OC260653

8 September 2026

[redacted]

Thank you for your email received by the Ministry of Cities, Environment, Regions, and Transport (the Ministry) on 4 August 2026 , requesting the following under the Official Information Act 1982 (the Act):

> "This request relates to the Official Information Act response dated 29 July 2026 (reference OC260538) provided to [redacted] concerning the scheduled 12 cents per litre Fuel Excise Duty increase on 1 January 2027.
>
> A separate follow-up request has already been made on certain specific points. This request does not seek to duplicate those questions. We instead request the following information that remains outstanding:
>
> 1. A full copy of the document schedule (Annex 1) referred to in the response, listing all documents identified as being within the scope of Part 1 of the original request.
>
> 2. Copies of all documents identified in Part 1 of the original request that were refused or withheld in full or in part (excluding any document already specifically requested in the separate follow-up).
>
> 3. In respect of the document that was released with some information withheld, a clear explanation of each redaction and the specific withholding ground applied.
>
> 4. Confirmation of whether the Ministry has reconsidered the public interest test under section 9(1) of the Official Information Act."

On 1 September 2026, we advised you that we would be extending the due date on your request by up to 5 working days because consultations necessary to make a decision on the request were such that a proper response could not reasonably be made within the original timeframe. These consultations have now been concluded.

I have responded to each part of your request in turn as follows:

1. A full copy of the document schedule (Annex 1) referred to in the response, listing all documents identified as being within the scope of Part 1 of the original request.

I advise that the document schedule you have referenced has already been released as part of the original request on page 5. For your convenience, a full copy of this response (OC260538) is attached with the name of the requester withheld under section 9(2)(a).

2. Copies of all documents identified in Part 1 of the original request that were refused or withheld in full or in part (excluding any document already specifically requested in the separate follow-up).

Eight documents were identified in scope of OC260538. Of these documents, one was released in part, six were refused under section 18(d), and one was withheld in full under section 9(2)(f)(iv).

For the six documents that were refused under section 18(d), links to where each of these are published on the Ministry's site were contained in the document schedule (Annex 1) of OC260538. I refer you to this document schedule.

For the document which was withheld in full (*OC260533 Aide Memoire: Timeframes for Fuel Excise Duty and Road User Charge Increases),* an announcement was made on 31 August 2026 that there would be no increases to fuel excise duty and road user charges in 2027, with increases resuming from 1 January 2028. This document has now been re-reviewed and is released to you in this response with some information withheld under section 9(2)(a).

In addition, following the announcement, we are releasing further information in the document that was previously released in part, *OC251040 Increasing FED and RUC – Further Advice on Timing and Modelling* that was withheld in the previous request. Some information is still withheld under 9(2)(a), 9(2)(f)(iv), and 9(2)(g)(i).

3. In respect of the document that was released with some information withheld, a clear explanation of each redaction and the specific withholding ground applied.
In respect of the document (*OC251040 Increasing FED and RUC – Further Advice on Timing and Modelling)* that was partially released, the following sections of the Act were used at the time:

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.

The use of section 9(2)(a) related to phone numbers of Ministry staff.

Use of section 9(2)(f)(iv) related to information being considered by the Minister of Transport. Release of information at this time could have prejudiced the ability of the Minister or Cabinet to consider and deliberate on the advice tendered.

Finally, section 9(2)(g)(i) was used where disclosure of the withheld information would have inhibited the future exchange of free and frank opinions between Ministers and officials.

4. Confirmation of whether the Ministry has reconsidered the public interest test under section 9(1) of the Official Information Act.
I can confirm that the public interest test was considered in the course of this request.

The estimated road user charges and fuel excise duty rates in OC251040 were indicative and developed on the basis that rate increases would resume from January 2027. Following the Government's 31 August 2026 announcement that rates will not increase in 2027, those rates and the associated advice have been overtaken by those decisions.

With regard to the information that has been withheld under section 9 of the Act, I am 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.

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.

Nāku noa, nā



Hilary Penman
Manager, Ministerial & Executive Services
Ministry for Cities, Environment, Regions, and Transport

Annex 1: Document schedule

#	Date	Reference	Title	Decision
1	29/07/2026	OC260538	Official Information Act response to [NAME WITHHELD]	Released with some information withheld under section 9(2)(a).
2	10/12/2025	OC251040	Increasing FED and RUC – Further Advice on Timing and Modelling	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
3	26/06/2026	OC260533	Aide Memoire: Timeframes for Fuel Excise Duty and Road User Charge Increases	Released with some information withheld under section 9(2)(a).

OC260538

29 July 2026

s9(2)(a)

Thank you for your email received by the Ministry of Transport on 30 June 2026 , requesting information regarding the 1 January 2027 Fuel Excise Duty increase. On 1 July 2026 the functions of the Ministry of Transport were transferred to the Ministry for Cities, Environment, Regions, and Transport (the Ministry).

On 25 July you made an identical request to the New Zealand Transport Agency. As parts one, five, six, seven and eight of your request are for information that the Ministry is responsible for. As such these parts of your request were transferred to the Ministry for its response. Please refer to the answers to these parts of your request below.

In response to part 1 of your request seeking:

> "Copies of all Cabinet papers, Cabinet minutes, briefings, aide-mémoires, reports, advice, recommendations, and correspondence prepared since 1 January 2026 relating to:
>
> O the proposed 12 cents per litre Fuel Excise Duty increase scheduled for 1 January 2027;
>
> O any proposal to defer, amend, reduce, cancel, or replace that increase; and
>
> O alternative transport funding mechanisms being considered in place of the increase."

I have identified eight documents within the scope of part 1 of your request. Six are refused, one briefing is withheld in full and one is released with some information withheld. Further detail is listed in the document schedule attached as Annex 1.

Certain information is withheld or refused under the following sections 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.
18(d)	the information requested is or will soon be publicly available

With regard to the information that has been withheld under section 9 of the Act, I am 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.

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I have responded to the remaining parts of your request in the table below:

Request	Response
Part 2 *Copies of any analysis, modelling, forecasts, or assessments relating to:* • *the expected impact of the January 2027 Fuel Excise Duty increase on fuel prices;* • *impacts on households, businesses, and rural communities* • *expected revenue from the increase; and* • *the anticipated impacts of not proceeding with the increase.*	I advise that the expected impact on fuel prices of the 12 cent per litre fuel excise duty increase is a price increase of 12 cents per litre. The Ministry has previously released information on anticipated impacts of not proceeding with the increase on its website. I refer you to the following items/pages. https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-1-12.pdf OC230887: Paragraph 3, 10 OC231060: 5th bullet – key points, paras 25-32 OC240001: in full OC240040: Paragraph 22, table showing NLTF funding package in Doc 9.1 Doc 9.2 Doc 10.1 Doc 11 https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-13-27.pdf OC240306: Paragraph 40, 60 OC240447: Paragraphs 6-9 Doc 19: Paragraph 32, 35-37, 42, RECs 9 & 10 ECO-24-MIN-0105: Rec 9 & 10 CAB-24-MIN-0228.2: Rec 9 & 10 Doc 22 Doc 22.1 Doc 23 Doc 26
Part 3 *Copies of any advice provided to the Minister of Transport relating to:* • *public statements that the increase is "unlikely" or "pretty unlikely" to proceed;* • *the timing of any final Government decision; and* • *communications or announcement planning regarding the increase.*	I advise that there has not been any advice provided to the Minister of Transport relating to any public statements, regarding whether the increase is “unlikely” or “pretty unlikely” to proceed. No advice has been provided in relation to communications or announcement planning regarding the increase. I am therefore refusing these parts of your request under section 18(e) of the Act as the document alleged to contain the information requested does not exist. The timing of an announcement is currently under active consideration, one document is in scope of this part of your request (OC2602533, Document 8 in the schedule below), however this is withheld in full under section

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	9(2)(f)(iv).
Part 4 *Copies of any documents comparing the proposed January 2027 Fuel Excise Duty increase with the proposed transition to Road User Charges (RUC) for petrol-powered vehicles, including transition options and expected impacts on motorists.*	I advise there are no documents in scope of this part of your request. I am therefore refusing this part of your request under section 18(e) of the Act as the document alleged to contain the information requested does not exist.
Part 5 *Copies of any current timelines, work programmes, decision schedules, or implementation plans relating to Government decisions on the proposed January 2027 Fuel Excise Duty increase.*	One document is in scope of this part of your request (OC2602533, Document 8 in the schedule below), however this is withheld in full under section 9(2)(f)(iv).
Part 6 *Please provide copies of any legislation, regulations, Orders in Council, Cabinet decisions, or other legal instruments that authorise or would implement the proposed January 2027 Fuel Excise Duty increase.*	The only formal decision that has been made in relation to the January 2027 fuel excise duty increase was Cabinet's original decision in March 2024. This is released here: https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-13-27.pdf Please see Page 130 Paragraph 37, Page 135 Paragraph 9, Page 145 Paragraph 9 Page 150 Paragraph 9.
Part 7 *Please advise whether the proposed January 2027 Fuel Excise Duty increase is currently scheduled to occur automatically under existing law, or whether further Cabinet, Ministerial, regulatory, or legislative decisions are required before it can take effect.*	Any fuel excise duty increase requires amendments to the Customs and Excise Act, which has not yet occurred. This would require a Cabinet decision approving the submission of a Bill and Parliament to pass legislation.
Part 8 *Please advise whether any decision in principle has been made regarding whether the proposed January 2027 Fuel Excise Duty increase will proceed. If so, please provide copies of the relevant records documenting that decision."*	The only formal decision that has been made in relation to the January 2027 fuel excise duty increase was Cabinet's original decision in March 2024. This is released here: https://www.transport.govt.nz/assets/Uploads/GPS-2024-Proactive-Release-Documents-13-27.pdf Please see Page 130 Paragraph 37, Page 135 Paragraph 9,

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	Page 145 Paragraph 9 Page 150 Paragraph 9. However, the Government's current stated position is that the planned FED/RUC increase next year is unlikely, but still possible. This is stated publicly in the Hansard here: https://hansard.parliament.nz/hansard-transcript/2026-06-23/oral-question-6-transport?sId=ba2dfd9f177c7b9b1b9717d9da8efa05

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 our Official Information Act responses and the information contained in our reply to you may be published on its website. Before publishing we will remove any personal or identifiable information.

Nāku noa, nā

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

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Annex 1: Document Schedule

#	Date	Reference	Title of Document	Decision on request
1	10/12/2025	OC251040	Increasing FED and RUC – Further Advice on Timing and Modelling	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
2	18/03/2026	N/A	FED/RUC: Indicative revenue implications of 12 month deferred implementation	Refused under section 18(d). The document is publicly available at the following link (page 4): https://www.transport.govt.nz/assets/Uploads/OIA-response/AddressingEffectsofRisingFuelPrices-1.pdf
3	25/03/2026	N/A	Revenue Implications of Fuel Price Changes	Refused under section 18(d). The document is publicly available at the following link (page 6): https://www.transport.govt.nz/assets/Uploads/OIA-response/AddressingEffectsofRisingFuelPrices-1.pdf
4	30/03/2026	OC260249	AM – FED and RUC Reductions	Refused under section 18(d). The document is publicly available at the following link (page 11): https://www.transport.govt.nz/assets/Uploads/OIA-response/AddressingEffectsofRisingFuelPrices-1.pdf
5	30/03/2026	OC260249	AM – FED and RUC Reductions – Updated 5pm	Refused under section 18(d). The document is publicly available at the following link (page 12): https://www.transport.govt.nz/assets/Uploads/OIA-response/AddressingEffectsofRisingFuelPrices-1.pdf
6	01/04/2026	OC260254	Aide Memoire: National Land Transport Fund - Revenue and Expenditure Pressures	Refused under section 18(d). The document is publicly available at the following link (page 13): https://www.transport.govt.nz/assets/Uploads/OIA-response/AddressingEffectsofRisingFuelPrices-1.pdf
7	10/04/2026	N/A	NZTA Revenue and Cost Pressures	Refused under section 18(d). The document is publicly available at the following link (page 23): https://www.transport.govt.nz/assets/Uploads/OIA-response/AddressingEffectsofRisingFuelPrices-1.pdf
8	26/06/2026	OC260533	Aide Memoire: Timeframes for Fuel Excise Duty and Road User Charge Increases	Withheld in full under section 9(2)(f)(iv).

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Document 2

MINISTRY OF TRANSPORT
TE MANATŪ WAKA

10 December 2025
Hon Chris Bishop
Minister of Transport

OC251040
Action required by:
Monday, 15 December 2025

INCREASING FED AND RUC – FURTHER ADVICE ON TIMING AND MODELLING

Purpose

This briefing provides further advice on legislative timeframes for implementing increases to fuel excise duty (FED) and road user charges (RUC) and options for allocating RUC increases across rates for different types of vehicles.

Key points

- In 2024, Cabinet agreed to increase FED by 12 cents per litre in January 2027, 6 cents per litre in January 2028, 4 cents per litre in January 2029 and annually thereafter. Cabinet also agreed to increase RUC by equivalent amounts [CAB-24-MIN-0057 refers].
- In October 2025, we recommended that you increase all RUC rates by the same proportion as FED via Budget night legislation and regulations in 2026 (OC250912 refers). You requested further advice on progressing the legislation and regulations in late 2026.
- We recommend making legislation and regulations before the election. This allows lead in time for the public, businesses, and government agencies to prepare for the changes. Making legislation and regulations after the election and giving effect to changes by 1 January 2027 is possible, but there are risks of delay (with $15 million of revenue lost each week) and of negative public response to compressed timeframes.
- We recommend increasing all RUC rates by the same proportion as FED because it does not worsen the price disparity between petrol vehicles and light electric and diesel vehicles. It is also straightforward to communicate and has the lowest risk of negative public sentiment.

s 9(2)(g)(i)

- We recommend undertaking targeted consultation with relevant members of the Stakeholder Reference Group to test or inform your preferred approach to setting RUC rates.

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Recommendations

We recommend you:

1	**agree** to progress FED legislation and gazette the RUC regulations either:		
	a	on Budget night *(recommended)*	Yes / No
		Or	
	b	after the election, noting final Cabinet decisions must occur by 16 November at the latest	Yes / No
2	**agree** for the RUC rates to either:		
	a	(Option 1) all increase equal to FED increases *(recommended);*	Yes / No
		Or	
	b	(Option 2) be set based on the results of the cost allocation model	Yes / No
3	**agree** that RUC rates are specified for the upcoming five-year period		Yes / No
4	**agree** the Ministry undertakes targeted consultation on the RUC rate-setting approach with the Stakeholder Reference Group		Yes / No
5	**direct**, if you choose Option 1, officials to provide drafting instructions to the Parliamentary Counsel Office to increase FED and RUC per the schedule agreed by Cabinet		Yes / No
	or		
6	**note,** if you choose Option 2, officials will provide subsequent advice with detailed CAM-based options by the end of January 2026		
7	**note**, for either option, we will prepare a paper for Cabinet Legislative Committee to consider in March 2026		
8	**refer** this briefing to the Minister of Customs		Yes / No

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Anna Wilson-Farrell
Director – Revenue
10 / 12 / 2025

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

Minister's office to complete: ☐ Approved ☐ Declined
☐ Seen by Minister ☐ Not seen by Minister
☐ Overtaken by events

Comments

Contacts

Name	Telephone	First contact
Anna Wilson-Farrell, Director – Revenue	s 9(2)(a)	✓
Jamie Kendrick, Principal Adviser, Revenue		

INCREASING FED AND RUC – FURTHER ADVICE ON TIMING AND MODELLING

You requested further advice on the FED and RUC changes

1 As part of the Government Policy Statement for land transport 2024 (GPS24), Cabinet agreed to increase Fuel Excise Duties (FED) each year from 2027 and Road User Charges (RUC) by an equivalent amount according to the following schedule:

1.1 12 cents per litre increase in January 2027

1.2 6 cents per litre increase in January 2028

1.3 4 cents per litre in January 2029 and annually thereafter [CAB-24-MIN-0057 refers].

2 Cabinet authorised you to make detailed decisions to give effect to these increases and invited you to issue the necessary drafting instructions to the Parliamentary Counsel Office (PCO).

3 You requested further advice on:

3.1 progressing legislation in late 2026 rather than as part of Budget 2026

3.2 using the cost allocation model (CAM) to set RUC rates, and

3.3 implications for eRUC and the RUC Transition.

Legislating the changes is straightforward

4 Primary legislation is required to implement the increases to the FED rate. Setting perpetual annual increases to the FED rate in legislation requires an amendment to the Customs and Excise Act 2018 to set out the schedule of perpetual FED increases. We will work with the New Zealand Customs Service to issue drafting instructions to the PCO at your direction.

5 The Road User Charges Act 2012 (RUC Act) provides for RUC rates to be specified in regulations by Order in Council. The regulations have standard clauses with the rate amounts written in schedules. Because there are 467 rates to be set for each out-year, we recommend the rates are specified for the upcoming five-year period. This aligns with the five-year regulatory price periods for other network infrastructure and keeps the regulations at a manageable size.

Legislative timelines

6 The process for giving effect to the FED and RUC rate increases includes:

FED and RUC regulatory processes
Ministerial agreement to the detailed policy decisions (this paper)
Officials work with the PCO to draft an Amendment Bill (FED) and an Order in Council (RUC)
LEG approval to the Amendment Bill and Order in Council, and Cabinet confirmation

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RUC	FED
Order in Council submitted to the Executive Council for the Governor-General's approval	Amendment Bill introduced to the House
The Ministry gazettes the regulations	The Bill progresses through the House (usually under urgency via Budget night legislation)
There is a statutory 42-day period (and usually additional time) for RUC users to adjust contracts and prepare for the changes	The Bill receives royal assent and is passed into law
The new rates come into effect	

7 You requested advice on progressing legislation in late 2026 rather than as part of Budget 2026. FED increases were legislated on Budget night in 2013, 2014, 2015, 2019, and 2020 and RUC increases were gazetted in parallel. Budget night legislation allows lead-in time for the public, businesses and government agencies to prepare for the changes.

8 A truncated process was implemented in 2008. RUC changes were gazetted with almost immediate effect to prevent stockpiling of RUC licences ahead of the increases. This approach resulted in a considerable level of protest. Parliament subsequently amended the legislation to set out that increases come into force 42 days after their publication.

Legislating the FED and RUC changes in late 2026 is possible but has risks

9 Legislating FED and RUC regulations in late 2026 and bringing increases into effect by 1 January 2027[1] requires the RUC Order in Council to be made by the Governor-General by 16 November 2026 at the latest, and FED legislation to be passed under urgency before the House rises for 2026. This could be achieved if:

9.1 the 2026 General Election is held and a new Government formed by 13 November at the latest (the most recent Government was formed on 19 November 2023);

9.2 continuity of Government and Minister, and no need for reconsideration of policy;

9.3 final decisions go direct to the first Cabinet meeting of the new Government, and this meeting is on 16 November; and

9.4 FED legislation be close to the first legislative priority for the House as it would need to be passed in December 2026 to allow for implementation from 1 January.

s 9(2)(g)(i)

[redacted]

[1] NZTA and Treasury forecasts are based on the changes coming into effect on 1 January 2027, though the Cabinet decision is not explicit on the exact date in January.

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10.3 If the new Government is formed in late November or other circumstances cause delay, there is $15 million of lost revenue for every week that the increases are delayed after 1 January 2027. NZTA may request Crown funding to replace the lost revenue. However, NZTA already has two appropriations to provide Crown funding to top up the NLTF. The Ministry anticipates these would be able to provide short term relief to any revenue shortfalls. We do not expect available appropriations to be fully expended. The Ministry and NZTA would confirm the impact of any change through the 2026 March Baseline Update in mid-February 2026.

11 In contrast, progressing regulations and legislation via Budget 2026 legislation provides sufficient time for people and businesses to prepare for the increases. This option mitigates the risks of adverse public comment, especially if you choose to increase RUC rates based on CAM modelling, and what might reasonably be expected by the messaging in GPS24 (which may result in rates that differ from expectations). It also avoids the risk of delays.

We recommend increasing all RUC rates by the same proportion as FED

RUC rates should be in proportion to costs imposed

12 The RUC Act requires that RUC rates are set in proportion to the costs vehicles impose on the road network. s 9(2)(g)(i)

13 The Ministry uses the CAM to estimate RUC rates proportionate to the costs vehicle types impose on the network, based on the expenditure profile of the National Land Transport Programme (OC251024 refers).

Due to historical decisions, neither option can meaningfully align RUC rates with costs

14 Two options are discussed below. Option 1 increases all RUC rates equally across all vehicle types (instead of in proportion to costs imposed). Option 2 increases RUC rates in some variation based on CAM results.

15 Neither of these options can overcome existing disparities within RUC rates due to the extent of historical Government decisions that have deviated from a CAM-based approach. Since 2013, all five RUC rate decisions have increased rates by either a flat increase or within a tightly constructed band (e.g. between 4 percent and 10 percent). Each relatively flat increase has exacerbated disparities, both between FED and light RUC, and within RUC rates.

16 Appendix 1 sets out what the RUC rates – and the FED rate – would be if these disparities were addressed. To meaningfully address disparities and achieve RUC rates that are proportionate to costs imposed, FED would have to increase 26 percent in 2027, from the current 70 cents per litre to 91 cents per litre. In contrast, light RUC rates would only need to increase 8 percent.

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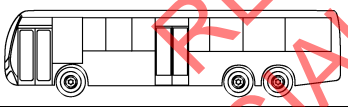
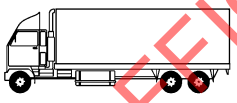
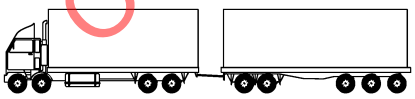
17 Current disparities are now such that they cannot be systematically addressed without the ability to increase FED (or reduce the amount of revenue RUC rates generate – which has been set by Cabinet as equivalent to the FED increases).[2] The compounded impact of previous decisions, without the ability to change FED, means attempts to align RUC rates with cost impact will simply rearrange existing disparities.

The RUC decision should be guided by the RUC transition and the planned review of the CAM

18 The Ministry is planning a review of the CAM and the pricing model to support the transition of petrol vehicles to RUC. The review will focus on a cost-reflective and transparent user-pays pricing system. The key consideration for the RUC transition is the disparity between FED and light RUC rates. The greater the disparity between the FED rate and the light electric and diesel RUC rate, the more unfair the system is and the more challenging the RUC transition will be.

19 The review will include the appropriate RUC rate for petrol vehicles. This will be the most appropriate approach to addressing the disparity between and across FED and RUC rates. We recommend setting RUC rates for 5 years. This allows for the review to be undertaken, and for the new RUC rates to be set to align with the RUC transition taking place within that period.

Table 1: Comparison between current rates, Option 1 and Option 2 in 2027 for common vehicle types
Icons reproduced from RUC Handbook, Waka Kotahi NZ Transport Agency, April 2024. Copyright Waka Kotahi NZ Transport Agency.

Vehicle type[3]	Current	Option 1	Option 2
Petrol vehicle 	70 c/l $63 / 1,000 km	82 c/l $74 / 1,000 km +17%	82 c/l $74 / 1,000 km +17%
Light electric or diesel vehicle 	$76 / 1,000 km	$89 / 1,000 km +17%	$96 / 1,000 km +26%
Bus 	$336 / 1,000 km	$394 / 1,000 km +17%	$402 / 1,000 km +20%
3-axle truck 	$434 / 1,000 km	$508 / 1,000 km +17%	$475 / 1,000 km +9%
9-axle truck and trailer combo 	$614 / 1,000 km	$718 / 1,000 km +17%	$652 / 1,000 km +6%

[2] The reason FED is the key input that needs to change is due to fuel efficiency trends. RUC rates are more closely aligned with distance travelled, while FED is increasingly disconnected from this relationship.
[3] There are different rates for different weight brackets within each vehicle type. The table presents the most common weight bracket for each type.

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Option 1: Increase all RUC rates equally (recommended)

20 The recommended option is to raise all RUC rates equally each year. All RUC rates would increase by 17.1% in 2027, 7.3% in 2028, 4.5% in 2029, 4.3% in 2030, and 4.2% in 2031.

21 Because individual RUC rates would increase equally with FED increases, there is a lower risk of negative public sentiment than in Option 2. These changes can be easily communicated which will help users understand and accept changes.

22 Under this option some RUC rates will remain lower than cost-reflective (based on the CAM) and other rates will remain much higher. This means Option 1 does not move RUC rates towards a more cost-reflective position aligned with your broader objectives.

23 s 9(2)(g)(i)

24 s 9(2)(f)(iv)

Option 2: Increase RUC rates based on the CAM

25 Option 2 would increase RUC rates in some variation based on the CAM. In this option, each RUC rate is set in proportion to the estimated cost the vehicle imposes. In the first year (i.e. 2027), given the existing distortions, different RUC rates would increase by different proportions. For example, in 2027, under the most CAM-aligned approach, some would increase by 17%, some would increase by 5%, some would increase by 100%, and some would decrease. Around 5% of RUC licences would have significant increases to their rates, and 8% would have a decrease to their rates Following this initial adjustment (from 2028 onwards) ongoing increases would be similar to the proportionate increases in Option 1 (see Appendix 2).

26 A CAM-based variation could attempt to reduce disparities between different RUC rates (especially between heavy and light RUC rates). It could move heavy vehicles towards more cost-reflective prices. However, because the RUC revenue target is set[4], this could only be achieved by increasing light RUC rates further, which would move them further away from cost-reflective prices, and increase the disparity between light RUC and FED.

27 Avoiding this outcome could only be achieved if FED were increased even further, or the amount of revenue that is to be raised by RUC (i.e. the FED increase equivalent) is lowered – or a combination of both. These decisions would require Cabinet agreement and would deviate from what was set out in GPS24.

28 s 9(2)(f)(iv) , we do not recommend option 2.

[4] The RUC revenue target is the amount of revenue that needs to be generated by RUC rate increases to be equivalent to the FED increases, per Cabinet's direction.

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29 We have considered CAM-based variations that keep light RUC increases the same as FED (i.e. 17 percent) while attempting to achieve more cost-proportionate prices for the remaining RUC rates. However, by holding light RUC rates artificially low, this approach would worsen the impact on heavy RUC rates. s 9(2)(g)(i)

30 These increases would also be different from what people and businesses might reasonably expect based on GPS24 s 9(2)(g)(i)

We propose to consult with relevant members of the Stakeholder Reference Group

31 We recommend targeted consultation on the RUC rate-setting approach you choose through the Stakeholder Reference Group (SRG) using their existing non-disclosure agreements.[5] Depending on your decision, this would either:

31.1 Option 1: support management of key relationships by communicating the rationale for the decision in the context of the RUC Transition, or

31.2 Option 2: test CAM-based options, to inform the optimal distribution of RUC rate increases and decreases, with representatives from key RUC stakeholder groups.

Next Steps

32 Subject to your decision, we will consult with SRG members and prepare a paper for Cabinet Legislative Committee (LEG) consideration in April 2026. We consider the decision is within your delegation from the Cabinet Economic Policy Committee.

33 Subject to your direction on timing and the RUC changes, we will work with Customs to issue drafting instructions to PCO to develop an Amendment Bill for the FED changes and an Order in Council for the RUC changes. We can provide you with these and the Regulatory Impact Assessment alongside a draft Cabinet paper by March 2026.

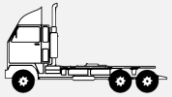
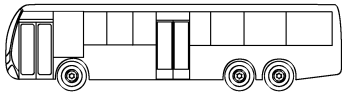
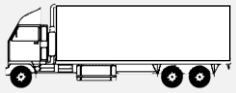
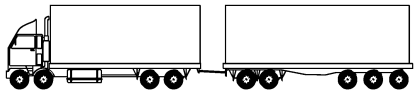
34 If you seek more detailed information on additional CAM-based options, we will provide you with further advice by the end of January 2026.

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[5] The SRG consists of representatives from: Motor Industry Association; Northern Infrastructure Forum; Importer Motor Vehicle Industry Association; National Road Carriers Association; Motor Trade Association; Transporting New Zealand; New Zealand Automobile Association; and Local Government

APPENDIX 1 – SELECTED RUC RATES PROPORTIONATE TO COSTS IMPOSED (2027 TO 2031)

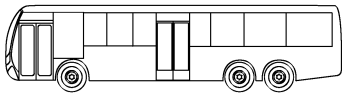
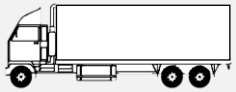
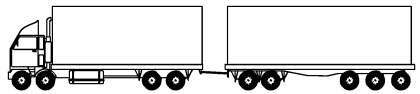
This table sets out what the RUC rates and the FED rate would be if existing disparities could be addressed and both sets of rates were able to be set proportionate to costs imposed (i.e. FED increases are not fixed at twelve cents, six cents, and four cents per litre from 2027 - 2029).

Vehicle type	Current	2027	2028	2029	2030	2031
Petrol vehicle 	70 c/l $63 / 1,000 km	91 c/l $82 / 1,000 km +26%	99 c/l $88 / 1,000 km +7%	105 c/l $91 / 1,000 km +4%	110 c/l $95 / 1,000 km +4%	116 c/l $98 / 1,000 km +4%
Light electric or diesel vehicle 	$76 / 1,000 km	$82 / 1,000 km +8%	$88 / 1,000 km +7%	$91 / 1,000 km +4%	$95 / 1,000 km +4%	$98 / 1,000 km +4%
Small 3-axle truck 	$110 / 1,000 km	$115 / 1,000 km +5%	$123 / 1,000 km +7%	$128 / 1,000 km +4%	$132 / 1,000 km +3%	$137 / 1,000 km +4%
Bus 	$336 / 1,000 km	$388 / 1,000 km +16%	$413 / 1,000 km +6%	$429 / 1,000 km +4%	$444 / 1,000 km +4%	$460 / 1,000 km +4%
3-axle truck 	$434 / 1,000 km	$460 / 1,000 km +6%	$489 / 1,000 km +6%	$508 / 1,000 km +4%	$527 / 1,000 km +4%	$545 / 1,000 km +4%
9-axle truck and trailer combo 	$614 / 1,000 km	$638 / 1,000 km +4%	$677 / 1,000 km +6%	$703 / 1,000 km +4%	$729 / 1,000 km +4%	$754 / 1,000 km +3%
8-axle truck and trailer combo 	$673 / 1,000 km	$681 / 1,000 km +1%	$723 / 1,000 km +6%	$751 / 1,000 km +4%	$779 / 1,000 km +4%	$805 / 1,000 km +3%

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APPENDIX 2 – SELECTED RUC RATES FOR OPTIONS 1 & 2 (2027 TO 2031)

Vehicle type	Option	Current	2027	2028	2029	2030	2031
Petrol vehicle 	Uniform Increases	70 c/l $63 / 1,000 km	82 c/l $74 / 1,000 km +17%	88 c/l $78 / 1,000 km +7%	92 c/l $80 / 1,000 km +5%	96 c/l $83 / 1,000 km +4%	100 c/l $85 / 1,000 km +4%
Light electric or diesel vehicle 	Uniform Increases		$89 / 1,000 km +17%	$96 / 1,000 km +8%	$100 / 1,000 km +5%	$104 / 1,000 km +5%	$109 / 1,000 km +3%
	CAM-based	$76 / 1,000 km	$96 / 1,000 km +26%	$104 / 1,000 km +8%	$108 / 1,000 km +4%	$113 / 1,000 km +5%	$118 / 1,000 km +4%
Small 3-axle truck 	Uniform increases		$129 / 1,000 km +17%	$138 / 1,000 km +7%	$145 / 1,000 km +5%	$151 / 1,000 km +4%	$157 / 1,000 km +4%
	CAM-based	$110 / 1,000 km	$147 / 1,000 km +34%	$157 / 1,000 km +7%	$164 / 1,000 km +4%	$170 / 1,000 km +4%	$177 / 1,000 km +4%
Bus 	Uniform increases		$394 / 1,000 km +17%	$422 / 1,000 km +7%	$442 / 1,000 km +5%	$461 / 1,000 km +4%	$480 / 1,000 km +4%
	CAM-based	$336 / 1,000 km	$402 / 1,000 km +20%	$428 / 1,000 km +6%	$446 / 1,000 km +4%	$463 / 1,000 km +4%	$479 / 1,000 km +3%
3-axle truck 	Uniform increases		$508 / 1,000 km +17%	$546 / 1,000 km +7%	$570 / 1,000 km +4%	$595 / 1,000 km +4%	$620 / 1,000 km +4%
	CAM-based	$434 / 1,000 km	$475 / 1,000 km +9%	$505 / 1,000 km +6%	$525 / 1,000 km +4%	$545 / 1,000 km +4%	$565 / 1,000 km +4%
9-axle truck and trailer combo 	Uniform increases		$720 / 1,000 km +17%	$772 / 1,000 km +7%	$807 / 1,000 km +5%	$842 / 1,000 km +4%	$877 / 1,000 km +4%
	CAM-based	$614 / 1,000 km	$652 / 1,000 km +6%	$694 / 1,000 km +6%	$721 / 1,000 km +4%	$747 / 1,000 km +4%	$774 / 1,000 km +4%
8-axle truck and trailer combo 	Uniform increases		$789 / 1,000 km +17%	$846 / 1,000 km +7%	$885 / 1,000 km +5%	$923 / 1,000 km +4%	$961 / 1,000 km +4%
	CAM-based	$673 / 1,000 km	$695 / 1,000 km +3%	$739 / 1,000 km +6%	$768 / 1,000 km +4%	$796 / 1,000 km +4%	$825 / 1,000 km +4%

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MINISTRY OF TRANSPORT
TE MANATŪ WAKA

AIDE MEMOIRE

26 June 2026 OC260533

Hon Chris Bishop
Minister of Transport

AIDE MEMOIRE: TIMEFRAMES FOR FUEL EXCISE DUTY AND ROAD USER CHARGE INCREASES

Purpose

This aide memoire provides indicative timeframes for implementing Fuel Excise Duty (FED) and Road User Charges (RUC) increases under four decision scenarios.

Key messages

- The four decision scenarios are:
    1. proceed with the agreed increases and 1 January 2027 implementation date,
    2. proceed with the agreed increases but delay the implementation date,
    3. proceed with new FED and RUC rates on 1 January 2027, or
    4. change both the FED and RUC rate increases and implementation date.
- The only option that does not require a Cabinet policy decision is proceeding with the current agreed increases.
- If a Cabinet policy decision is needed, it must be made by 4 August to be reflected in PREFU forecasts.
- After 4 August and before the House rises, there are eight Cabinet Legislation or Business Committee meetings scheduled and 15 House days available to pass FED legislation under urgency.
- Unless implementation is delayed by at least six months, FED legislation will need to be passed under urgency.

Background and process

Changes to FED must be progressed through a Bill that amends the Customs and Excise Act 2018. The changes to RUC rates can be made through an Order in Council.

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The regulatory and legislative steps for any FED and RUC rate change are:

Shared steps (both FED and RUC)	
• Cabinet agrees increases and timeframe • Ministerial agreement to detailed policy decisions • Officials work with PCO to draft an Amendment Bill (FED) and Order in Council (RUC) • LEG approval to Amendment Bill and Order in Council followed by Cabinet confirmation	
RUC regulations	**FED legislation**
• Order in Council submitted to the Executive Council for the Governor-General's approval • Ministry gazettes the regulations • Statutory 42-day period for RUC users to adjust contracts and prepare	• Amendment Bill introduced to the House • Bill progresses through the House • Bill receives royal assent and becomes law
New rates come into effect	

Scenario 1: Proceed with the agreed increases and 1 January 2027 implementation date

- No new Cabinet policy decision is required because the increases are already agreed and revenue is already reflected in forecasts.
- No action needed by 4 August for PREFU purposes.
- Recommend progressing RUC regulations and FED legislation before the election.
- FED legislation will need to be passed under urgency.

RUC regulations	FED legislation
• Can go to LEG as early as 6 August — 8 LEG/CBC meetings are available before the House rises on 24 September. • Must be completed before the election — post-election risk is high due to the statutory 42-day gazette period.	• Can go to LEG as early as 6 August — 8 LEG/CBC meetings are available before the House rises on 24 September. • 15 sitting days are available after 6 August for a Bill to be introduced and passed under urgency: 18 August–3 September and 15–24 September. • Post-election path is possible but is high risk because it relies on government continuity and House time before Christmas.

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Scenario 2: Proceed with the agreed increases but delay the implementation date

- A Cabinet policy decision is required to delay the implementation date because PCO needs Cabinet direction to update legislation to reflect the new date.
- A decision must be made by 4 August for the new implementation date to be reflected in PREFU forecasts.
- Legislative and regulatory timelines are then governed by the chosen implementation date (see below).
- FED legislation will need to be passed under urgency unless the delay is at least 6 months.

1 March 2027 implementation

Delaying to 1 March 2027 is the earliest feasible date if progressed post-election due to the 42-day gazette requirement. This would result in approximately $90 million of foregone revenue. However, while it is possible to progress the necessary legislation post-election, we recommend progressing the regulations and Bill before the election if this timeline is chosen.

1 April 2027 or later implementation

An implementation date of 1 April 2027 or later allows both RUC regulations and FED legislation to be progressed after the election, provided legislative priority is given to passing FED changes under urgency. Cabinet and House timetables in February and March should provide enough time. Delaying to 1 April or later would result in a minimum of $135 million in foregone revenue (and an additional $45 million for every extra month delayed).

RUC regulations	FED legislation
• Should be made before the election — 8 CBC/LEG dates available between 4 August and 24 September. • High risk if progressed post-election: requires quick government formation, government continuity, and Cabinet meeting before Christmas.	• PCO can have a redrafted Bill ready for the 7 September CBC meeting if Cabinet decides by 4 August. • This provides 6 House days to pass under urgency before the House rises on 24 September. • Post-election path possible if passed under urgency in February but assumes government continuity.

Scenario 3: proceed with new FED and RUC rates on 1 January 2027

- A Cabinet policy decision is required to set new FED and RUC rates because PCO needs Cabinet direction to incorporate the new FED and RUC rates.
- A decision must be made by 4 August for the new implementation date to be reflected in PREFU forecasts.
- Recommend progressing RUC regulations and FED legislation before the election.

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- FED legislation must be passed under urgency. It is not possible to make RUC regulations between the election and Christmas in time for a 1 January 2027 date due to the 42-day gazette requirement.

RUC regulations	FED legislation
• Recalculating rates and redrafting regulations (including quality assurance) will take longer than redrafting the FED Bill. • May not be ready for the 7 September CBC meeting alongside the FED legislation — however, the last LEG meeting of the year is 24 September, which still allows regulations to come into force on 1 January 2027. • It is not possible to make regulations between the election and Christmas in time for 1 January 2027 due to the 42-day requirement.	• PCO can have a redrafted Bill ready for the 7 September CBC meeting if Cabinet decides by 4 August. • This provides 6 House days to pass under urgency before the House rises on 24 September. • Post-election passage is technically possible but considered high risk. It assumes government continuity and requires available House time and legislative priority.

Scenario 4: change both the FED and RUC rate increases and implementation date

- A Cabinet policy decision is required to set new FED and RUC rates and change the implementation date because PCO needs Cabinet direction to update both the new rates and implementation date.
- A decision must be made by 4 August for the new implementation date to be reflected in PREFU forecasts.
- Recommend progressing RUC regulations and FED legislation before the election if delaying by three months or less. If delaying by more than three months, this can be progressed after the election.
- FED legislation will need to be passed under urgency unless the delay is at least 6 months.

Legislative and regulatory timelines

Timelines for RUC regulations and FED legislation follow those set out under Option 2, applied to whichever implementation date is chosen:

- 1 March 2027: High risk if progressed post-election due to the 42-day gazette period — recommend progressing before the election.
- 1 April 2027 or later: Post-election path is feasible, provided legislative priority is given to FED changes under urgency.

Contacts

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