditure for ongoing road maintenance, operations, and renewals programmes, public transport services, rail, road safety and critical resilience activities to efficiently maintain land transport services to a reasonable standard.

34 If funding is not made available, and NZTA is required to defer planned investment activities, this is likely to affect GPS 2027. Projects not completed in the 2024-27 period will flow into the 2027-30 period, increasing pressure on the National Land Transport Fund.

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Cost-of-living Implications

35 The proposal in this paper will mitigate the cost-of-living impacts arising from increased fuel prices. A 12 cent per litre increase in fuel costs (and equivalent increase in RUC) would increase transport costs for households and businesses with the greatest impacts falling on lower-income, rural and regional households, and those with limited access to alternative transport options. It may also contribute to wider inflationary cost pressures through higher freight and business operating costs, some of which could be passed through to consumers.

Financial Implications

36 The proposed deferral of FED and RUC by six months will result in an estimated reduction of $276.0 million in FED and RUC revenue that flow through ~~into~~ the NLTF. This reduction will be offset by the recommended approach of drawing down an equivalent amount from the ~~Fuel~~ Conflict Response ~~tagged o~~Operating ~~contingency~~Contingency established at Budge 2026. This preserves NZTA's current spending forecasts and ~~has no~~mitigates any fiscal impacts on the operating balance and net core Crown debt ~~on OBEGALx~~.

37 If the reduced revenue from the deferral of FED and RUC increases is not offset, there will be ~~a negative OBEGALx impact. This impact will depend on how NZTA reprioritises its expenditure~~an adverse impact on the operating balance and net core Crown debt. ~~A negative impact on OBEGALx will only be avoided if NZTA realises all savings through operational expenditure.~~

Legislative Implications

38 Amendments to the Customs and Excise Act 2018 and to the Road User Charges (Rates) Regulations 2015 will be needed to implement fuel excise duty and road user charge increases on 1 July 2027. ~~These changes will need to be made ahead of the changes taking effect.~~

39 If no decision is made to delay the increases by 31 August 2026, and the increases are to come into effect on 1 January 2027, legislation to increase FED would need to be passed under urgency in the two remaining sitting weeks before the House rises. Regulations to increase RUC would also need to be agreed by Cabinet Legislation Committee and gazetted prior to the election.

Impact Analysis

Regulatory Impact Analysis

40 The Regulatory Impact Analysis requirements apply to this paper. MCERT has determined that this proposal is exempt from the requirement to provide a Regulatory Analysis Summary on the grounds that its economic, social or environmental impacts are limited and easy to assess.

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Climate Implications of Policy Assessment

41 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the CIPA criteria are not met.

Population Implications

42 There are no implications for specific population groups arising from this paper.

Human Rights

43 There are no inconsistencies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of External Resources

44 One external contractor was engaged to provide support to the drafting of this paper. The contractor was engaged on a short-term basis to supplement agency capability and to provide specialist expertise not readily available within the Ministry.

Consultation

45 [To be completed] The Treasury, New Zealand Transport Agency, New Zealand Customs Service, Ministry for Business, Innovation, and Employment, Ministry of Regulation (New Zealand Infrastructure Commission?) were consulted on this paper. The Department of Prime Minister and Cabinet was informed.

Communications

46 The Minister of Transport's office will manage communications following Cabinet decisions.

Proactive Release

47 I intend to proactively release Cabinet and Cabinet committee papers and minutes within 30 business days of decisions being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material.

Recommendations

The Minister of Transport recommends that the Committee:

1 note the Government Policy Statement on land transport 2024 set out increases to fuel excise duty (and equivalent increases to road user charges) of:

1.1 12 cents per litre from January 2027;

1.2 6 cents per litre from January 2028; and

1.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

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2 agree to delay the planned increase of 12 cents per litre to fuel excise duty (and the equivalent increase to road user charges) from January 2027 until 1 July 2027;

3 note that subsequent increases will proceed as already agreed;

4 note that delaying the planned increases until 1 July 2027 is forecast to reduce National Land Transport Fund revenue by $276.0 million and tax revenue in the 2026/27 financial year with a corresponding impact on the operating balance and net core Crown debt;

5 note that as part of Budget 2026, Cabinet [CAB-26-MIN-0156 refers]:

5.1 agreed to establish ~~a tagged~~the Conflict Response ~~operating~~ Operating ~~contingency~~ Contingency (tagged operating contingency) up to the following amount to provide for additional targeted fuel related measures:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
~~Fuel~~ Conflict Response ~~Tagged~~ Operating Contingency	450.000	-	-	-

5.2 agreed that drawdowns for funding from the above tagged operating contingency must be for temporary, targeted and timely proposals in the next 12 months that alleviate the effects of the Middle East conflict;

6 authorise the Minister of Transport and Minister of Finance jointly to draw down the tagged operating contingency funding in recommendation 5.1 above, subject to their satisfaction it meets the conditions described in recommendation 5.2 above;

7 agree that, as the conditions described in recommendation 5.2 above have been met, draw down of the tagged operating contingency can proceed to manage the fiscal impact from the proposed decision sought in recommendation 2;

8 agree to establish the following new appropriation:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry for Cities, Environment, Regions, and Transport.	National Land Transport Fund – Support for Funding Shortfall	Non-Departmental Output Expenses	This appropriation is limited to activities under the National Land Transport Programme, funding the shortfall in the National Land Transport Fund arising from the deferral of the scheduled increases to Fuel Excise Duty and Road

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					User Charges in 2026/27.

9 approve the following changes to appropriations to give effect to the policy decision in recommendation 7 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Output Expenses: National Land Transport Fund – Support for Funding Shortfall	~~0.276~~276.000	-	-	-	-
Total operating	276.000~~0.276~~	-	-	-	-

10 authorise the Minister of Transport and Minister of Finance to make any adjustments necessary to the draw down from the tagged contingency and appropriations that arise from the Pre-Election Economic and Fiscal Update 2026;

11 agree that the proposed changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

12 agree that the expenses incurred under recommendation 9 above be charged against the Conflict ~~Related~~ Response Operating Contingency described in recommendation 5.1 above;

13 note that, following the adjustment detailed in recommendation 9 above, the remaining balance and indicative phasing of the tagged operating contingency described in recommendation 4 above will be:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
~~Fuel~~ Conflict Response ~~Tagged~~ Operating Contingency	174.000	-	-	-

14 note that the ~~Fuel Response~~ tagged operating contingency described in recommendation 5.1 above will expire on 31 March 2027.

15 agree to allow costs to be met from this tagged operating contingency for actual expenses incurred up to 30 June 2027, provided the drawdown is approved on or before 31 March 2027.

Not Authorised for lodgement.

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Hon Chris Bishop

Minister of Transport

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Document 16

From: Sam Lockyer
Sent: Wednesday, 19 August 2026 2:49 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: OCU; Paul O'Connell; Anna Wilson-Farrell; Jamie Kendrick; Sophia Trewavas [EXTERNAL] (Parliament); Alastair Shelton; Zoe Barham; Hugo Beale
Subject: OC260603: Delaying FED and RUC increases Cab Paper
Attachments: CAB PAPER - Deferring FED and RUC increases - Track Changes - FINAL For Lodging.docx; CAB PAPER - Deferring FED and RUC increases - Clean - FINAL For Lodging.docx; CAB PAPER - Deferring FED and RUC increases - Clean - FINAL For Lodging.pdf; OC260603 BRIEFING - Delaying FED and RUC increases - Cabinet paper for lodging - Signed.pdf; Talking points ECO 26 August 2026 - FED and RUC deferral.docx

Hi Emma

Please find attached a cover briefing and the final FED and RUC increase deferral Cabinet paper for lodging tomorrow morning. TPs are also attached for ECO next week. We've provided a track changes version for easier comparison to the version that was consulted on so that you can see the changes made as a result of feedback from other agencies.

Regards

Sam Lockyer
Principal Adviser
Revenue | System Performance
Email: sam.lockyer@mcert.govt.nz

Ministry for Cities, Environment, Regions & Transport
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Ministry for Cities, Environment, Regions & Transport

Cabinet Paper: Deferring fuel excise duty and road user charge increases

Date:	19 August 2026	Priority:	Urgent	Tracking number:	OC260603

To	Action sought	Response by
Hon Chris Bishop **Minister of Transport**	**Agree** to lodge the attached paper by 10am Thursday 20 August for the Cabinet Economic Policy Committee meeting of 26 August 2026	20 August 2026

Contact for discussion (if required)

Name	Position	Telephone	1st contact
Anna Wilson-Farrell	Director - Revenue	s 9(2)(a)	☐
Jamie Kendrick	Acting Manager Revenue	s 9(2)(a)	☑

Action for Minister's Office staff

Comments

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Purpose

1. This paper seeks your agreement to lodge the attached Cabinet Economic Policy Committee paper: *Delaying fuel excise duty and road user charge increases*.

2. A draft of the Cabinet paper was consulted on between 11 and 18 August 2026. We have updated the paper to reflect departmental feedback. No Ministerial feedback was received by 18 August.

Deferring fuel excise duty and road user charge increases

3. Fuel excise duty (FED) is due to increase by 12 cents per litre, with equivalent road user charge (RUC) increases, on 1 January 2027 [CAB-24-MIN-0057 refers]. The ongoing Middle East conflict has resulted in elevated fuel prices for households, causing cost-of-living pressures which FED and RUC increases would exacerbate.

4. The attached Cabinet paper recommends that the FED and RUC increases are delayed by six months, until 1 July 2027. This will result in a reduction in National Land Transport Fund (NLTF) revenue of $271.0 million in 2026/27 and $26.0 million in 2027/28. These figures have been updated since the draft Cabinet paper based on the Ministry for Cities, Environment, Regions and Transport's (MCERT) Pre-Election Fiscal Update 2026 modelling. This modelling was finalised on Friday 14 August 2026.

5. Budget 2026 set aside $450 million in a tagged contingency to fund additional temporary fuel-related measures in the 2026/27 financial year. The paper recommends that funding from the tagged contingency be used to offset the reduction in FED and RUC revenue in 2026/27 so that NZTA does not need to defer planned expenditure.

Transport Budget 2027 pre-commitment

6. The draft Cabinet paper contained several paragraphs detailing work underway on options for Ministers to consider in relation to the $1 billion tagged operating contingency established in Budget 2026. This was requested by the Minister of Finance.

7. The Treasury have advised that this level of detail was not required for the Cabinet paper because no decisions on that work are being sought through this paper and the information may no longer be relevant by the time the paper is considered. It has been replaced by a shorter summary provided by Treasury. The Minister of Finance's office has been informed of the change and raised no concerns. This is the most substantive change to the paper.

Timing of the decision

8. A Cabinet decision must be made no later than Monday 31 August 2026 for a delay to the FED and RUC increases to be reflected in the 2026 Pre-election Economic and Fiscal Update. We recommend that the attached Cabinet paper is considered at the Cabinet Economic Policy Committee meeting of 26 August 2026. Officials from MCERT can be in attendance.

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9. If no decision is made to delay the increases by 31 August 2026, and the increases are therefore to come into effect on 1 January 2027:

- Legislation to increase FED would need to be passed under urgency during the final two sitting weeks before the House rises.
- Regulations to increase RUC would need to be agreed by the Cabinet Legislation Committee and gazetted before the election.

Recommendations

10. We recommend you:

a. **agree** to lodge the attached Cabinet Economic Policy Committee paper: Yes / No
Delaying fuel excise duty and road user charge increases by 10am Thursday 20 August 2026.



Anna Wilson-Farrell
Director – Revenue
19 / August / 2026

Hon Chris Bishop
Minister of Transport
..... / ..... / .....

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ANNEX 1: Cabinet Economic Policy Committee paper: Deferring fuel excise duty and road user charge increases

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Office of the Minister of Transport

Cabinet Economic Policy Committee

Deferring fuel excise duty and road user charge increases

Proposal

1 This paper seeks agreement to defer planned increases to fuel excise duty and road user charges by six months and draw down funding from the Conflict Response Operating Contingency to offset the revenue and fiscal impacts of this deferral.

Relation to government priorities

2 This proposal relates to commitments in the *Government Policy Statement on land transport 2024* (GPS 2024), the Government's *Land Transport Revenue Action Plan* and the Government's response to the Middle East fuel crisis.

Executive Summary

3 This paper seeks agreement to defer the planned January 2027 increase to fuel excise duty[1] (FED), and the equivalent increase to road user charges (RUC), by six months until 1 July 2027. It also seeks agreement to draw down funding from the Conflict Response Operating Contingency (tagged operating contingency) to offset the resulting National Land Transport Fund (NLTF) revenue gap.

4 Since March 2026, fuel prices have increased significantly due to the conflict in the Middle East, and future prices remain uncertain. Higher petrol and diesel prices are increasing costs for households and businesses, particularly through direct household fuel costs and higher operating costs for sectors exposed to diesel prices. Proceeding with the planned January 2027 increases would add to these cost pressures and wider inflationary effects.

5 Deferring the increases for six months is a timely and temporary cost-of-living relief response to the Middle East fuel crisis. The deferral is forecast to reduce NLTF revenue by $$271.0 million in 2026/27 and $26.0 million in 2027/28~~271.0 million in 2026/27 and 26.0 million in 2027/28~~. Subsequent FED and RUC increases will proceed as already agreed.

6 The New Zealand Transport Agency (NZTA) has indicated there is no realistic pathway to offset this reduction through further savings or deferring planned activities in 2026/27 without a significantly longer lead time. Requiring NZTA to manage the reduction within existing funding would create delivery risks, increase pressure on GPS 2027, and create a risk of a negative OBEGALx impact[2].

[1] Includes excise duty applied to fuel manufactured in New Zealand and excise-equivalent duty applied to imported fuel.

[2] OBEGALx is the measure of whether the Government's day-to-day revenues exceed its day-to-day expenses but excludes the revenues and expenses of the Accident Compensation Corporation. A decrease in revenue that

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7 I recommend that up to $271.0 million be drawn down from the tagged operating contingency , ~~—~~set aside to enable Cabinet to fund ~~additional temporary, targeted and timely~~ measures needed to mitigate the impact of the Middle East fuel crisis, ~~—~~ to meet the 2026/27 revenue shortfall created by the deferral. This will provide short-term cost-of-living relief while preserving NZTA's current forecasts, maintaining the land transport revenue path agreed in GPS 2024, and avoiding an impact on OBEGALx. ~~Subsequent FED and RUC increases will proceed as already agreed.~~

Background

8 Revenue from ~~fuel excise duty (~~FED~~)~~ and ~~road user charges (~~RUC~~)~~ is hypothecated into the ~~National Land Transport Fund (~~NLTF~~)~~, which ~~the New Zealand Transport Agency (~~NZTA~~)~~ invests to deliver land transport activities.[3] FED and RUC are the largest contributors to the NLTF. They have not increased since 2020, which means they have fallen in real terms by approximately 21 percent.

9 Funding land transport investment is one of the key challenges in the transport system [ECO-26-MIN-0128]. This challenge is not new. Since the early 2010s, successive governments have significantly topped-up the NLTF with Crown grants and loans.

10 Therefore, to support a more sustainable transport revenue system, the Government agreed through GPS 2024 to FED and equivalent RUC increases of:

10.1 12 cents per litre from January 2027;

10.2 6 cents per litre from January 2028; and

10.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

11 These increases have been incorporated into government forecasts. If the decision is made to delay the increases, this needs to be made in August 2026 so ~~that~~ updated revenue forecasts can be included in the 2026 Pre-Election Economic and Fiscal Update.

12 If no decision is made to delay the increases by 31 August 2026, and the increases are to come into effect on 1 January 2027:

12.1 Legislation to increase FED would need to be passed under urgency in the two ~~remaining~~ final ~~House~~ sitting weeks before the House~~it~~ rises.

12.2 Regulations to increase RUC would need to be agreed by Cabinet Legislation Committee and gazetted prior to the election.

Higher fuel prices are increasing costs for households and businesses

13 Since March 2026, fuel prices have significantly increased due to the conflict in the Middle East. Higher fuel prices have increased operating costs for New Zealand

is not offset by a corresponding decrease in expenditure has a negative impact on OBEGALx as it risks decreasing the Government's operating balance.

[3] Such as the construction and maintenance of state highways, local and rural roads, and public transport

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businesses, particularly those exposed to higher diesel costs in the road freight, agriculture, and construction industries. Higher fuel prices have also imposed direct costs on New Zealand households.

14 The Government has taken steps to address the impacts on households and businesses. Regulatory relief for businesses has included removing obstacles to businesses using zero-emissions vehicles and removing permit requirements for 50MAX[4] vehicles, reducing paperwork and lowering compliance costs. Working families have been provided with targeted fuel-cost support to address the cost-of-living impacts of higher fuel prices through a $50 per week increase to the in-work tax credit.

15 Increasing transport costs have economy-wide effects, including on inflation. Rising petrol and diesel prices were the biggest contributors to the increase in inflation in the 12 months to the end of June 2026.[5] Going ahead with FED and RUC increases in January 2027 would compound the existing inflationary effects of increased fuel prices and counter the measures put in place by the Government to address higher fuel costs.

16 There is ongoing uncertainty about what the situation will look like by 1 January 2027. Conditions, and therefore fuel prices, could be materially worse or they may have improved. Regardless, I consider that it is prudent to delay the planned increases to FED and RUC to provide certainty to businesses and households. I therefore recommend that the 12 cent per litre increase to FED and RUC set out in GPS 2024 be delayed by six months until 1 July 2027.

17 I intend for the subsequent 6 and 4 cent FED and equivalent RUC increases to continue as planned from 1 January 2028 and 1 January 2029, so the deferral provides short-term relief without materially changing the Government's strategic transport investment objectives.

Deferring FED and RUC increases will reduce NLTF revenue in 2026/27

18 A six-month delay will have implications for NZTA's planned 2026/27 expenditure budget for the 2024-27 National Land Transport Programme. This is based on an expected increase in FED and RUC revenue from January 2027. Ministry for Cities, Environment, Regions and Transport (MCERT) modelling indicates a six-month FED and RUC deferral of the 12 cent per litre increases will reduce NLTF revenue by $~~276~~271.0 million in 2026/27[6] and 26.0 million in 2027/28.

19 I have considered two options for managing the forecast reduction in revenue from deferring the FED and RUC increases:

19.1 Option 1: NZTA manages the reduced revenue by reducing expenditure over the forecast period and using debt to address a 2026/27 cashflow shortage.

[4] A freight vehicle permitted to carry up to 50 tonnes.
[5] Higher petrol and diesel prices accounted for almost two-thirds of the 1.5 percent increase to inflation in the June 2026 quarter.
[6] MCERT modelling estimates the range of revenue loss compared to MBU 2026 forecasts to be between $262.0 and $278.0 million with a medium forecast of $271.0 million.

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19.2 Option 2: Additional funding is made available to NZTA through the tagged operating contingency fund.

Option 1: Reducing NZTA expenditure creates delivery risks

20 The Government expects NZTA to manage its expenditure within available NLTF funding and Crown appropriations. The Crown's primary lever to influence expenditure is through the GPS and any additional appropriated funding (which is largely capital in nature).

21 Unless additional funding is made available, NZTA would need to manage reduced revenue by decreasing expenditure over the forecast period. NZTA has indicated there is no realistic pathway to offset the revenue reduction through savings or deferring planned activities in 2026/27 without a significantly longer lead time.

21.1 Expenditure towards the National Land Transport Programme is largely committed for 2026/27, with many multi-year projects or funding allocations already approved by the NZTA Board.

21.2 Through Budget 2026 NZTA and MCERT already carried out a process to identify approximately s 9(2)(i) and deferrals to reprioritise towards funding the Cambridge to Piarere Road of National Significance.

21.3 Identifying further savings risks affecting the financial sustainability and delivery of committed programmes and would likely result in reduced maintenance expenditure with a consequential impact on the road network.

22 Expenditure reductions could be found over the forecast period, with a debt facility used to fund 2026/27 expenses to be repaid over the forecast period, noting the revenue foregone is 1.3 percent of the $21 billion FED and RUC revenue expected over that period.

23 However, I do not recommend NZTA use debt now to manage the reduction in revenue over the forecast period:

23.1 It would reduce NZTA's ability to deliver on the Government's investment intentions, such as the update to the Major Transport Projects Pipeline announced on 9 July 2026, and affect the development of the Government Policy Statement on land transport 2027 (GPS 2027).

23.2 It would require NZTA to agree to take on a new debt facility to address a cashflow shortage in 2026/27 and deliver its planned investments, as existing debt facilities are already committed[7].

23.3 I also note that on 17 June 2024 the Minister of Finance and Minister of Transport provided NZTA a Letter of Comfort that recognised the challenge

[7] Two existing debt facilities are available for use over the forecast period. A shock facility for managing unexpected revenue and expenditure shocks to the system and the GPS 2024 loan facility to help NZTA to deliver against GPS 2024. NZTA has signalled that the shock facility is likely to be drawn down from to respond to storm events and flooding from earlier this year and the GPS 2024 facility is largely committed to existing projects.

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NZTA has in taking on debt without certainty that there will be enough revenue to enable repayment.

Transport Budget 2027 pre-commitment

24 In Budget 2026 we established a $1.005 billion tagged contingency, treated as a pre-commitment against Budget 2027, that arose from the adverse OBEGALx impact of NZTA swapping capital expenditure to operating expenditure in the Budget 2026 forecasts. Cabinet delegated authority to the Ministers of Finance and Transport to amend, including dissolving, the tagged contingency [CAB-26-MIN-0239]. The Minister of Finance and I are considering advice on options (including no change) for this tagged contingency as we finalise the 2026 Pre-Eelection Economic and Fiscal Update.

~~*Transport Budget 2027 pre-commitment*~~

~~24 Officials are developing options for Ministers to consider in relation to the non-cash $1.005 billion tagged operating contingency established at Budget 2026 and pre-committed against the Budget 2027 operating allowance. This includes how NZTA could reduce its operating expenditure before the 2026 Pre-election Economic and Fiscal Update (PREFU) and the impact of options on OBEGALx[8].~~

~~25 Government influence is, however, limited due to the NZTA Board's statutory independence when making NLTF funding decisions. Officials are considering whether the Government could signal, ahead of GPS 2027, lower funding ranges for areas such as public transport, local roads and state highway operations. Any such signal would need to be strong enough for NZTA and Treasury to use in PREFU forecasts, while maintaining NZTA's statutory independence.~~

~~26 I am also mindful that we will need to be clear on how any policy decision builds off our recent decisions and public messaging. A $1 billion reduction in operating expenditure would further reinforce to stakeholders how little funding is available to even maintain the system. These reductions are also in addition to the identified~~ s 9(2)(i) ~~from the current GPS Period (ending 30 June 2027) to enable Cambridge to Piarere to be delivered in the next GPS period.~~

~~27 Some expenditure reductions are already expected, with NZTA's initial PREFU forecast showing a net $200 million reduction, which is about 1 percent of the $17.0 billion forecast operating expenditure. The final impact on OBEGALx of this expenditure reduction is not yet clear because the forecasts are not yet complete and some reductions relate to the completion or reduction of Crown funding, which~~

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~~[8] OBEGALx is the measure of whether the Government's day-to-day revenues exceed its day-to-day expenses but excludes the revenues and expenses of the Accident Compensation Corporation. A decrease in revenue that is not offset by a corresponding decrease in expenditure has a negative impact on OBEGALx as it risks decreasing the Government's operating balance.~~

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~~*may not impact on OBEGALx once incorporated into the consolidated fiscal forecasts.*~~

Option 2: Additional funding facilitated by the tagged operating contingency

~~28~~25 Additional funding by a Crown grant is simple to implement. However, if new funding is required to provide a grant, it would increase Crown debt and ~~ depending on how NZTA uses the funding~~ could have a negative OBEGALx impact.

~~29~~26 Budget 2026 set aside $450 million for the tagged operating contingency fund limited to the 2026/27 financial year. It enables Cabinet to fund additional temporary, targeted and timely measures needed to mitigate the impact of the Middle East ~~F~~fuel crisis.

~~30~~27 The decision to defer the FED and RUC increases is a consequence of the Middle East fuel crisis. Deferring the increases aligns with the underlying policy objective of the tagged operating contingency by mitigating fuel cost pressures on households and businesses. Deferring the increases would have the same effect as a temporary support measure by reducing the financial burden associated with higher fuel prices. Covering foregone revenue from deferring FED and RUC increases is the most targeted cost of living response to the Middle East fuel crisis currently being considered. It is also:

~~30.1~~27.1 Temporary: a decision to defer the FED and RUC increase by 6 months would be temporary.

~~30.2~~27.2 Timely: deferring the increases planned for 1 January 2027 would provide immediate cost-of-living relief through avoided costs to households and businesses. It is also timely to provide this certainty to households and businesses now.

~~31~~28 I recommend that funding of up to $27~~16~~.0 million is drawn down from the tagged operating contingency to meet the revenue gap in the NLTF created by deferring the FED and RUC increases by six months.

~~32~~29 I also recommend that the Minister of Transport and Minister of Finance are authorised to make any adjustments up to the amount of the agreed drawdown. Final decision can be based on updated revenue forecasts carried out through the Pre-Election Economic and Fiscal Update 2026.

~~33~~30 The tagged operating contingency can fund activities in the 2026/27 financial year, but decisions must be made before the fund expires on 31 March 2027. It cannot be used for any later decisions to further defer or change the FED and RUC increases.

Maintaining NLTP funding will reduce pressure on GPS 2027

~~34~~31 The ten-year forecast of expenditure NZTA has developed to inform the GPS 2027 relies on the FED and RUC increases being in place. The FED and RUC increases are required to meet PPP and debt repayments; fund other existing commitments; and fund base levels of expenditure for ongoing road maintenance, operations, and renewals programmes, public transport services, rail, road safety and critical

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resilience activities to efficiently maintain land transport services to a reasonable standard.

3532 If funding is not made available, and NZTA is required to defer planned investment activities, this is likely to affect GPS 2027. Projects not completed in the 2024-27 period will flow into the 2027-30 period, increasing pressure on the National Land Transport Fund.

Cost-of-living Implications

33 The proposal in this paper will mitigate the cost-of-living impacts arising from increased fuel prices. A 12 cent per litre increase in fuel costs (and equivalent increase in RUC) would increase transport costs for households and businesses with the greatest impacts falling on lower-income, rural and regional households, and those with limited access to alternative transport options. It may also contribute to wider inflationary cost pressures through higher freight and business operating costs, some of which could be passed through to consumers.

Financial Implications

3634 The proposed deferral of FED and RUC by six months will result in an estimated reduction of $271.0 million in FED and RUC revenue in 2026/27 and $26.0 million in 2027/28 that flow through the NLTFover the forecast period.[9] Thcis 2026/27 reduction will be mostly offset by the recommended approach of drawing down an equivalent amount from the Conflict Response Operating Contingency established at Budget 2026. The 2027/28 reduction will be addressed through GPS 2027. This approach preserves NZTA's current spending forecasts and mitigates any fiscal impacts on the operating balance and net core Crown debt.

3735 If the reduced revenue from the deferral of FED and RUC increases is not offset, there will be an adverse impact on the operating balance and net core Crown debt.

Legislative Implications

3836 A Bill to amend customs and excise legislation, and amendments to the Road User Charges (Rates) Regulations 2015, will be needed to implement fuel excise and excise-equivalent duty and road user charge increasesAmendments to the Customs and Excise Act 2018 and to the Road User Charges (Rates) Regulations 2015 will be needed to implement fuel excise duty and road user charge increases on 1 July 2027.

3937 If no decision is made to delay the increases by 31 August 2026, and the increases are to come into effect on 1 January 2027, legislation to increase FED would need to be passed under urgency in the two remaining final sitting weeks before the House rises. Regulations to increase RUC would also need to be agreed by Cabinet Legislation Committee and gazetted prior to the election.

[9] $271.0 million in 2026/27 and 26.0 million in 2027/28.

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Impact Analysis

Regulatory Impact Analysis

4038 The Regulatory Impact Analysis requirements apply to this paper. MCERT has determined that this proposal is exempt from the requirement to provide a Regulatory Analysis Summary on the grounds that its economic, social or environmental impacts are limited and easy to assess.

Climate Implications of Policy Assessment

4139 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the CIPA criteria are not met.

Population Implications

4240 There are no implications for specific population groups arising from this paper.

Human Rights

4341 There are no inconsistencies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of External Resources

4442 One external contractor was engaged to provide support to the drafting of this paper. The contractor was engaged on a short-term basis to supplement agency capability and to provide specialist expertise not readily available within the Ministry.

Consultation

4543 ~~[To be completed]~~ The Treasury, New Zealand Transport Agency, New Zealand Customs Service, Ministry for Business, Innovation, and Employment, Ministry of Regulation, ~~and~~ the New Zealand Infrastructure Commission, and the Parliamentary Counsel Office were consulted on this paper. The Department of Prime Minister and Cabinet was informed.

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Communications

4644 The Minister of Transport's office will manage communications following Cabinet decisions.

Proactive Release

4745 I intend to proactively release Cabinet and Cabinet committee papers and minutes within 30 business days of decisions being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material.

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Recommendations

The Minister of Transport recommends that the Committee:

1 note the Government Policy Statement on land transport 2024 set out increases to fuel excise duty (and equivalent increases to road user charges) of:

1.1 12 cents per litre from January 2027;

1.2 6 cents per litre from January 2028; and

1.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

2 agree to delay the planned increase of 12 cents per litre to fuel excise and excise-equivalent duty (and the equivalent increase to road user charges) from January 2027 until 1 July 2027;

3 note that subsequent increases will proceed as already agreed;

4 note that delaying the planned increases until 1 July 2027 is forecast to reduce National Land Transport Fund revenue by $~~276~~271.0 million ~~and tax revenue~~ in the 2026/27 financial year and $26.0 million in the 2027/28 financial year, and associated tax revenue, with a corresponding impact on the operating balance and net core Crown debt;

5 note that as part of Budget 2026, Cabinet [CAB-26-MIN-0156 refers]:

5.1 agreed to establish the Conflict Response Operating Contingency (tagged operating contingency) up to the following amount to provide for additional targeted fuel related measures:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Conflict Response Operating Contingency	450.000	-	-	-

5.2 agreed that drawdowns for funding from the above tagged operating contingency must be for temporary, targeted and timely proposals in the next 12 months that alleviate the effects of the Middle East conflict;

6 authorise the Minister of Transport and Minister of Finance jointly to draw down the tagged operating contingency funding in recommendation 5.1 above, subject to their satisfaction it meets the conditions described in recommendation 5.2 above;

7 agree that, as the conditions described in recommendation 5.2 above have been met, draw down of the tagged operating contingency can proceed to manage the fiscal impact from the proposed decision sought in recommendation 2;

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8 agree to establish the following new appropriation:

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Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry for Cities, Environment, Regions~~,~~ and Transport.	National Land Transport Fund – Support for Funding Shortfall	Non-Departmental Output Expenses	This appropriation is limited to activities under the National Land Transport Programme, funding the shortfall in the National Land Transport Fund arising from the deferral of the scheduled increases to Fuel Excise and Excise-equivalent Duty and Road User Charges in 2026/27.

9 approve the following changes to appropriations to give effect to the policy decision in recommendation 7 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Output Expenses: National Land Transport Fund – Support for Funding Shortfall	~~276~~271.000	-	-	-	-
Total operating	~~276~~271.000	-	-	-	-

10 authorise the Minister of Transport and Minister of Finance to make any adjustments necessary to the draw down from the tagged contingency and appropriations that arise from the Pre-Election Economic and Fiscal Update 2026;

11 agree that the proposed changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

12 agree that the expenses incurred under recommendation 9 above be charged against the Conflict Response Operating Contingency described in recommendation 5.1 above;

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13 note that, following the adjustment detailed in recommendation 9 above, the remaining balance and indicative phasing of the tagged operating contingency described in recommendation 4 above will be:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Conflict Response Operating Contingency	~~174~~179.000	-	-	-

14 note that the tagged operating contingency described in recommendation 5.1 above will expire on 31 March 2027;~~.~~

15 agree to allow costs to be met from this tagged operating contingency for actual expenses incurred up to 30 June 2027, provided the drawdown is approved on or before 31 March 2027;~~.~~

16 agree to authorise the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to recommendation 2.

~~Not~~ Authorised for lodgement.

Hon Chris Bishop

Minister of Transport

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Cabinet Economic Policy Committee Background Information and Talking Points

Date and time:	*9.00am Wednesday 26 August 2026*
Paper Title:	*Deferring fuel excise duty and road user charge increases*
Portfolio:	*Transport*
Attendees:	*Paul O'Connell, Deputy Executive Leader, Sector Strategy*
	Anna Wilson-Farrell, Director – Revenue

This paper seeks agreement to a six-month delay to January 2027 fuel excise duty and road user charge increases

- The Government Policy Statement on land transport 2024 signalled a return to regular annual fuel excise duty (FED) increases, and equivalent road user charge (RUC) increases.
- A 12 cent per litre increase is planned on 1 January 2027, followed by a 6 cent per litre increase in January 2028 and annual 4 cent per litre increases from January 2029.
- To provide temporary and timely relief to businesses and households feeling the effects of higher fuel prices, I recommend Cabinet agree to delay the first 12 cent per litre increase by six months. The rest of the increases set out in GPS 2024 would proceed as planned.
- A six-month delay will reduce the amount of revenue collected from FED and RUC by $271 million in 2026/27 and $26 million in 2027/28. This creates a revenue shortfall to deliver planned NZTA investment.
- To address the 2026/27 shortfall, I recommend the Ministers of Transport and Finance are delegated authority to draw down up to $271 million from the Conflict Response Operating Tagged Contingency. The 2027/28 shortfall can be addressed through GPS 2027.
- I do not recommend NZTA reduce its expenditure or take on debt to manage the revenue shortfall.
- Reducing expenditure would mean reduced maintenance, which would negatively impact on the road network. New debt would reduce NZTA's ability to deliver the Government's investment intentions through GPS 2027.
- The statement I released on land transport investment on the 13th of August highlighted ongoing affordability challenges heading into GPS 2027. Further work will determine where NZTA can find efficiencies to minimise pressures on Budget 27.

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Backpocket Q + A

Q: Why delay for six months?

A six-month delay balances immediate relief against the need to restore the agreed land transport revenue path. It covers the likely period of greatest fuel-price uncertainty while avoiding an open-ended commitment or disruption to the subsequent increases scheduled from January 2028.

Q: What does the delay mean for the average motorist?

Deferring a 12 cent per litre increase avoids motorists paying an additional $6.90 including GST each time they fill a 50-litre petrol tank during the six-month period. The benefit for those paying RUC will vary because the amount they pay depends on vehicle type and weight, but the RUC increase equivalent to 12 cents per litre represents a 17 percent increase on current RUC prices plus GST.

Q: How is GST applied to the price of fuel and the cost of RUC

GST is applied to the price of fuel last, on top of anything else, including fuel duty. That means GST is charged on top of any increase to fuel duty, not just on the base price of the fuel, and on top of any increase to RUC.

Q: What needs to happen to implement the delay?

If Cabinet agrees to the delay, no further action is needed because no legislation has been passed to bring the increases into effect. Amendments to the *Road User Charge (Rates) Regulations 2015* will be need to be agreed by Cabinet and gazetted before 20 May 2027. Customs and excise legislation will also need to be amended to implement the FED increases, which could be done as part of Budget 2027, consistent with previous practice.

Q: How much are RUC rates increasing by?

All RUC rates increase by the same percentage as each annual FED increase. That means that RUC rates across all classes increase by:

- 17 percent in 2027,
- 7 percent in 2028
- 4.5 percent in 2029, and
- 4 percent annually from 2030 onwards.

Q: What happens if the Middle East crisis is resolved and fuel prices fall?

The proposed deferral is not conditional on fuel prices remaining elevated, but Cabinet can reconsider the implementation date and bring it forward at any time if circumstances warrant. However, confirming a 1 July 2027 implementation date now would provide households, businesses, and NZTA with certainty so they can plan ahead.

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Q: How confident are you that lost revenue in 2026/27 will be $271m?

The $271 million estimate is based on MCERT's latest forecast for PREFU 2026. If the forecast amount changes (at OBU 2026 or MBU 2027), the drawdown can be adjusted so that the Crown contribution matches the revenue shortfall.

Q: Why are you only seeking $271 million from the tagged contingency and not an extra $26 million for 2027/28?

The tagged contingency is only available for the 2026/27 financial year. I expect NZTA to manage its expenditure in 2027/28 to account for $26 million less revenue. A shortfall of $26 million sits well within the range of NLTF revenue MCERT has forecast for 2027/28.

Q: Why is there a reduction in forecast revenue in 2027/28 even though that's when FED and RUC increase?

The $26 million revenue reduction for 2027/28 is due to an expected shift in the purchasing of RUC licenses from the 2027/28 year into the 2026/27 financial year. This is expected to occur because some vehicle owners will "pre-purchase" RUC licenses before 1 July 2027 to avoid the price increase.

This anticipated shift in when licences are purchased will result in more RUC revenue being collected in 2026/27. This will slightly offset the revenue reduction from deferring the RUC increase in 2026/27. This pre-purchasing behaviour will also reduce the amount of RUC revenue collected in the first part of 2027/28. Previous forecasts that had the increases happening on 1 January did not highlight this behaviour because early purchasing in the first half of a financial year does not affect financial year revenue in the same way as early purchasing in the latter half does.

Q: What happens if funding from the tagged contingency is not approved?

If additional funding is not provided, NZTA would need to identify expenditure reductions or establish a new debt facility to manage the immediate 2026/27 cashflow shortfall. Given existing commitments and the savings already identified at Budget 2026, this would most likely mean reductions in spending on maintenance, operations, or renewals, although specific reductions would remain decisions for the NZTA Board.

Q: How does this align with the Government's expectation that Crown funding for the NLTF will be reduced?

Using the tagged contingency in this instance does not change the Government's expectation that land transport should be funded through a sustainable user-pays revenue system. The proposed drawdown is confined to a temporary response to the Middle East fuel crisis and does not establish an ongoing Crown commitment to offset future FED or RUC decisions.

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OIA note: The recommendations in this paper have been superseded.

Office of the Minister of Transport

Cabinet Economic Policy Committee

Deferring fuel excise duty and road user charge increases

Proposal

1 This paper seeks agreement to defer planned increases to fuel excise duty and road user charges by six months and draw down funding from the Conflict Response Operating Contingency to offset the revenue and fiscal impacts of this deferral.

Relation to government priorities

2 This proposal relates to commitments in the *Government Policy Statement on land transport 2024* (GPS 2024), the Government's *Land Transport Revenue Action Plan* and the Government's response to the Middle East fuel crisis.

Executive Summary

3 This paper seeks agreement to defer the planned January 2027 increase to fuel excise duty[1] (FED), and the equivalent increase to road user charges (RUC), by six months until 1 July 2027. It also seeks agreement to draw down funding from the Conflict Response Operating Contingency (tagged operating contingency) to offset the resulting National Land Transport Fund (NLTF) revenue gap.

4 Since March 2026, fuel prices have increased significantly due to the conflict in the Middle East, and future prices remain uncertain. Higher petrol and diesel prices are increasing costs for households and businesses, particularly through direct household fuel costs and higher operating costs for sectors exposed to diesel prices. Proceeding with the planned January 2027 increases would add to these cost pressures and wider inflationary effects.

5 Deferring the increases for six months is a timely and temporary cost-of-living relief response to the Middle East fuel crisis. The deferral is forecast to reduce NLTF revenue by $271.0 million in 2026/27 and $26.0 million in 2027/28. Subsequent FED and RUC increases will proceed as already agreed.

6 The New Zealand Transport Agency (NZTA) has indicated there is no realistic pathway to offset this reduction through further savings or deferring planned activities in 2026/27 without a significantly longer lead time. Requiring NZTA to manage the reduction within existing funding would create delivery risks, increase pressure on GPS 2027, and create a risk of a negative OBEGALx impact[2].

[1] Includes excise duty applied to fuel manufactured in New Zealand and excise-equivalent duty applied to imported fuel.

[2] OBEGALx is the measure of whether the Government's day-to-day revenues exceed its day-to-day expenses but excludes the revenues and expenses of the Accident Compensation Corporation. A decrease in revenue that is not offset by a corresponding decrease in expenditure has a negative impact on OBEGALx as it risks decreasing the Government's operating balance.

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7 I recommend that up to $271.0 million be drawn down from the tagged operating contingency set aside to enable Cabinet to fund measures needed to mitigate the impact of the Middle East fuel crisis, to meet the 2026/27 revenue shortfall created by the deferral. This will provide short-term cost-of-living relief while preserving NZTA's current forecasts, maintaining the land transport revenue path agreed in GPS 2024, and avoiding an impact on OBEGALx.

Background

8 Revenue from FED and RUC is hypothecated into the NLTF, which NZTA invests to deliver land transport activities.[3] FED and RUC are the largest contributors to the NLTF. They have not increased since 2020, which means they have fallen in real terms by approximately 21 percent.

9 Funding land transport investment is one of the key challenges in the transport system [ECO-26-MIN-0128]. This challenge is not new. Since the early 2010s, successive governments have significantly topped-up the NLTF with Crown grants and loans.

10 Therefore, to support a more sustainable transport revenue system, the Government agreed through GPS 2024 to FED and equivalent RUC increases of:

10.1 12 cents per litre from January 2027;

10.2 6 cents per litre from January 2028; and

10.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

11 These increases have been incorporated into government forecasts. If the decision is made to delay the increases, this needs to be made in August 2026 so updated revenue forecasts can be included in the 2026 Pre-Election Economic and Fiscal Update.

12 If no decision is made to delay the increases by 31 August 2026, and the increases are to come into effect on 1 January 2027:

12.1 Legislation to increase FED would need to be passed under urgency in the two final sitting weeks before the House rises.

12.2 Regulations to increase RUC would need to be agreed by Cabinet Legislation Committee and gazetted prior to the election.

Higher fuel prices are increasing costs for households and businesses

13 Since March 2026, fuel prices have significantly increased due to the conflict in the Middle East. Higher fuel prices have increased operating costs for New Zealand businesses, particularly those exposed to higher diesel costs in the road freight, agriculture, and construction industries. Higher fuel prices have also imposed direct costs on New Zealand households.

[3] Such as the construction and maintenance of state highways, local and rural roads, and public transport.

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14 The Government has taken steps to address the impacts on households and businesses. Regulatory relief for businesses has included removing obstacles to businesses using zero-emissions vehicles and removing permit requirements for 50MAX[4] vehicles, reducing paperwork and lowering compliance costs. Working families have been provided with targeted fuel-cost support to address the cost-of-living impacts of higher fuel prices through a $50 per week increase to the in-work tax credit.

15 Increasing transport costs have economy-wide effects, including on inflation. Rising petrol and diesel prices were the biggest contributors to the increase in inflation in the 12 months to the end of June 2026.[5] Going ahead with FED and RUC increases in January 2027 would compound the existing inflationary effects of increased fuel prices and counter the measures put in place by the Government to address higher fuel costs.

16 There is ongoing uncertainty about what the situation will look like by 1 January 2027. Conditions, and therefore fuel prices, could be materially worse or they may have improved. Regardless, I consider that it is prudent to delay the planned increases to FED and RUC to provide certainty to businesses and households. I therefore recommend that the 12 cent per litre increase to FED and RUC set out in GPS 2024 be delayed by six months until 1 July 2027.

17 I intend for the subsequent 6 and 4 cent FED and equivalent RUC increases to continue as planned from 1 January 2028 and 1 January 2029, so the deferral provides short-term relief without materially changing the Government's strategic transport investment objectives.

Deferring FED and RUC increases will reduce NLTF revenue in 2026/27

18 A six-month delay will have implications for NZTA's planned 2026/27 expenditure budget for the 2024-27 National Land Transport Programme. This is based on an expected increase in FED and RUC revenue from January 2027. Ministry for Cities, Environment, Regions and Transport (MCERT) modelling indicates a six-month FED and RUC deferral of the 12 cent per litre increases will reduce NLTF revenue by $271.0 million in 2026/27[6] and 26.0 million in 2027/28.

19 I have considered two options for managing the forecast reduction in revenue from deferring the FED and RUC increases:

19.1 Option 1: NZTA manages the reduced revenue by reducing expenditure over the forecast period and using debt to address a 2026/27 cashflow shortage.

19.2 Option 2: Additional funding is made available to NZTA through the tagged operating contingency fund.

[4] A freight vehicle permitted to carry up to 50 tonnes.
[5] Higher petrol and diesel prices accounted for almost two-thirds of the 1.5 percent increase to inflation in the June 2026 quarter.
[6] MCERT modelling estimates the range of revenue loss compared to MBU 2026 forecasts to be between $262.0 and $278.0 million with a medium forecast of $271.0 million.

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Option 1: Reducing NZTA expenditure creates delivery risks

20 The Government expects NZTA to manage its expenditure within available NLTF funding and Crown appropriations. The Crown's primary lever to influence expenditure is through the GPS and any additional appropriated funding (which is largely capital in nature).

21 Unless additional funding is made available, NZTA would need to manage reduced revenue by decreasing expenditure over the forecast period. NZTA has indicated there is no realistic pathway to offset the revenue reduction through savings or deferring planned activities in 2026/27 without a significantly longer lead time.

21.1 Expenditure towards the National Land Transport Programme is largely committed for 2026/27, with many multi-year projects or funding allocations already approved by the NZTA Board.

21.2 Through Budget 2026 NZTA and MCERT already carried out a process to identify approximately s 9(2)(i) and deferrals to reprioritise towards funding the Cambridge to Piarere Road of National Significance.

21.3 Identifying further savings risks affecting the financial sustainability and delivery of committed programmes and would likely result in reduced maintenance expenditure with a consequential impact on the road network.

22 Expenditure reductions could be found over the forecast period, with a debt facility used to fund 2026/27 expenses to be repaid over the forecast period, noting the revenue foregone is 1.3 percent of the $21 billion FED and RUC revenue expected over that period.

23 However, I do not recommend NZTA use debt now to manage the reduction in revenue over the forecast period:

23.1 It would reduce NZTA's ability to deliver on the Government's investment intentions, such as the update to the Major Transport Projects Pipeline announced on 9 July 2026, and affect the development of the Government Policy Statement on land transport 2027 (GPS 2027).

23.2 It would require NZTA to agree to take on a new debt facility to address a cashflow shortage in 2026/27 and deliver its planned investments, as existing debt facilities are already committed[7].

23.3 I also note that on 17 June 2024 the Minister of Finance and Minister of Transport provided NZTA a Letter of Comfort that recognised the challenge NZTA has in taking on debt without certainty that there will be enough revenue to enable repayment.

[7] Two existing debt facilities are available for use over the forecast period. A shock facility for managing unexpected revenue and expenditure shocks to the system and the GPS 2024 loan facility to help NZTA to deliver against GPS 2024. NZTA has signalled that the shock facility is likely to be drawn down from to respond to storm events and flooding from earlier this year and the GPS 2024 facility is largely committed to existing projects.

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Transport Budget 2027 pre-commitment

24 In Budget 2026 we established a $1.005 billion tagged contingency, treated as a pre-commitment against Budget 2027, that arose from the adverse OBEGALx impact of NZTA swapping capital expenditure to operating expenditure in the Budget 2026 forecasts. Cabinet delegated authority to the Ministers of Finance and Transport to amend, including dissolving, the tagged contingency [CAB-26-MIN-0239]. The Minister of Finance and I are considering advice on options (including no change) for this tagged contingency as we finalise the 2026 Pre-Election Economic and Fiscal Update.

Option 2: Additional funding facilitated by the tagged operating contingency

25 Additional funding by a Crown grant is simple to implement. However, if new funding is required to provide a grant, it would increase Crown debt and could have a negative OBEGALx impact.

26 Budget 2026 set aside $450 million for the tagged operating contingency fund limited to the 2026/27 financial year. It enables Cabinet to fund additional temporary, targeted and timely measures needed to mitigate the impact of the Middle East fuel crisis.

27 The decision to defer the FED and RUC increases is a consequence of the Middle East fuel crisis. Deferring the increases aligns with the underlying policy objective of the tagged operating contingency by mitigating fuel cost pressures on households and businesses. Deferring the increases would have the same effect as a temporary support measure by reducing the financial burden associated with higher fuel prices. Covering foregone revenue from deferring FED and RUC increases is the most targeted cost of living response to the Middle East fuel crisis currently being considered. It is also:

27.1 Temporary: a decision to defer the FED and RUC increase by 6 months would be temporary.

27.2 Timely: deferring the increases planned for 1 January 2027 would provide immediate cost-of-living relief through avoided costs to households and businesses. It is also timely to provide this certainty to households and businesses now.

28 I recommend that funding of up to $271.0 million is drawn down from the tagged operating contingency to meet the revenue gap in the NLTF created by deferring the FED and RUC increases by six months.

29 I also recommend that the Minister of Transport and Minister of Finance are authorised to make any adjustments up to the amount of the agreed drawdown. Final decision can be based on updated revenue forecasts carried out through the Pre-Election Economic and Fiscal Update 2026.

30 The tagged operating contingency can fund activities in the 2026/27 financial year, but decisions must be made before the fund expires on 31 March 2027. It cannot be used for any later decisions to further defer or change the FED and RUC increases.

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Maintaining NLTP funding will reduce pressure on GPS 2027

31 The ten-year forecast of expenditure NZTA has developed to inform the GPS 2027 relies on the FED and RUC increases being in place. The FED and RUC increases are required to meet Public Private Partnership and debt repayments; fund other existing commitments; and fund base levels of expenditure for ongoing road maintenance, operations, and renewals programmes, public transport services, rail, road safety and critical resilience activities to efficiently maintain land transport services to a reasonable standard.

32 If funding is not made available, and NZTA is required to defer planned investment activities, this is likely to affect GPS 2027. Projects not completed in the 2024-27 period will flow into the 2027-30 period, increasing pressure on the National Land Transport Fund.

Cost-of-living Implications

33 The proposal in this paper will mitigate the cost-of-living impacts arising from increased fuel prices. A 12 cent per litre increase in fuel costs (and equivalent increase in RUC) would increase transport costs for households and businesses with the greatest impacts falling on lower-income, rural and regional households, and those with limited access to alternative transport options. It may also contribute to wider inflationary cost pressures through higher freight and business operating costs, some of which could be passed through to consumers.

Financial Implications

34 The proposed deferral of FED and RUC by six months will result in an estimated reduction of $271.0 million in FED and RUC revenue in 2026/27 and $26.0 million in 2027/28 over the forecast period. The 2026/27 reduction will be offset by the recommended approach of drawing down an equivalent amount from the Conflict Response Operating Contingency established at Budget 2026. The 2027/28 reduction will be addressed through GPS 2027. This approach preserves NZTA's current spending forecasts and mitigates any fiscal impacts on the operating balance and net core Crown debt.

35 If the reduced revenue from the deferral of FED and RUC increases is not offset, there will be an adverse impact on the operating balance and net core Crown debt.

Legislative Implications

36 A Bill to amend customs and excise legislation, and amendments to the Road User Charges (Rates) Regulations 2015, will be needed to implement fuel excise and excise-equivalent duty and road user charge increases.

37 If no decision is made to delay the increases by 31 August 2026, and the increases are to come into effect on 1 January 2027, legislation to increase FED would need to be passed under urgency in the two final sitting weeks before the House rises. Regulations to increase RUC would also need to be agreed by Cabinet Legislation Committee and gazetted prior to the election.

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Impact Analysis

Regulatory Impact Analysis

38 The Regulatory Impact Analysis requirements apply to this paper. MCERT has determined that this proposal is exempt from the requirement to provide a Regulatory Analysis Summary on the grounds that its economic, social or environmental impacts are limited and easy to assess.

Climate Implications of Policy Assessment

39 The Climate Implications of Policy Assessment (CIPA) team has been consulted and confirms that the CIPA requirements do not apply to this policy proposal, as the CIPA criteria are not met.

Population Implications

40 There are no implications for specific population groups arising from this paper.

Human Rights

41 There are no inconsistencies with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Use of External Resources

42 One external contractor was engaged to provide support to the drafting of this paper. The contractor was engaged on a short-term basis to supplement agency capability and to provide specialist expertise not readily available within the Ministry.

Consultation

43 The Treasury, New Zealand Transport Agency, New Zealand Customs Service, Ministry for Business, Innovation, and Employment, Ministry of Regulation, the New Zealand Infrastructure Commission, and the Parliamentary Counsel Office were consulted on this paper. The Department of Prime Minister and Cabinet was informed.

Communications

44 The Minister of Transport's office will manage communications following Cabinet decisions.

Proactive Release

45 I intend to proactively release Cabinet and Cabinet committee papers and minutes within 30 business days of decisions being confirmed by Cabinet, unless there is a good reason not to publish all or part of the material.

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Recommendations

The Minister of Transport recommends that the Committee:

1 note the Government Policy Statement on land transport 2024 set out increases to fuel excise duty (and equivalent increases to road user charges) of:

1.1 12 cents per litre from January 2027;

1.2 6 cents per litre from January 2028; and

1.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

2 agree to delay the planned increase of 12 cents per litre to fuel excise and excise-equivalent duty (and the equivalent increase to road user charges) from January 2027 until 1 July 2027;

3 note that subsequent increases will proceed as already agreed;

4 note that delaying the planned increases until 1 July 2027 is forecast to reduce National Land Transport Fund revenue by $271.0 million in the 2026/27 financial year and $26.0 million in the 2027/28 financial year, and associated tax revenue, with a corresponding impact on the operating balance and net core Crown debt;

5 note that as part of Budget 2026, Cabinet [CAB-26-MIN-0156 refers]:

5.1 agreed to establish the Conflict Response Operating Contingency (tagged operating contingency) up to the following amount to provide for additional targeted fuel related measures:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Conflict Response Operating Contingency	450.000	-	-	-

5.2 agreed that drawdowns for funding from the above tagged operating contingency must be for temporary, targeted and timely proposals in the next 12 months that alleviate the effects of the Middle East conflict;

6 authorise the Minister of Transport and Minister of Finance jointly to draw down the tagged operating contingency funding in recommendation 5.1 above, subject to their satisfaction it meets the conditions described in recommendation 5.2 above;

7 agree that, as the conditions described in recommendation 5.2 above have been met, draw down of the tagged operating contingency can proceed to manage the fiscal impact from the proposed decision sought in recommendation 2;

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8 agree to establish the following new appropriation:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry for Cities, Environment, Regions and Transport.	National Land Transport Fund – Support for Funding Shortfall	Non-Departmental Output Expenses	This appropriation is limited to activities under the National Land Transport Programme, funding the shortfall in the National Land Transport Fund arising from the deferral of the scheduled increases to Fuel Excise and Excise-equivalent Duty and Road User Charges in 2026/27.

9 approve the following changes to appropriations to give effect to the policy decision in recommendation 7 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Non-Departmental Output Expenses: National Land Transport Fund – Support for Funding Shortfall	271.000	-	-	-	-
Total operating	271.000	-	-	-	-

10 authorise the Minister of Transport and Minister of Finance to make any adjustments necessary to the draw down from the tagged contingency and appropriations that arise from the Pre-Election Economic and Fiscal Update 2026;

11 agree that the proposed changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

12 agree that the expenses incurred under recommendation 9 above be charged against the Conflict Response Operating Contingency described in recommendation 5.1 above;

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13 note that, following the adjustment detailed in recommendation 9 above, the remaining balance and indicative phasing of the tagged operating contingency described in recommendation 4 above will be:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Conflict Response Operating Contingency	179.000	-	-	-

14 note that the tagged operating contingency described in recommendation 5.1 above will expire on 31 March 2027;

15 agree to allow costs to be met from this tagged operating contingency for actual expenses incurred up to 30 June 2027, provided the drawdown is approved on or before 31 March 2027;

16 agree to authorise the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to recommendation 2.

Authorised for lodgement.

Hon Chris Bishop

Minister of Transport

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Document 21

From: Anna Wilson-Farrell
Sent: Tuesday, 25 August 2026 5:42 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Alastair Shelton; Paul O'Connell
Subject: FW: FED/RUC deferral - MoF office question

From: Alastair Shelton <Alastair.Shelton@mcert.govt.nz>
Sent: Tuesday, 25 August 2026 5:33 pm
To: Lorenzo Malavisi [TSY] <Lorenzo.Malavisi@treasury.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>
Cc: Ben Quilter [TSY] <Ben.Quilter@treasury.govt.nz>; Ben Hay-Smith (treasury) <Ben.Hay-Smith@treasury.govt.nz>; Jess Hewat [TSY] <Jess.Hewat@treasury.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>; Kane Swift <Kane.Swift@mcert.govt.nz>
Subject: RE: FED/RUC deferral - MoF office question

Hi Lorenzo,

Sorry for not coming back to you sooner, we've re-run the numbers used previously, based on the PREFU forecast.

The total over the 4-year period used previously is $1.253 billion (compared to the $1.27b we estimated back in March):
$275m in 2026/27
$476m in 2027/28
$227m in 2028/29
$224m in 2029/30

There's also the ongoing cost in the following financial years – roughly $228-230m annually.

For your second question, we've modelled a 18c increase on 1 Jan 2028, with annual 4c increases after that. The revenue foregone would be $275m in 2026/27, and $328m in 2027/28 – a total of $603m.

Please treat those numbers with some caution – it's only had a quick QA.

Feel free to give me a call if you want to clarify anything.

Thanks
Alastair

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From: Lorenzo Malavisi [TSY] <Lorenzo.Malavisi@treasury.govt.nz>
Sent: Tuesday, 25 August 2026 8:21 am
To: Alastair Shelton <Alastair.Shelton@mcert.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>
Cc: Ben Quilter [TSY] <Ben.Quilter@treasury.govt.nz>; Ben Hay-Smith (treasury) <Ben.Hay-Smith@treasury.govt.nz>; Jess Hewat [TSY] <Jess.Hewat@treasury.govt.nz>
Subject: FED/RUC deferral - MoF office question
Importance: High

Some people who received this message don't often get email from lorenzo.malavisi@treasury.govt.nz. Learn why this is important

[UNCLASSIFIED]

Kia ora Alastair – I understand you are covering for Jamie while he is on leave.

We've had an urgent request from MoF's office to confirm this morning : *What is the cost of a 12-month deferral?*

We had previously had this figure:

- *Delaying all planned increases (12cpl, 6cpl and 4 cpl) by 12 months:*
    - Revenue loss across the four years from 1 July 2026 to 30 June 2030, would be $1.27 billion

Can you confirm the above is still correct?

Do you have info on what deferring only the 12 cent per litre would be (i.e. from Jan 2028, both 12cpl and original 6cpl kicks in).

Please give me a call (number below) if you have any questions this morning.

Ngā mihi,

Lorenzo Malavisi (he/him) | Te Tai Ōhanga – The Treasury
Kaitātari - Analyst, Infrastructure, Security and Government, Public Sector Performance
Phone s 9(2)(a) Email: lorenzo.malavisi@treasury.govt.nz

TE TAI ŌHANGA
THE TREASURY

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Document 22

From: Alastair Shelton
Sent: Wednesday, 26 August 2026 4:12 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Anna Wilson-Farrell; Paul O'Connell
Subject: Draft FED-RUC cabinet paper wording
Attachments: Supplementary FED-RUC cabinet paper content.docx

Kia ora Emma,

Following the discussion after ECO this morning, we've drafted some additional content that could be included in a revised version of the paper.
Note this is a very early draft – just intended to support discussions about what could be added. We can adjust as needed once we have a clearer steer.

Anna is bringing over some hard copies with her as well.

Thanks
Alastair

Alastair Shelton
Principal Policy Advisor – Revenue (Transport)
alastair.shelton@mcert.govt.nz

Ministry for Cities, Environment, Regions & Transport
www.mcert.govt.nz | www.govt.nz | Pastoral House, 25 The Terrace, Wellington 6011

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Future approach to FED-RUC increases (DRAFT wording 26 August 2026)

In response to ECO consideration of "Deferring FED and RUC increases" Cabinet paper on 26 August – draft supplementary content that could be included for Cabinet consideration of the paper on 31 August:

For the body of the paper, new paragraphs between existing paragraphs 17 & 18:

Certainty about the future path of FED and RUC increases is important to a sustainable land transport revenue system. The agreed increases of 4 cents per annum in perpetuity to FED, with equivalent increases to RUC, provide a baseline of certainty for the sector.

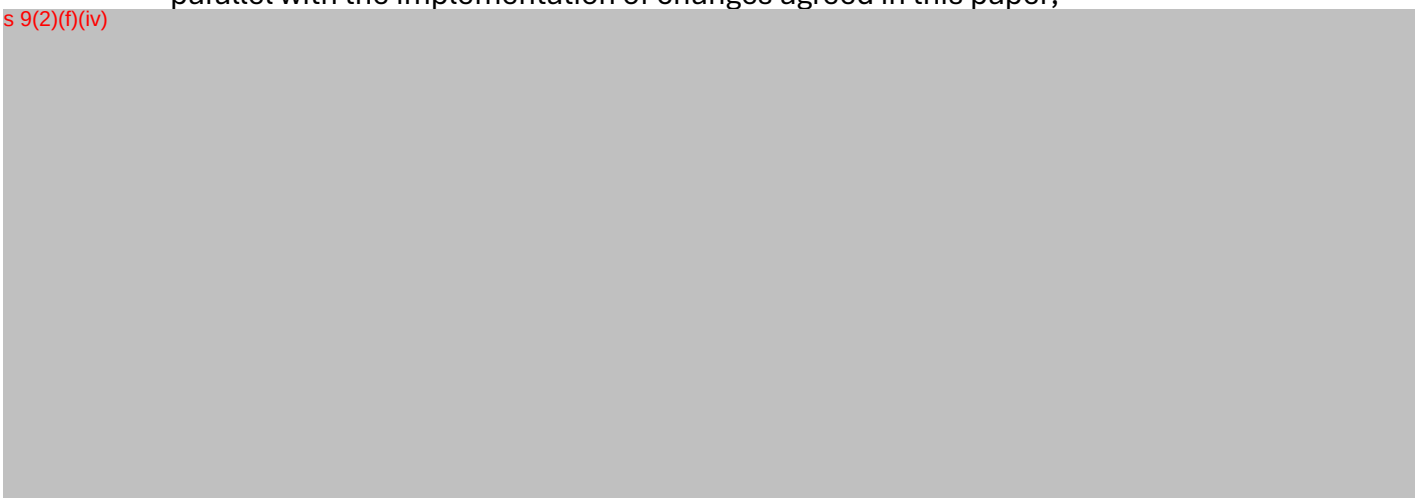
s 9(2)(f)(iv)



New noting recommendations, between recommendations 3 & 4

note that the Minister of Transport has sought advice on options to provide greater certainty for future land transport revenue increases, which could be progressed in parallel with the implementation of changes agreed in this paper;

s 9(2)(f)(iv)



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From: Anna Wilson-Farrell
Sent: Thursday, 27 August 2026 9:57 am
To: 'Emma Wardle'; Alastair Shelton; Joanne Leung; Lucy Forsman
Cc: Paul O'Connell; Stephanie Rowe; Sam Buckle
Subject: RE: Further advice on deferring FED/RUC increases

Thanks very much Emma, we're on it, as discussed – with a 3pm deadline for the numbers and narrative (which will need to be further QA'd pending direction).

Joanne will attend with me.

Ngā mihi

Anna

From: Emma Wardle
Sent: Thursday, 27 August 2026 9:32 am
To: A.Wilson-Farrell@transport.govt.nz; Alastair Shelton <alastair.shelton@mcert.govt.nz>; Paul O'Connell <paul.o'connell@mcert.govt.nz>; Lucy Forsman <lucy.forsman@mcert.govt.nz>
Cc: Stephanie Rowe <stephanie.rowe@mcert.govt.nz>; sam.buckle@mcert.govt.nz
Subject: Further advice on deferring FED/RUC increases
Importance: High

Hi all,

Minister Bishop has been in further discussions with MOF overnight and would like to look at additional options for phasing FED and RUC increases, particularly options that would defer any increases until 2028.

The Minister would like to meet with MCERT and Treasury **at 4pm today** to discuss. We can also bring NZTA into this if needed to discuss delivery implications (let me know what you think).

As a starter-for-ten, the Minister has indicated an interest in looking at the following options:

- doing 12c on 1 Jan 28 and then 10 on 1 Jan 2029 (this makes up the 22)
- doing 9c and then 9c and then 4c (also makes up 22)
- feasibility of 6 month increments (e.g. 4c every 6 months for three years).

I'm aware you've also previously modelled delaying the 12, 6 and 4 cents by a full year.

For each option, it would be ideal to be able to discuss the broad revenue impact this afternoon. However, we are in your hands in terms of what is feasible to get done in these timeframes.

We will also need to be prepared to discuss the options to fill the revenue gap of a longer delay (as the fuel response tagged contingency will not be able to fill the gap), including the extent to which it is feasible to reduce expenditure.

I will follow up with a calendar invite for 4pm.

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Thanks,

Emma Wardle
Lead Private Secretary - Transport | Office of Hon Chris Bishop
Attorney-General | Housing | Infrastructure | RMA Reform | Transport | Associate Finance | MP for Hutt South
M: s 9(2)(a)
Email: emma.wardle@parliament.govt.nz | Website: www.beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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Document 25

From: Anna Wilson-Farrell
Sent: Thursday, 27 August 2026 3:15 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Subject: FW: Estimates re different PED/RUC change time paths

Kia ora Emma,

Please find below – we 'll bring print versions over shortly.

Ngā mihi

Anna

From: Joanne Leung <Joanne.Leung@mcert.govt.nz>
Sent: Thursday, 27 August 2026 3:12 pm
To: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Alastair Shelton <Alastair.Shelton@mcert.govt.nz>
Subject: Estimates re different PED/RUC change time paths

Hi Anna/Alastair

Here are the estimates and quick write-up. We are still getting these QAed.

All estimates for Options 1-3 are based on PREBU26 and for financial years.

Estimated NLTF Revenue Impacts comparing to those estimated for the original increases timeline

$m	Option 1	Option 2	Option 3	no increase (based on MBU26)
2027	-$275	-$275	-$275	-$394
2028	-$476	-$551	-$675	-$905
2029	-$176	-$366	-$557	-$1,221
2030	$0	-$224	-$345	-$1,489
2031	$0	-$230	-$125	-$1,883
2032	$0	-$229	-$125	-$2,148
2033	$0	-$229	-$126	-$2,409
2034	$0	-$228	-$126	-$2,671
2035	$0	-$228	-$125	-$2,936
2036	$0	-$228	-$125	-$3,202

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2026/27-2030/31	**-$928**	**-$1,647**	**-$1,977**	**-$5,891**
2026/27-2035/36	**-$928**	**-$2,789**	**-$2,604**	**-$19,256**

Explanations

The modelling results are driven by both the size and timing of each rate increase. The table shows how each option's cumulative PED rate path compares with the original rate path over time. The "change from original" columns show the gap between each option and the original path in each half-year period.

Cumulative PED increase (c/l) – all options now start from 1 January 2028	**original**	**Option 1**		**Option 2**		**Option 3**	
		12c, 10c then 4c	**Change from original**	**9c, 9c then 4c**	**Change from original**	**4c every 6 months**	**Change from original**
2026/27 first half							
2026/27 second half	+12						
2027/28 first half	+12						
2027/28 second half	+18	+12	-6	+9	-9	+4	-14
2028/29 first half	+18	+12	-6	+9	-9	+8	-10
2028/29 second half	+22	+22	0	+18	-4	+12	-10
2029.30 first half	+22	+22	0	+18	-4	+16	-6
2029/30 second half	+26	+26	0	+22	-4	+20	-6
2030/31 first half	+26	+26	0	+22	-4	+24	-2

Note: Values are shown as cumulative cents per litre relative to the initial PED rate change. Blank cells indicate periods before an option's first modelled rate increase takes effect. The model assumes an equivalent change in RUC resulting from the PED rate changes.

The revenue impacts cannot be estimated by simply pro-rating a six-month delay. Each option creates a different gap from the original rate path, and that gap changes over time. These changing rate-path differentials affect both the size and timing of the estimated revenue impacts.

Based on the rate-path differentials alone, the expected ranking from smallest to largest revenue loss is Option 1, Option 2, then Option 3. For Options 2 and 3, the revenue impacts continue beyond the initial period because, by 2030/31 first half, they remain 4c and 2c below the original rate path, respectively.

These results also reflect another important factor: modelled pre-purchasing behaviour, which is more pronounced for larger rate increases. Before a rate increase takes effect, the model predicts that some users will purchase additional RUC at the lower rate, bringing revenue forward into the preceding period. This can partly offset the revenue reduction after the new rate takes effect when both effects occur within the same financial year. However, if the revenue gain from pre-purchasing and the subsequent revenue reduction fall in different financial years, the impacts can appear asymmetric across years.

Cheers
Joanne

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From: Alastair Shelton <Alastair.Shelton@mcert.govt.nz>
Sent: Thursday, 27 August 2026 3:45 pm
To: Emma Wardle (Parliament) <Emma.Wardle@parliament.govt.nz>; Anna Wilson-Farrell <A.Wilson-Farrell@transport.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>
Cc: Stephanie Rowe <Stephanie.Rowe@mcert.govt.nz>; Sam Buckle <Sam.Buckle@mcert.govt.nz>
Subject: RE: Further advice on deferring FED/RUC increases

Kia ora Emma,

Please find attached a summary of revenue impacts for the three options outlined below. Anna is on her way over with hard copies to share for the 4pm meeting.

Ngā mihi
Alastair

From: Emma Wardle <Emma.Wardle@parliament.govt.nz>
Sent: Thursday, 27 August 2026 9:32 am
To: Anna Wilson-Farrell <A.Wilson-Farrell@transport.govt.nz>; Alastair Shelton <Alastair.Shelton@mcert.govt.nz>; Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>
Cc: Stephanie Rowe <Stephanie.Rowe@mcert.govt.nz>; Sam Buckle <Sam.Buckle@mcert.govt.nz>
Subject: Further advice on deferring FED/RUC increases
Importance: High

Hi all,

Minister Bishop has been in further discussions with MOF overnight and would like to look at additional options for phasing FED and RUC increases, particularly options that would defer any increases until 2028.

The Minister would like to meet with MCERT and Treasury **at 4pm today** to discuss. We can also bring NZTA into this if needed to discuss delivery implications (let me know what you think).

As a starter-for-ten, the Minister has indicated an interest in looking at the following options:

- doing 12c on 1 Jan 28 and then 10 on 1 Jan 2029 (this makes up the 22)
- doing 9c and then 9c and then 4c (also makes up 22)
- feasibility of 6 month increments (e.g. 4c every 6 months for three years).

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I'm aware you've also previously modelled delaying the 12, 6 and 4 cents by a full year.

For each option, it would be ideal to be able to discuss the broad revenue impact this afternoon. However, we are in your hands in terms of what is feasible to get done in these timeframes.

fuel response tagged contingency will not be able to fill the gap), including the extent to which it is feasible to reduce expenditure.

I will follow up with a calendar invite for 4pm.

Thanks,

Emma Wardle
Lead Private Secretary - Transport | Office of Hon Chris Bishop
Attorney-General | Housing | Infrastructure | RMA Reform | Transport | Associate Finance | MP for Hutt South
M: s 9(2)(a)
Email: emma.wardle@parliament.govt.nz | Website: www.beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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Revenue impacts of further options to defer FED/RUC increases

27 August 2026

MCERT has modelled the revenue impacts of three options to defer the planned FED and RUC increases set out in GPS24 (a 12c/litre increase in January 2027, 6c in January 2028 and 4c in January 2029 and all following years).

- Option 1 – involves deferring the first 12c increase to 1 January 2028, making a 10c increase on 1 January 2029, then continuing with annual 4c increases in 2030 and following years.
- Option 2 – involves a 9c increase on 1 January 2028, 9c on 1 January 2029, then annual 4c increases in 2030 and following years.
- Option 3 – makes six-monthly 4c increases from 1 January 2028 through to June 2030 (6 total increases), then annual 4c increases from January 2031 onwards.

The modelled options are summarized in the following table:

Cumulative PED increase (c/l)	GPS24 option	Option 1		Option 2		Option 3	
		12c, 10c then 4c	Change from GPS24	9c, 9c then 4c	Change from GPS24	4c every 6 months	Change from GPS24
2026/27 first half							
2026/27 second half	+12						
2027/28 first half	+12						
2027/28 second half	+18	+12	-6	+9	-9	+4	-14
2028/29 first half	+18	+12	-6	+9	-9	+8	-10
2028/29 second half	+22	+22	0	+18	-4	+12	-10
2029/30 first half	+22	+22	0	+18	-4	+16	-6
2029/30 second half	+26	+26	0	+22	-4	+20	-6
2030/31 first half	+26	+26	0	+22	-4	+24	-2

Note: Values are shown as cumulative cents per litre relative to the initial PED rate change. Blank cells indicate periods before an option's first modelled rate increase takes effect. Modelling assumes an equivalent change in RUC to the PED rate changes.

Estimated NLTF revenue impacts – relative to GPS24 planned increases

Estimated annual and total revenue impacts are shown below. Estimates for options 1-3 are based on PREBU26.

For reference, a no increase scenario has also been included (noting that this is based on the MBU26 forecast).

$m	Option 1	Option 2	Option 3	no increase (MBU26)
2026/27	-$275	-$275	-$275	-$394
2027/28	-$476	-$551	-$675	-$905
2028/29	-$176	-$366	-$557	-$1,221
2029/30	$0	-$224	-$345	-$1,489
2030/31	$0	-$230	-$125	-$1,883
2031/32	$0	-$229	-$125	-$2,148
2032/33	$0	-$229	-$126	-$2,409
2033/34	$0	-$228	-$126	-$2,671
2034/35	$0	-$228	-$125	-$2,936
2035/36	$0	-$228	-$125	-$3,202
2026/27-2030/31	**-$928**	**-$1,647**	**-$1,977**	**-$5,891**
2026/27-2035/36	**-$928**	**-$2,789**	**-$2,604**	**-$19,256**

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Each option creates a different gap from the original rate path, and that gap changes over time. These changing rate-path differentials affect both the size and timing of the estimated revenue impacts.

Option 1 creates the largest revenue loss, followed by Option 2, then Option 3. For Options 2 and 3, the revenue impacts continue beyond the initial four-year period because, from the first half of 2030/31, they remain 4c and 2c below the original rate path, respectively.

These results also reflect another important factor: modelled pre-purchasing behaviour, which is more pronounced for larger rate increases. Before a rate increase takes effect, the model predicts that some users will purchase additional RUC at the lower rate, bringing revenue forward into the preceding period. This can partly offset the revenue reduction after the new rate takes effect when both effects occur within the same financial year. However, if the revenue gain from pre-purchasing and the subsequent revenue reduction fall in different financial years, the impacts can appear asymmetric across years.

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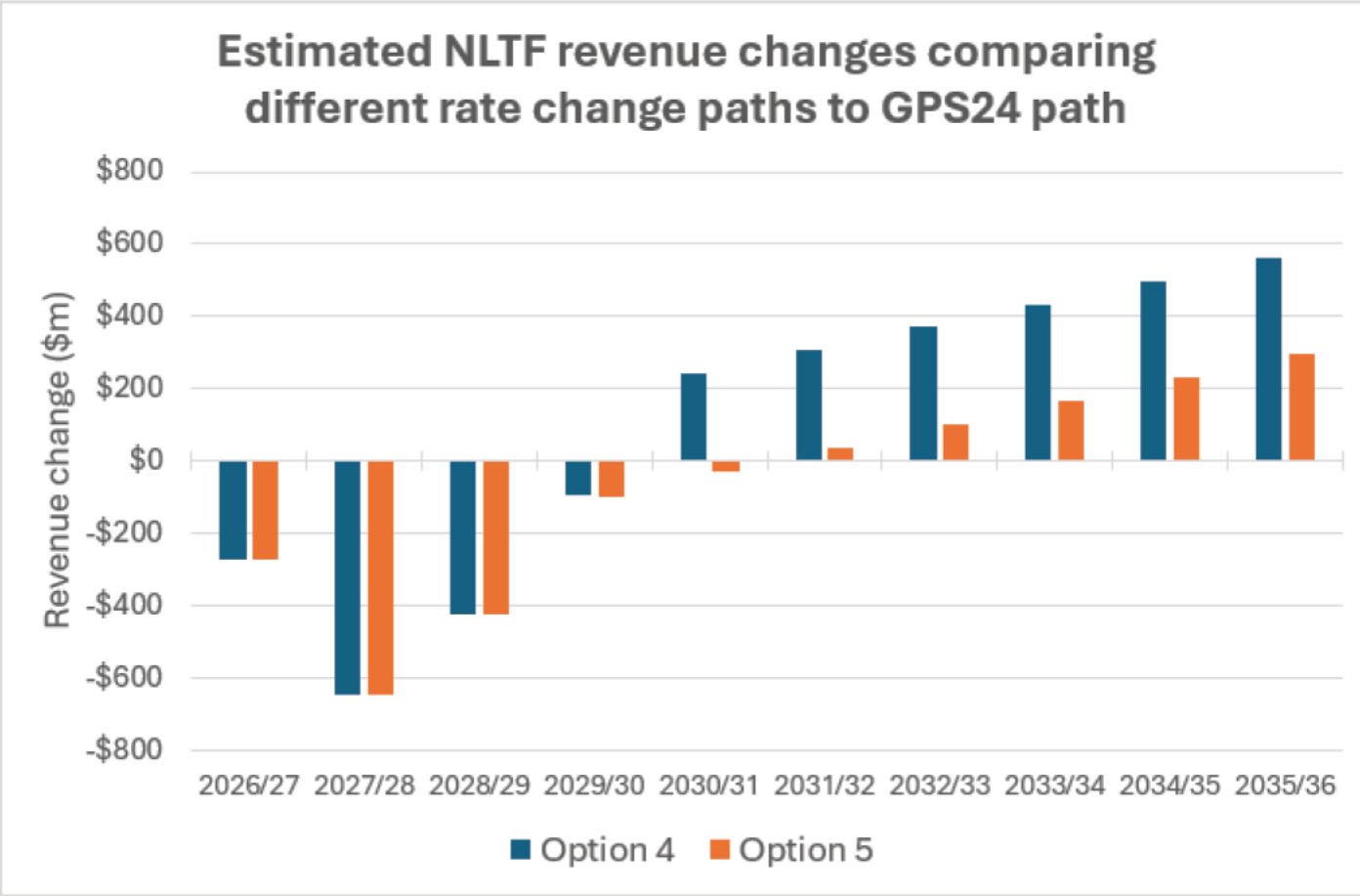
Document 28

From: Anna Wilson-Farrell
Sent: Friday, 28 August 2026 11:49 am
To: Emma Wardle [EXTERNAL] (Parliament)
Subject: FW: Results for the two options from today are now ready

Current workings.
Anna

Revenue change $m	5c every 6 months for 3 years and 5c pa Option 4	5c every 6 months for 2 years and 5c pa Option 5
2026/27	-$275	-$275
2027/28	-$649	-$649
2028/29	-$423	-$423
2029/30	-$96	-$98
2030/31	$242	-$31
2031/32	$306	$34
2032/33	$369	$99
2033/34	$433	$165
2034/35	$498	$230
2035/36	$563	$296
2026/27 - 2030/31	**-$1,201**	**-$1,476**
2026/27 - 2035/36	**$969**	**-$652**

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	GSP2024 cumulative increase	cumulative PED change Option 4	cumulative PED change Option 5	different from GPS2024 Option 4	different from GPS2024 Option 5
2026/27 - first half					
second half	12			-12	-12
2027/28 - first half	12			-12	-12
second half	18	5	5	-13	-13
2028/29 - first half	18	10	10	-8	-8
second half	22	15	15	-7	-7
2029/30 - first half	22	20	20	-2	-2
second half	26	25	25	-1	-1
2030/31 - first half	26	30	25	4	-1
second half	30	35	30	5	0

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Document 29

From: Anna Wilson-Farrell
Sent: Friday, 28 August 2026 3:12 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Paul O'Connell; Alastair Shelton; Hugo Beale; Janelle Whittleston; Sam Buckle; Stephanie Rowe; Lucy Forsman; Joanne Leung
Subject: Updated talking points for Cabinet - FED and RUC increases
Attachments: Updated Talking Points for 31 August 2026 - FED and RUC deferral.docx

Kia ora Emma,

Please find attached updated talking points for Cabinet on Monday.

Revised Recs are being finalised, and checked with Finance and the Treasury and will be provided later this afternoon.

Ngā mihi

Anna
Anna Wilson-Farrell
Director - Revenue
Ph: s 9(2)(a) email: anna.wilson-farrell@mcert.govt.nz

Ministry for Cities, Environment, Regions & Transport
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Cabinet Talking Points

Date and time:	*Monday 31 August 2026*
Paper Title:	*Deferring fuel excise duty and road user charge increases*
Portfolio:	*Transport*

Proposed amendment to pathway of FED and RUC increases

- At ECO last week, we discussed a six-month delay to the planned fuel excise duty (FED) and road user charge (RUC) increases. Ministers asked me to consider options that would provide a smoother and more predictable revenue path over the coming years.
- Since then, I have considered a range of options and discussed them with the Minister of Finance. The approach I am proposing balances affordability considerations with the need to provide certainty for road users, industry, and the transport sector.
- The path I propose is:
    - No FED or RUC increases in 2027.
    - FED and equivalent RUC increases every six months from 1 January 2028 through to 1 July 2029.
    - From 1 January 2030, annual increases of 5 cents per litre each year thereafter.
- This approach provides a clear and predictable trajectory for future increases, avoids the need for larger periodic adjustments, and gives road users confidence about the expected path of transport revenue over the long term.
- It also supports a more stable funding outlook for the National Land Transport Fund over time while providing greater certainty for households, businesses, and investment planning.
- This deviates from the Government Policy Statement on land transport 2024 which signalled a return to regular annual fuel excise duty (FED) increases, and equivalent road user charge (RUC) increases: a 12 cent per litre increase on 1 January 2027, followed by a 6 cent per litre increase in January 2028 and annual 4 cent per litre increases from January 2029.
- The impact of this change is a reduction to National Land Transport Fund (NTLF) Revenue by:
    - $275 million in the 2026/27 financial year; and
    - $1.170 billion across the 2027/28 – 2029/2030 National Land Transport Programme period.
    - $1.476 billion across the 2026/27 – 2030/31 forecast period

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- To contribute to the shortfall, I recommend Cabinet draw down the entire $450 million Conflict Response Operating Tagged Contingency. This will cover the $275 million shortfall in 2026/27 and contribute to the $649 million shortfall in 2027/28. The remaining shortfall will need to be addressed through GPS 2027.
- NZTA will have to manage its expenditure in the absence of any further decisions.
- Reducing expenditure would mean reduced maintenance, which would negatively impact on the road network. New debt would reduce NZTA's ability to deliver the Government's investment intentions through GPS 2027.
- I do not recommend NZTA take on debt to manage the revenue shortfall.
- The statement I released on land transport investment on the 13th of August highlighted ongoing affordability challenges heading into GPS 2027. Further work will determine where NZTA can find efficiencies to minimise pressures on Budget 27.

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Backpocket Q & A

Q. What would the revenue impact be of an option that involved 6-monthly increases for three years (rather than the proposed two years)?

If 6-monthly increases were continued for a further one year, this would result in revenue of additional $275million over the 2026/27 – 2030/2031 period.

Q: Why delay for 12 months?

A 12-month delay provides immediate relief for households and businesses at a time when fuel prices remain uncertain, while still preserving a clear pathway back to regular FED and RUC increases from 2028.

The proposed approach is not an open-ended deferral. It confirms that increases would resume every six months from 1 January 2028 through to 1 July 2029, followed by annual increases from 1 January 2030. This balances affordability now with the need to maintain a sustainable funding track for the National Land Transport Fund.

Q: Will road users face larger increases later because of this decision?

The revised pathway avoids a single large increase in 2027, but it does bring forward a series of six-monthly increases from 2028 through to 2029. The intent is to provide a smoother and more predictable path, rather than deferring indefinitely or relying on larger ad hoc increases later.

Q: Does delaying the increases create a funding gap for the National Land Transport Fund?

The revised pathway reduces expected NLTF revenue by $275 million in 2026/27 and by $1.170 billion across the 2027/28 to 2029/30 NLTP period.

Without providing an alternative revenue source, the reduced NLTF revenue creates immediate funding pressure for NZTA which could affect maintenance, operations and renewals, and may reduce NZTA's ability to deliver the Government's investment intentions through GPS 2027.

Q: Can the Conflict Response Operating Tagged Contingency be used for transport revenue?

The tagged contingency is the proposed mechanism for managing the shortfall without requiring NZTA to reduce expenditure or take on additional debt. It provides a targeted, time-limited response to the first- and second-year impacts of the deferral, while longer-term funding choices can be considered through GPS 2027.

There is $450m in the Contingency Fund. I propose to draw down the full amount of this fund to cover the $275m shortfall in 2026/27 with the remaining $175m to contribute to the shortfall in 2027/28.

The Contingency Funding is not sufficient to cover the total funding shortfall. The remaining $1.026b shortfall over 2026/27 – 2030/31 will need to be dealt with through GPS 2027.

Q: Why has the 2026/27 revenue-loss estimate moved from $271m to $275m?

The estimate has increased because the revenue modelling has been updated since the earlier forecast. The latest estimate reflects updated MCERT fuel demand and RUC forecasts, including expected changes in purchasing behaviour around the revised implementation date.

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Q: How does this align with the Government's expectation that Crown funding for the NLTF will be reduced?

Using the tagged contingency in this instance does not change the Government's expectation that land transport should be funded through a sustainable user-pays revenue system. The proposed drawdown is confined to a temporary response to the Middle East fuel crisis and does not establish an ongoing Crown commitment to offset future FED or RUC decisions.

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Document 31

From: Anna Wilson-Farrell
Sent: Friday, 28 August 2026 4:12 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Cc: Paul O'Connell; Alastair Shelton; Hugo Beale; Janelle Whittleston; Sam Buckle; Stephanie Rowe; Lucy Forsman; Joanne Leung
Subject: RE: Updated talking points for Cabinet - FED and RUC increases
Attachments: Updated Talking Points for 31 August 2026 - FED and RUC deferral.docx; CAB PAPER - Alternate Recommendations for Deferring FED and RUC increases 28 August 2026.docx

Kia ora Emma,

Please find the final talking points attached.
Please find the Recs attached too – these have been to TSY and Finance but may need some further small refinements as everyone reviews again.

Ngā mihi

Anna

From: Anna Wilson-Farrell
Sent: Friday, 28 August 2026 3:12 pm
To: Emma Wardle [EXTERNAL] (Parliament) <Emma.Wardle@parliament.govt.nz>
Cc: Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Alastair Shelton <Alastair.Shelton@mcert.govt.nz>; Hugo Beale <Hugo.Beale@mcert.govt.nz>; Janelle Whittleston <Janelle.Whittleston@mcert.govt.nz>; Sam Buckle <Sam.Buckle@mcert.govt.nz>; Stephanie Rowe <Stephanie.Rowe@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>
Subject: Updated talking points for Cabinet - FED and RUC increases

Kia ora Emma,

Please find attached updated talking points for Cabinet on Monday.

Revised Recs are being finalised, and checked with Finance and the Treasury and will be provided later this afternoon.

Ngā mihi

Anna
Anna Wilson-Farrell
Director - Revenue
Ph: s 9(2)(a) email: anna.wilson-farrell@mcert.govt.nz

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Alternative Recommendations

For paper titled *Deferring fuel excise duty and road user charge increases* considered by the Cabinet Economic Policy Committee on Wednesday 26 August.

Recommendations

The Minister of Transport recommends that the Committee:

1 note the Government Policy Statement on land transport 2024 set out increases to fuel excise duty (and equivalent increases to road user charges) of:

1.1 12 cents per litre from January 2027;

1.2 6 cents per litre from January 2028; and

1.3 4 cents per litre each year from January 2029 [CAB-24-MIN-0057 refers].

2 agree to the following amended scheduled increases to fuel excise duty (and the equivalent increases to road user charges):

2.1 5 cents per litre every six months from 1 January 2028 through to 1 July 2029; and

2.2 5 cents per litre each year thereafter from 1 January 2030;

3 note that there will be no rate increases to fuel excise duty or road user charges in 2027;

4 note that the change is forecast to reduce National Land Transport Fund revenue by $275 million in the 2026/27 financial year and $1.170 billion across the 2027/28 – 2029/2030 National Land Transport Programme period, a total of $1.476 billion over the 2026/27 – 2030/31 five year forecast period in addition to associated tax revenue, and corresponding impact on the operating balance and net core Crown debt;

5 note that the change will result in less revenue for the National Land Transport Fund annually until 2031/32 compared to the previous agreed rates but with revenue anticipated to be higher each year after;

6 note that NZTA will need to manage its expenditure to manage the shortfall in the absence of any further decisions;

7 note that as part of Budget 2026, Cabinet [CAB-26-MIN-0156 refers]:

7.1 agreed to establish the Conflict Response Operating Contingency (tagged operating contingency) up to the following amount to provide for additional targeted fuel related measures:

	$m – increase/(decrease)			
	2026/27	2027/28	2028/29	2029/30 & Outyears
Conflict Response Operating Contingency	450.000	-	-	-

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7.2 agreed that drawdowns for funding from the above tagged operating contingency must be for temporary, targeted and timely proposals in the next 12 months that alleviate the effects of the Middle East conflict;

8 note that, a full drawdown of the Conflict Response Operating Contingency is required to address the funding shortfall in 2026/27 and contribute to the shortfall in 2027/28.

9 agree that, as the conditions described in recommendation 7.2 above have been met, draw down of the tagged operating contingency can proceed to manage the fiscal impact from the proposed decision sought in recommendation 2;

10 agree to establish the following new appropriation:

Vote	Appropriation Minister	Appropriation Administrator	Title	Type	Scope
Transport	Minister of Transport	Ministry for Cities, Environment, Regions and Transport.	National Land Transport Fund – Support for Funding Shortfall	Non-Departmental Output Expenses	This appropriation is limited to activities under the National Land Transport Programme, funding the shortfall in the National Land Transport Fund arising from the deferral of the scheduled increases to Fuel Excise and Excise-equivalent Duty and Road User Charges in 2026/27 and 2027/28.

11 approve the following changes to appropriations to give effect to the policy decision in recommendation 9 above, with a corresponding impact on the operating balance and net core Crown debt:

	$m – increase/(decrease)				
	2026/27	2027/28	2028/29	2029/30	2030/31 & Outyears
Vote Transport **Minister of Transport** Non-Departmental Output Expenses: National Land Transport Fund – Support for Funding Shortfall	275.000	175.000	-	-	-
Total operating	275.000	175.000	-	-	-

12 agree that the proposed changes to appropriations for 2026/27 above be included in the 2026/27 Supplementary Estimates and that, in the interim, the increases be met from Imprest Supply;

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13 agree that the expenses incurred under recommendation 11 above be charged against the Conflict Response Operating Contingency described in recommendation 7.1; above;

14 note that, following the adjustment detailed in recommendation 11 above, the tagged operating contingency described in recommendation 7.1 above will be exhausted and therefore closed;

15 agree to authorise the Minister of Transport to issue drafting instructions to the Parliamentary Counsel Office to give effect to recommendation 2.

Authorised for lodgement.

Hon Chris Bishop

Minister of Transport

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Cabinet Talking Points

Date and time:	*Monday 31 August 2026*
Paper Title:	*Deferring fuel excise duty and road user charge increases*
Portfolio:	*Transport*

Proposed amendment to pathway of FED and RUC increases

- At ECO last week, we discussed a six-month delay to the planned fuel excise duty (FED) and road user charge (RUC) increases. Ministers asked me to consider options that would provide a smoother and more predictable revenue path over the coming years.
- Since then, I have considered a range of options and discussed them with the Minister of Finance. The approach I am proposing balances affordability considerations with the need to provide certainty for road users, industry, and the transport sector.
- The path I propose is:
    - No FED or RUC increases in 2027.
    - 5 cents per litre FED (and equivalent RUC) increases every six months from 1 January 2028 through to 1 July 2029.
    - From 1 January 2030, annual increases of 5 cents per litre each year thereafter.
- This approach provides a clear and predictable trajectory for future increases, avoids the need for larger periodic adjustments, and gives road users confidence about the expected path of transport revenue over the long term.
- It also supports a more stable funding outlook for the National Land Transport Fund over time while providing greater certainty for households, businesses, and investment planning.
- This deviates from the Government Policy Statement on land transport 2024 which signalled a return to regular annual fuel excise duty (FED) increases, and equivalent road user charge (RUC) increases: a 12 cent per litre increase on 1 January 2027, followed by a 6 cent per litre increase in January 2028 and annual 4 cent per litre increases from January 2029.
- The impact of this change is a reduction to National Land Transport Fund (NTLF) Revenue by:
    - $275 million in the 2026/27 financial year
    - $1.170 billion across the 2027/28 – 2029/2030 National Land Transport Programme period
    - $1.476 billion across the 2026/27 – 2030/31 forecast period

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- To contribute to the shortfall, I recommend Cabinet draw down the entire $450 million Conflict Response Operating Tagged Contingency. This will cover the $275 million shortfall in 2026/27 and contribute to the $649 million shortfall in 2027/28. The remaining shortfall will need to be addressed through GPS 2027.
- NZTA will have to manage its expenditure in the absence of any further decisions.
- Reducing expenditure would mean reduced maintenance, which would negatively impact on the road network. New debt would reduce NZTA's ability to deliver the Government's investment intentions through GPS 2027.
- I do not recommend NZTA take on debt to manage the revenue shortfall.
- The statement I released on land transport investment on the 13th of August highlighted ongoing affordability challenges heading into GPS 2027. Further work will determine where NZTA can find efficiencies to minimise pressures on Budget 27.

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Backpocket Q & A

Q. What would the revenue impact be of an option that involved 6-monthly increases for three years (rather than the proposed two years)?

If 6-monthly increases were continued for a further one year, this would result in revenue of additional $275million over the 2026/27 – 2030/2031 period.

Q: Why delay for 12 months?

A 12-month delay provides immediate relief for households and businesses at a time when fuel prices remain uncertain, while still preserving a clear pathway back to regular FED and RUC increases from 2028.

The proposed approach is not an open-ended deferral. It confirms that increases would resume every six months from 1 January 2028 through to 1 July 2029, followed by annual increases from 1 January 2030. This balances affordability now with the need to maintain a sustainable funding track for the National Land Transport Fund.

Q: Will road users face larger increases later because of this decision?

The revised pathway avoids a single large increase in 2027, but it does bring forward a series of six-monthly increases from 2028 through to 2029. The intent is to provide a smoother and more predictable path, rather than deferring indefinitely or relying on larger ad hoc increases later.

Q: Does delaying the increases create a funding gap for the National Land Transport Fund?

The revised pathway reduces expected NLTF revenue by $275 million in 2026/27 and by $1.170 billion across the 2027/28 to 2029/30 NLTP period.

Without providing an alternative revenue source, the reduced NLTF revenue creates immediate funding pressure for NZTA which could affect maintenance, operations and renewals, and may reduce NZTA's ability to deliver the Government's investment intentions through GPS 2027.

Q: Can the Conflict Response Operating Tagged Contingency be used for transport revenue?

The tagged contingency is the proposed mechanism for managing the shortfall without requiring NZTA to reduce expenditure or take on additional debt. It provides a targeted, time-limited response to the first- and second-year impacts of the deferral, while longer-term funding choices can be considered through GPS 2027.

There is $450m in the Contingency Fund. I propose to draw down the full amount of this fund to cover the $275m shortfall in 2026/27 with the remaining $175m to contribute to the shortfall in 2027/28.

The Contingency Funding is not sufficient to cover the total funding shortfall. The remaining $1.026b shortfall over 2026/27 – 2030/31 will need to be dealt with through GPS 2027.

Q: Why has the 2026/27 revenue-loss estimate moved from $271m to $275m?

The estimate has increased because the revenue modelling has been updated since the earlier forecast. The latest estimate reflects updated MCERT fuel demand and RUC forecasts, including expected changes in purchasing behaviour around the revised implementation date.

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Q: How does this align with the Government's expectation that Crown funding for the NLTF will be reduced?

Using the tagged contingency in this instance does not change the Government's expectation that land transport should be funded through a sustainable user-pays revenue system. The proposed drawdown is confined to a temporary response to the Middle East fuel crisis and does not establish an ongoing Crown commitment to offset future FED or RUC decisions.

Q: What is the economic situation looking like for the years where New Zealanders would fact a total 10c increase (2028 and 2029)?

By the time changes would kick in (i.e. 10cpl across 2028 etc), GDP growth will have lifted to around double where it's at this year, real wage growth will have shifted back into the positive, and inflation is forecast to have nearly halved from where it's at now.

Budget Economic and Fiscal Update Forecasts 2026

Year to June	2026	2027	2028	2029	2030
Real GDP (AAPC)	1.2	2.3	3.2	2.7	2.5
CPI inflation (APC)	4.0	1.6	2.1	2.1	2.0
Real wages* (APC)	-1.3	1.2	0.9	1.2	1.5

*QES hourly ordinary time
Note inflation in year to June 2026 came in at 4.1%

Year to December	2026	2027	2028	2029
Real GDP (AAPC)	1.5	3.1	3.0	2.6
CPI inflation (APC)	3.2	1.9	2.1	2.1
Real wages* (APC)	-0.3	0.9	1.1	1.4

*QES hourly ordinary time
BEFU 2026 forecasts ended in June 2030

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Document 34

From: Anna Wilson-Farrell
Sent: Friday, 28 August 2026 6:15 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Subject: FW: Updated talking points for Cabinet - FED and RUC increases
Attachments: Updated Talking Points for 31 August 2026 - FED and RUC deferral.docx; CAB PAPER - Alternate Recommendations for Deferring FED and RUC increases 28 August 2026.docx

FYI

From: Anna Wilson-Farrell
Sent: Friday, 28 August 2026 6:14 pm
To: alistair.birchall@dpmc.govt.nz
Cc: Paul O'Connell <Paul.O'Connell@mcert.govt.nz>
Subject: Updated talking points for Cabinet - FED and RUC increases

Kia ora Alistair,

You will be aware that a paper on FED and RUC increases was considered at ECO on Wednesday. At that meeting, there was discussion about
options that would provide a smoother and more predictable revenue path over the coming years.

Since then, we have modelled a range of options as requested by the Minister. The attached talking points, and alternate Cabinet paper recommendations, reflect the current preferred option and have been prepared so they can be tabled at Cabinet on Monday. These may be amended further over the weekend.

Let me know if you have any questions.

Ngā mihi

Anna
Anna Wilson-Farrell
Director - Revenue
Ph: s 9(2)(a) email: anna.wilson-farrell@mcert.govt.nz



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Document 35

From: Anna Wilson-Farrell
Sent: Monday, 31 August 2026 10:34 am
To: Emma Wardle [EXTERNAL] (Parliament); Alastair Shelton; Lucy Forsman; Hugo Beale; Janelle Whittleston
Cc: Paul O'Connell; Sophia Trewavas [EXTERNAL] (Parliament)
Subject: RE: For fact check by 11am - FED/RUC increase deferral PR
Attachments: PR - Government cancels fuel tax hike MCERT comments.docx

Kia ora Emma,

As discussed, we have been fact checking and, as discussed, still working on the transport cost figures.

Ngā mihi

Anna

From: Emma Wardle <Emma.Wardle@parliament.govt.nz>
Sent: Monday, 31 August 2026 9:52 am
To: Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Alastair Shelton <Alastair.Shelton@mcert.govt.nz>; Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; Hugo Beale <Hugo.Beale@mcert.govt.nz>; Janelle Whittleston <Janelle.Whittleston@mcert.govt.nz>
Cc: Paul O'Connell <Paul.O'Connell@mcert.govt.nz>; Sophia Trewavas [EXTERNAL] (Parliament) <Sophia.Trewavas@parliament.govt.nz>
Subject: For fact check by 11am - FED/RUC increase deferral PR
Importance: High

Hi team,

Thanks again for all your hard work last week!

Could I please request a fact check of the attached PR **by 11am?** This has already been approved by Ministers so we're largely just wanting to check for factual inaccuracies at this stage.

You'll see one blank figure in red. Could you please provide any suitable stats you have to fill that gap? If we don't have the specifics on the cost of transport projects, we could look more broadly at construction cost inflation instead.

Happy to discuss.

Thanks,

Emma Wardle
Lead Private Secretary - Transport | Office of Hon Chris Bishop

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Attorney-General | Housing | Infrastructure | RMA Reform | Transport | Associate Finance | MP for Hutt South
M: s 9(2)(a)
Email: emma.wardle@parliament.govt.nz | Website: www.beehive.govt.nz
Private Bag 18041, Parliament Buildings, Wellington 6160, New Zealand

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Hon Nicola Willis
Minister of Finance

Hon Chris Bishop
Minister of Transport

31 August 2026

Government cancels fuel tax hike

The fuel excise hike planned for next year has been cancelled to help Kiwis with the cost of living and deliver lower taxes for New Zealanders, Finance Minister Nicola Willis and Transport Minister Chris Bishop have announced.

“Fuel excise was scheduled to resume annual increases starting with a 12c per litre increase from 1 January 2027. That has now been scrapped, with the next increase of 5c a litre now taking effect from 1 January 2028,” Ms Willis says.

“Cancelling next year’s excise increase and spreading the change over time from 2028 will give Kiwis more time to recover from the period of post-Covid economic pain and recent uncertainty in the Middle East.

“It follows our decision to cancel the last Government’s proposed fuel excise hikes, which were due to kick in this term, along with the Auckland Regional Fuel Tax.

“The short-term sugar-hit approach to economic management we saw post-Covid drove a period of record-high inflation and soaring interest rates that hit New Zealanders hard.

“That’s why, since the start of the fuel crisis, we have sought to get the balance right between supporting New Zealanders with the cost of living and being responsible managers of the economy.

“Our careful economic management means inflation has fallen significantly from its peak of 7.3 per cent, wages are expected to grow faster than prices each year, and around 220,000 new jobs are expected to be created by 2030.

“But times are still tough and there remains uncertainty in the Middle East. As we

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have demonstrated this year, we will keep a watchful eye on international events and ensure Kiwis are supported if the crisis leads to higher fuel prices in 2028."

Mr Bishop says that since 2020, the average cost of transport projects has increased XX per cent, while fuel excise has remained frozen.

"While pausing fuel excise increases was the right choice as New Zealanders weathered an economic storm, unless ~~it~~ they begin again soon, the financial foundations of our land transport system will be undermined," Mr Bishop says.

"For New Zealanders, that would mean roads littered with potholes, cancelled projects, and an inability to respond when communities are cut off following severe weather events.

"To prevent this, the Government has agreed on a new, more sustainable path for fuel tax increases. There will be no increase to fuel tax in 2027, with the next increase taking effect on 1 January 2028.

"Instead of a one-off 12-cent increase, we have spread these changes over time to make the transition fairer and more manageable for New Zealanders, as the economy continues to pick up and wages grow.

"Fuel tax will rise by 5 cents on 1 January 2028, followed by three further 5-cent increases at six-month intervals. Annual increases will then resume from 1 January 2030, of 5 cents per year.

"It would be irresponsible to reduce funding for the land transport system to pay for this change. Doing so would require significant reductions in road maintenance, public transport services and infrastructure investment. Officials have advised that a reduction of this scale would not be credible without serious reductions in funded services.

"On that basis, Ministers have agreed to top up the National Land Transport Fund to account for the reduction in fuel excise revenue. This is expected to cost $1.475 billion over the forecast period," Mr Bishop~~s~~ says.

Nicola Willis says the cost will be partly offset by the $450 million fuel response contingency established through Budget 2026. The remaining cost will be managed through and reflected in the PREFU.

"Cancelling next year's planned fuel tax increases is the responsible choice. New Zealand can only afford to do this because of our Government's careful

Commented [AW1]: Being worked on with NZTA, otherwise can refer to broader % numbers such as:

- Producers Price Index – Construction or
- Capital Goods Price Index – Civil Construction

Both of which have increased 37% since 2020 (by comparing the Q2 indexes).

Commented [AW2]: We've assumed this was rounded to a figure ending with a 5 - and given its only a difference of $1m so everyonme is confortable with that if that was intended.

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management of the finances, which has ensured the country is on track to return to surplus in 2028/29, earlier than forecast last year," Ms Willis says.

"We are getting on with the job of fixing the basics and building the future."

Media contact:

Minister Willis – Mikaela Bossley-Clark +64 21 275 0454
Minister Bishop – Demelza Jackson +64 21 813 653

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Document 37

From: Anna Wilson-Farrell
Sent: Monday, 31 August 2026 1:27 pm
To: Emma Wardle [EXTERNAL] (Parliament)
Subject: FW: Urgent fact check

I am sure this is coming back via other channels but thread on fact FYI.

Anna

From: Vanessa Bates <Vanessa.Bates@nzta.govt.nz>
Sent: Monday, 31 August 2026 1:09 pm
To: Lucy Forsman <Lucy.Forsman@mcert.govt.nz>; James McHardy <james.mchardy@nzta.govt.nz>; Mark Nicholson <Mark.Nicholson@parliament.govt.nz>
Cc: Emma White <Emma.White@nzta.govt.nz>; Cody Davidson <Cody.Davidson@nzta.govt.nz>; Anna Wilson-Farrell <Anna.Wilson-Farrell@mcert.govt.nz>; Kane Swift <Kane.Swift@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>; Janelle Whittleston <Janelle.Whittleston@mcert.govt.nz>; Hugo Beale <Hugo.Beale@mcert.govt.nz>; Lisa Faulke <Lisa.Faulke1@mcert.govt.nz>; Caitlin McInnarney <caitlin.mcinnarney@nzta.govt.nz>
Subject: RE: Urgent fact check

Some people who received this message don't often get email from vanessa.bates@nzta.govt.nz. Learn why this is important

Clarifying the wording of the waiver: *The 45% is made up of costs that are captured in the Producers Price Index (PPI) which tracks the costs of steel, concrete, aggregate, and fuel, among other construction costs, but also factors in NZTA's higher exposure to increases in the price of bitumen (which has increased 220%).*

Vanessa

From: Vanessa Bates
Sent: Monday, 31 August 2026 12:14 pm
To: 'Lucy Forsman' <Lucy.Forsman@mcert.govt.nz>; James McHardy <james.mchardy@nzta.govt.nz>; Mark Nicholson <Mark.Nicholson@nzta.govt.nz>
Cc: Emma White <Emma.White@nzta.govt.nz>; Cody Davidson <Cody.Davidson@nzta.govt.nz>; anna.wilson-farrell <anna.wilson-farrell@mcert.govt.nz>; Kane Swift <kane.swift@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>; Janelle Whittleston <Janelle.Whittleston@mcert.govt.nz>; Hugo Beale <Hugo.Beale@mcert.govt.nz>; Lisa Faulke <Lisa.Faulke1@mcert.govt.nz>
Subject: RE: Urgent fact check

Hi Lucy,

Mr Bishop says that since 2020, the average cost of transport projects has increased between 37-45 per cent, while fuel excise has remained frozen.

**The 45% is a weighted average estimate based on a range of indices that NZTA tracks across different expenditure types.*

Ngā mihi,
Vanessa

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Vanessa Bates (she / her)

Senior Advisor, Government Services & Programmes

Te Waka Kōtuia | Engagement and Partnerships

Phone s 9(2)(a)

Mobile

NZ TRANSPORT AGENCY WAKA KOTAHI www.nzta.govt.nz

From: Lucy Forsman <Lucy.Forsman@mcert.govt.nz>
Sent: Monday, 31 August 2026 10:32 am
To: James McHardy <james.mchardy@nzta.govt.nz>
Cc: Emma White <Emma.White@nzta.govt.nz>; Cody Davidson <Cody.Davidson@nzta.govt.nz>; Vanessa Bates <Vanessa.Bates@nzta.govt.nz>; anna.wilson-farrell <anna.wilson-farrell@mcert.govt.nz>; Kane Swift <kane.swift@mcert.govt.nz>; Joanne Leung <Joanne.Leung@mcert.govt.nz>; Janelle Whittleston <Janelle.Whittleston@mcert.govt.nz>; Hugo Beale <Hugo.Beale@mcert.govt.nz>; Lisa Faulke <Lisa.Faulke1@mcert.govt.nz>
Subject: Urgent fact check
Importance: High

Kia ora James,

As discussed, we have been asked to fact check a PR by 11am on FED/RUC. It includes the following:

Mr Bishop says that since 2020, the average cost of transport projects has increased XX per cent, while fuel excise has remained frozen.

Would you agree that using the following would be most appropriate:

- Producers Price Index – Construction or
- Capital Goods Price Index – Civil Construction

Both of which have increased 37% since 2020 (by comparing the Q2 indexes).

Many thanks,

Lucy Forsman
Manager
Investment (T) | Delivery
Ph: s 9(2)(a) email: Lucy.Forsman@mcert.govt.nz

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Ministry for Cities, Environment, Regions & Transport
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