



- 8 JUL 2019

Dear

I refer to your request under the Official Information Act 1982 to the Prime Minister on 1 June 2019. Part of your request was transferred to the Ministry of Transport on 17 June 2019, specifically:

"I ask under the Official Information Act the additional assessed revenue to be gained by the new fuel taxes, both nationally and regionally increase by increase to 2025".

Please refer to the attached schedule that provides information in relation to petrol excise duty, road user charges and the regional fuel tax in Auckland. We have included information on road user charges as these rates were changed at the same time as petrol excise duty. I also set out information on the impact on lower income households, which you comment on in your email.

In your email, you also ask for Cabinet papers relating to Budget 2019 decisions. The Cabinet papers relating to the transport portfolio are available at:

www.transport.govt.nz/about/governance/cabinet-papers/

The Ministry makes available Official Information Act responses on our website. Before making the response available, we remove your name and email address.

Yours sincerely

Bryn Gandy
**Deputy Chief Executive, Strategy and Investment
Ministry of Transport**

Schedule

Changes to petrol excise duty and road user charges

The Government passed legislation as part of Budget 2019 to increase petrol excise duty by 3.5 cents per litre on 1 July 2019 and 1 July 2020. The Ministry of Transport forecasts that the following additional revenue will be received from the increases and the equivalent increases in road user charges.

| \$m | 2019/20 | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 |
|--------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Petrol excise duty (PED) | 106 | 207 | 200 | 197 | 197 | 197 |
| Road user charges (RUC) | 89 | 135 | 142 | 148 | 154 | 158 |
| Total | 195 | 342 | 342 | 345 | 351 | 355 |

We do not attribute collection of petrol excise duty or road user charges to specific regions, because petrol excise duty is collected at a national level when the fuel is imported or when it leaves the refinery, rather than at the pump, and road user charges are not location-based.

However, because both petrol excise duty and road user charges are paid in a way that reflects road use, you could make an assumption based on the distribution of vehicle kilometres travelled by region, using the data on the NZ Transport Agency's website: <http://www.nzta.govt.nz/assets/userfiles/transport-data/VKT.html>

Effect of the regional fuel tax in Auckland (introduced on 1 July 2018)

The 10 cents per litre regional fuel tax (11.5 cents including GST) in Auckland on petrol and diesel is estimated to raise around \$150 million per year, until the end of 2028. Revenue is anticipated to measurably fall from around 2028 due to the impact of electric vehicles. Please note, the end date for the regional fuel tax in Auckland is 30 June 2028. There are no plans to change the rate of the regional fuel tax before 2028. The Prime Minister has ruled out regional fuel taxes being applied in any other regions.

A revenue forecast may be found in Auckland Council's proposal for a regional fuel tax at www.aucklandcouncil.govt.nz/have-your-say/topics-you-can-have-your-say-on/transport-consultation/Documents/draft-proposal-regional-fuel-tax.pdf

Lower income households

In your email, you also ask about the impact on lower income households. Information on the impact on lower income may be found in the following documents:

for, changes to petrol excise duty and road user charges:

- "Increases to Road User Charges - Regulatory Impact Summary"
www.transport.govt.nz/assets/Import/Uploads/About/Documents/76e2ab1619/RIS-Funding-the-GPS-GP-final-version-website.pdf
- "Increases to Petrol Excise Duty and Road User Charges - Regulatory Impact Summary"
www.transport.govt.nz/assets/Uploads/Land/Documents/3a6bfcc315/RIS-Funding-the-Government-Policy-Statement-on-land-transport-2018-SIGNED.pdf

for, the regional fuel tax in Auckland:

- Ministry of Transport briefing paper 'Introduction of a regional fuel tax'
www.transport.govt.nz/assets/Uploads/Land/Documents/95289c602b/Introduction-of-a-regional-fuel-tax.pdf

You may be aware, last year, a substantial Families Package was introduced that included a Winter Energy Payment, Best Start tax credit, and changes to the Accommodation Supplement and Working for Families tax credits. Many households are benefitting by up to \$75 per week as a result of the Families Package. As part of the Wellbeing Budget, the Government also announced it is investigating a scheme to make it cheaper for lower income households to use public transport.