

OC260443

19 June 2026



Tēnā koe 

I refer to your email dated 26 May 2026, requesting the following under the Official Information Act 1982 (the Act):

“Copies of all briefings, aide memoires, ad hoc briefings and updates provided to Ministers discussing or advising on petrol or diesel prices or policies to address the effects of rising prices for these products.

Copies of all internal Ministry briefings, updates, aide memoires, presentations and other advice documents discussing actual or potential petrol or diesel price increases or potential policy responses to address the effects of such increases.”

There are eight documents within the scope of your request of which two are refused in full and six are released with some information withheld.

The document schedule attached as Annex 1 outlines how the documents have been treated under the Act. 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)(ba)(i) | to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied |
| 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.

Please note that the indicative revenue forecasts in these documents were based on modelling that estimated reductions in fuel demand due to elevated fuel prices and the effects of specific fuel price scenarios provided by Treasury.

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

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

From 1 July 2026, the functions of the Ministry of Transport will be transferred to the Ministry for Cities, Regions, Environment and Transport (MCERT), therefore this response may be published on the MCERT website once active. If you have any queries about this, please feel free to contact our Ministerial Services team at: OIA@transport.govt.nz.

Nāku noa, nā



Hilary Penman
Manager, Ministerial & Executive Services

Annex 1: Document Schedule

Doc #	Reference number	Date	Title Of Document	Decision on request
1	N/A	18 March 2026	FED/RUC: Indicative Revenue Implications of 12 Month Deferred Implementation	Released with some information withheld under section 9(2)(f)(iv).
2	N/A	19 March 2026	Memo: Rapid Analysis of Vehicle Fuel Price Elasticity of Demand	Refused in full under section 18(d). The document is available here (page 15): https://www.transport.govt.nz/assets/Up loads/Briefing/Fuel-response-documents.pdf
3	N/A	25 March 2026	Revenue Implications of Fuel Price Changes	Released with some information withheld under section 9(2)(g)(i).
4	OC260249	30 March 2026	AM – FED and RUC Reductions	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
5	OC260249	30 March 2026	AM – FED and RUC Reductions – Updated 5pm	Released with some information withheld under sections 9(2)(a), 9(2)(f)(iv) and 9(2)(g)(i).
6	OC260254	1 April 2026	Aide Memoire: National Land Transport Fund - Revenue and Expenditure Pressures	Released with some information withheld under sections 9(2)(a), 9(2)(ba)(i), 9(2)(f)(iv) and 9(2)(g)(i). Please note that the indicative revenue forecasts in these documents were based on modelling that estimated reductions in fuel demand due to elevated fuel prices and the effects of specific fuel price scenarios provided by Treasury.
7	TCB26-0572	8 April 2026	Aide Memoire: Risks of Vote Transport Appropriation Breaches in 2025/26 Due to Fuel Crisis Cost Pressures	Refused in full under section 18(d). This briefing is part of a Budget 2026 proactive release which is set to be released in due course. Once published, it can be found here: https://www.treasury.govt.nz/publications/budgets/budget-2026
8	N/A	10 April 2026	NZTA Revenue and Cost Pressures	Released with some information withheld under section 9(2)(f)(iv). Please note that this was an internal memo.



FED/RUC: Indicative revenue implications of 12 month deferred implementation

18 March 2026

In GPS 24 the Government agreed to FED¹ and equivalent RUC increases of 12 cents per litre in January 2027, a further 6 cents per litre in January 2028, followed by 4 cents per litre annual increases from January 2029. ^{s 9(2)(f)(iv)}

Using the Ministry of Transport's National Land Transport Fund (NLTF) revenue forecast model we have forecast the immediate and long-term effect on NLTF revenue of delaying the planned increases by 12 months. This modelling remains based on the schedule of annual increases already agreed (12 cents in the first year, 6 cents in the second year, and 4 cents each year thereafter).

The modelling uses the 2026 March Baseline Update (MBU26) as the reference point. It also accounts for demand response from consumers due to FED increases but it does not account for the effect of any fuel price impacts such as from the current conflict in Iran.

Key points:

^{s 9(2)(f)(iv)}

-
-
-
-
-
-

¹ FED includes excise collected from petrol excise duty (PED), compressed natural gas (CNG), and liquified petroleum gas (LPG). Revenue from CNG and LPG is insignificant and most is refunded because the main uses of CNG and LPG are not as fuel for motor vehicles.

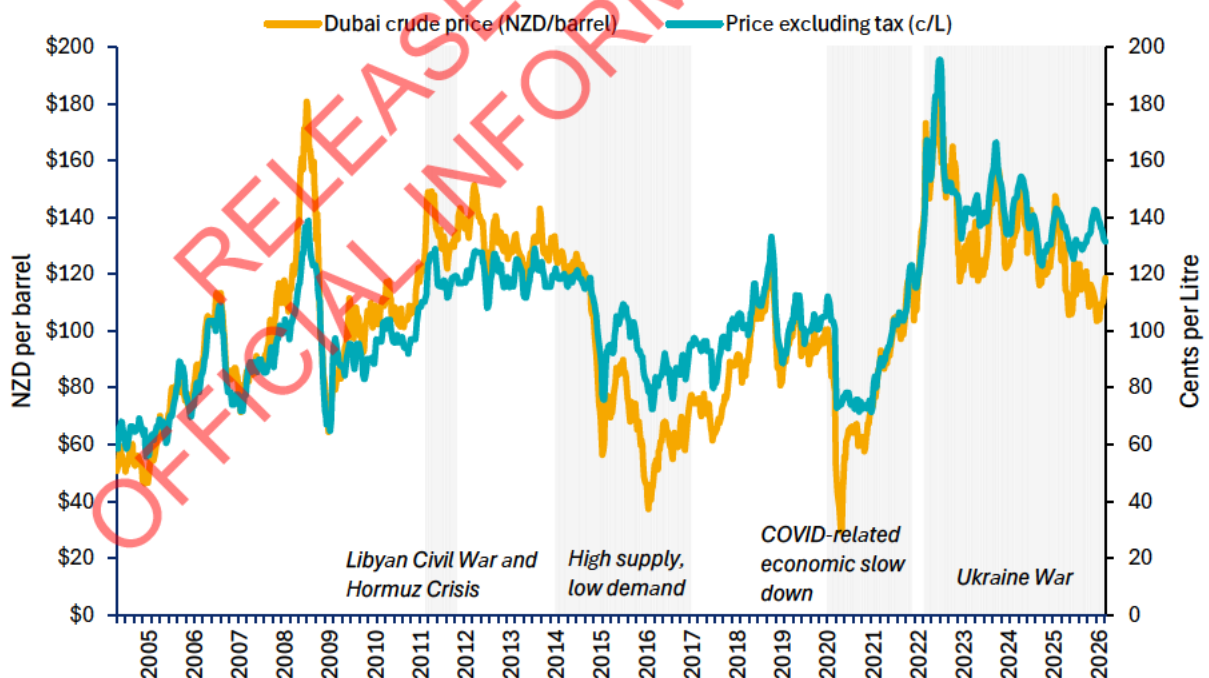
s 9(2)(f)(iv)

-
-

Indicative nature of analysis

These figures are indicative only and do not account for variables such as changed demand levels that may result from a prolonged price shock. For example, following the initial outbreak of the Ukraine conflict, global oil prices began to show signs of stabilizing roughly 6 to 8 months after the initial surge in prices, with prices retreating from their March 2022 peaks by late September 2022. While prices stabilised below the record highs of early 2022, they remained elevated compared to pre-war levels for an extended period. If this resulted in fewer vehicle kilometres travelled, revenue foregone could result in a larger revenue shortfall. Figure 1 below illustrates this trend.

Figure 1: Global oil prices and New Zealand pump price excluding tax



Revenue implications of fuel price changes

25 March 2026

Changes to fuel demand

Total spending on fuel purchases for the period 28 February – 21 March 2026 is up 16% on the same period last year (from approximately \$730m to \$850m)¹. This is an average of \$4.3m per day in additional spending. Noting that the fuel prices have risen significantly since 28 February, it is not clear how much the increase in spending represents more fuel being purchased as opposed to consumers paying a higher price for fuel.

Initial data indicates that fuel price increases are impacting vehicle kilometres travelled (VKT). As at 24 March, the 7-day average car VKT is down by 19.4% compared to the period 9 – 22 February 2026. The 7-day average for commercial (light and heavy) VKT is down by 4.9%².

Electric vehicle registrations

The Ministry of Transport's *Weekly Low Emission Vehicle Report* for the week ending 22 March 2026 shows movement in low emission vehicle registrations, with changes evident both week-on-week and year to date. The week ending 22 March 2026 had the highest registrations of electric vehicles since the week ending 24 December 2023, which was the last full week of the Clean Car Discount.

Electric Vehicle (Battery electric vehicle and plug-in hybrid) uptake:

- Week ending 22 March 2026: 1,045 registrations, 469 more than compared with the previous week.
- Year to date 22 March 2026: 5,441 registrations, 1,990 more than the same year to date for last year.

FED and RUC revenue

FED is administered by New Zealand Customs Service and is paid directly to the Treasury each month. FED is collected directly from importers or producer (for fuel produced in New Zealand), rather than at the pump, so there will be a lag between any change in fuel purchasing and a corresponding change in FED revenue.

As Figure 1 below (provided by NZTA on 24 March 2026) shows, there has not yet been a meaningful change in RUC revenue since the conflict began at the end of February. RUC represents a pre-purchase of distance licences, meaning short-term movements in revenue are not immediately reflected in underlying travel activity. As such, it will take time for any impacts from the current situation to be shown.

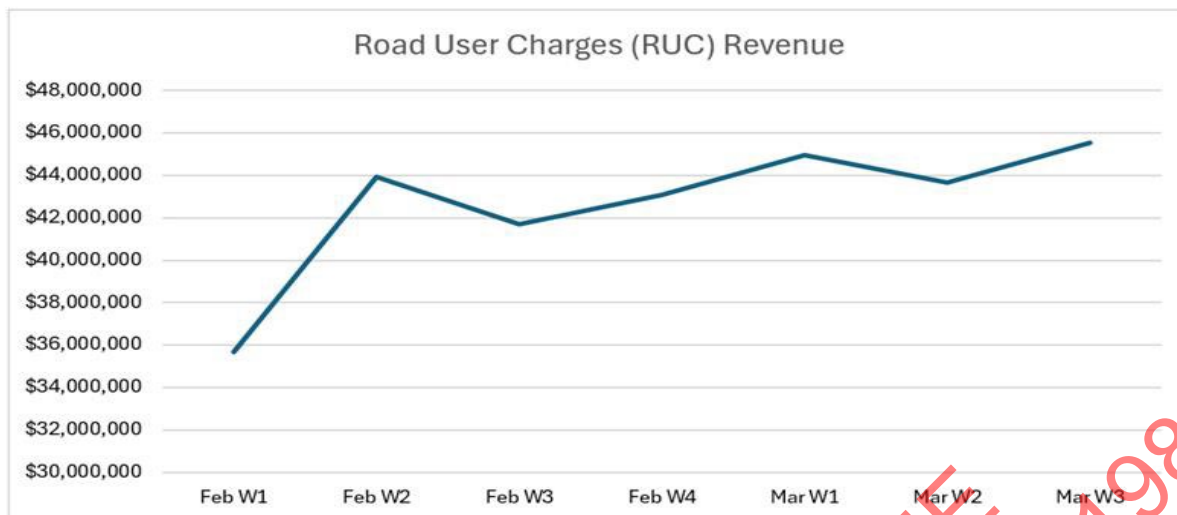
s 9(2)(g)(i)

EECA and Consumer NZ research shows EVs are typically adopted first as a **second household vehicle**, with internal combustion vehicles retained for longer-distance, towing, or rural travel.

¹ This information is sourced from "Card transactions at New Zealand fuel retailers" data provided by Marketview, a Wellington-based consultancy.

² VKT taken from Compass IOT (note the sample is biased towards newer cars. It is not full national coverage; VKT for cars is approximately 0.6% of fleet. Heavy VKT is closer to 90% of fleet).

Figure 1: Weekly Road User Charge Revenue – NZTA data



Note: Feb W1 had 4 working days

Modelling FED, RUC and GST changes due to reduced fuel demand

This section provides indicative forecasts of FED and RUC related revenue, including GST revenue, based on reduced fuel demand due to elevated fuel prices. The circumstances remain dynamic, and there are several uncertainties that cannot be addressed in the modelling within the available timeframe.

While GST paid on fuel may be increasing (see Table 4 below for forward looking estimates), people on fixed budgets will be reducing expenditure, and therefore the amount of GST they are paying, elsewhere. The overall net effect on Crown GST revenue will depend on how much people are reallocating spending vs dipping into savings to cover higher costs.

Method and assumptions

- Treasury has provided three scenarios that illustrate how fuel supply issues may impact related revenue:
 - Treasury Scenario 1 assumes oil price peak at US\$110/barrel with the lowest economic impacts.
 - Treasury Scenario 2 assumes oil price peak at US\$135/barrel with median economic impacts.
 - Treasury Scenario 3 assumes oil price peak at US\$180/barrel with the highest economic impacts.
- The analysis below uses the National Land Transport Funds (NLTF) forecasting model with different oil price and GDP scenarios³ (as set out in Table 1), keeping all other inputs and assumptions unchanged from MBU2026. This analysis models the impacts of Treasury Scenario 1 and 3. We can provide results for Treasury Scenario 2 upon request.

³ Note that these scenarios may underestimate changes in VKT.

Table 1: Assumed changes to NLTF modelling inputs

	Treasury scenario 1			Treasury scenario 3		
	Changes to fuel prices relative to MBU2026 projections		Changes in GDP relative to MBU2026 projections	Changes in fuel price relative to MBU2026 projections		Changes in GDP relative to MBU2026 projections
	Petrol	Diesel		Petrol	Diesel	
Jan - March 2026	8%	13%	-1.3%	8%	13%	-2.4%
April – June 2026	28%	50%	-1.2%	72%	125%	-2.8%
July – Sept 2026	20%	46%	-1.2%	71%	148%	-3.2%
Oct - Dec 2026	13%	35%	-1.1%	57%	136%	-3.5%
Jan - March 2027	6%	19%	-1.0%	47%	119%	-3.8%
April - June 2027	3%	9%	-0.9%	41%	98%	-3.4%

Findings and commentaries

- FED and RUC revenue (GST exclusive) may drop by \$33 million (Treasury scenario 1) to \$71 million (Treasury scenario 3) in the second quarter of 2026, and \$28 million to \$76 million in the third quarter of 2026.
- The distance travelled by FED paying vehicles is expected to reduce by between -4% and 9% and between -5.5% and -10.6% for light RUC paying vehicles, in the second quarter of 2026. Nevertheless, the true effects may be significantly higher given the extraordinary nature and extended duration of the price fluctuations.
- Although higher fuel prices are expected to lower travel levels, car owners will still see an overall increase in GST payments, reaching a peak of \$56 to \$140 million by the end of the June quarter of 2026.
- Increased fuel costs may cause consumers to cut back on spending elsewhere, reducing GST revenue from those other purchases. The overall GST effect depends on how much people adjust their spending habits elsewhere, so net effects may be smaller than those outlined here.

Results

Table 2: Estimated changes in NLTF revenue relative to MBU2026 projections

Scenario	MBU 2026 Forecast		Treasury scenario 1		Treasury scenario 3	
	FED revenue \$m	RUC revenue \$m	Changes in FED revenue \$m	Changes in RUC revenue \$m	Changes in FED revenue \$m	Changes in RUC revenue \$m
Jan - March 2026	\$497.4	\$533.0	-\$5.5	-\$2.2	-\$5.5	-\$2.2
April – June 2026	\$497.1	\$520.5	-\$19.1	-\$14.1	-\$43.6	-\$27.0
July – Sept 2026	\$501.1	\$527.6	-\$14.8	-\$13.5	-\$44.8	-\$30.7
Oct - Dec 2026	\$503.6	\$572.1	-\$10.4	-\$12.8	-\$41.2	-\$34.1
Jan - March 2027	\$578.9	\$611.0	-\$6.2	-\$10.3	-\$44.8	-\$35.4
April - June 2027	\$577.8	\$622.4	-\$3.7	-\$8.4	-\$43.1	-\$37.8

Table 3: Estimated changes in travel (VKT) relative to MBU2026 projections

Scenario	MBU 2026 Forecast			Treasury scenario 1		Treasury scenario 3	
	Petrol VKT million	Light RUC net VKT million	Changes in petrol VKT	Changes in light RUC net VKT		Changes in petrol VKT	Changes in light RUC net VKT
Jan - March 2026	7,952	3,254		-1.1%	-1.0%	-1.1%	-1.0%
April – June 2026	7,953	3,215		-3.9%	-5.5%	-9.0%	-10.6%
July – Sept 2026	8,016	3,247		-3.0%	-5.2%	-9.2%	-11.9%
Oct - Dec 2026	8,112	3,445		-2.1%	-4.5%	-8.3%	-12.1%
Jan - March 2027	7,996	2,974		-1.1%	-3.4%	-7.8%	-12.0%
April - June 2027	7,992	3,274		-0.7%	-2.5%	-7.6%	-11.7%

Table 4: Estimated changes in GST relative to MBU2026 projections

Scenario	MBU 2026 Forecast	Treasury scenario 1	Treasury scenario 3
	FED GST revenue \$m	Estimated increase in FED GST revenue \$m	Estimated increase in FED GST revenue \$m
Jan - March 2026	\$246	\$16	\$16
April – June 2026	\$246	\$56	\$140
July – Sept 2026	\$249	\$41	\$138
Oct - Dec 2026	\$254	\$27	\$112
Jan - March 2027	\$267	\$13	\$95
April - June 2027	\$267	\$6	\$80

Assumptions and caveats

- **Fuel price pass-through** from oil price to retail prices within the NLTF model may not hold to reflect current exchange rates, refining margins, and domestic competition.
- **Implied behaviour responses** within the NLTF model may not hold under extreme price movements or prolonged high price periods. For those situations, the impacts on travel could be significantly higher.
- **RUC impacts** depend on the relative shift between petrol/diesel consumption and RUC rates, which may not correlate perfectly with fuel demand changes.

Table 1: Fuel cost drivers as at 24/3/26 – Ministry of Transport

Component	Typical amount	Does it move with fuel prices?	How it changes	Relevant legislation / authority	Responsible Minister/ Agency
Fuel cost (imported fuel)	Variable (40–60% of pump price, depending on market)	Yes	International oil prices, exchange rate, shipping costs	Market-set	N/A
Importer & retailer margins	Variable (30–45 c/L in recent years)	Yes	Competition, local pricing decisions, operating costs	Market-set	N/A (MBIE monitors)
GST	15% of full pump price	Yes	Rises/falls with pump price	Goods and Services Tax Act 1985	Minister of Finance, Inland Revenue, Treasury
Fuel Excise Duty (FED)	70.024 c/L (petrol)	No	Changes through primary legislation, or OIC in limited circumstances	Customs and Excise Act 2018 (empowering)	Minister of Transport, (Policy), Customs (collects duty)
ACC Motor Vehicle Account levy (fuel component)	6.0 c/L (petrol)	No	Changes through OIC	Accident Compensation Act 2001 (empowering)	Minister of ACC, ACC (designs and receives levy), Customs (collects levy), MBIE (oversight)
Local Authorities Fuel Tax	0.66 c/L (petrol)	No	Changes through OIC but can't exceed maximum set out in primary legislation	Local Government Act 1974 (empowering)	Minister of Local Government and Transport, Customs (collects levy), DIA
Petroleum or Engine Fuels Monitoring Levy	0.69 c/L (but may increase on 1 July)	No, but does change yearly	Changes yearly on 1 July with explanatory Notice issued by Secretary of Energy based on formula as set in OIC	Energy (Fuels, Levies, and References) Act 1989 (empowering)	Minister for Energy, MBIE, Customs (collects levy)
ETS pass-through	~10–20 c/L (variable), currently approx. 10c/L	No	NZU price movements	Climate Change Response Act 2002	Minister of Climate Change, Ministry for the Environment,



30 March 2026

OC260249

No action required

AIDE MEMOIRE: REDUCTION OF FUEL EXCISE DUTY AND ROAD USER CHARGES

Key points

- 1 The Ministry has modelled the revenue impacts of reducing the current FED and RUC charges s 9(2)(f)(iv) for a three-month period.
- 2 Based on modelling prepared last week that estimated the revenue impacts of the increasing fuel prices, we estimate that s 9(2)(f)(iv) FED and RUC rates for 3 months (April – June 2026) would reduce revenue for the National Land Transport Fund by up to s 9(2)(f)(iv). We note that these revenue figures projected reducing demand due to increasing prices so the actual reduction may be slightly less as demand is unlikely to fall as far.
- 3 Officials recommend that these rates are not reduced for a short period, as:
 - It may result in increased fuel use. Reducing the price would dampen the important role of price in signalling scarcity and helping consumers manage fuel consumption,
 - the National Land Transport Fund would require additional Crown funding to be able to deliver committed expenditure,
 - a universal reduction in FED and RUC benefits consumers and businesses that consume the most fuel, rather than targeting those who have the greatest cost-of-living pressures, and
 - s 9(2)(g)(i)
- 4 Reductions of FED and RUC would require legislative change. RUC rates can be changed via Regulations; however, the currently legislative framework requires a 42-day gazettal period.

Contacts

Name	Telephone	First contact
Anna Wilson-Farrell, Director - Revenue	s 9(2)(a)	
Sam Lockyer, Principal Advisor, Revenue		✓



30 March 2026

OC260249

No action required

AIDE MEMOIRE: REDUCTION OF FUEL EXCISE DUTY AND ROAD USER CHARGES (UPDATED 5PM)

- 1 The Ministry has modelled the revenue impacts of reducing the current FED and RUC charges ^{s 9(2)(f)(iv)} for a three-month period.
- 2 Based on modelling prepared last week that estimated the revenue impacts of the increasing fuel prices, we estimate that ^{s 9(2)(f)(iv)} FED and RUC rates for 3 months (April – June 2026) would reduce revenue for the National Land Transport Fund by up to ^{s 9(2)(f)(iv)}. We note that these revenue figures projected reducing demand due to increasing prices so the actual reduction may be slightly less as demand is unlikely to fall as far.
- 3 Heavy vehicles in New Zealand are a small part of the vehicle fleet, but pay high RUC rates because of the impact they have on the roads. ¹That impact rises exponentially with axle weight. Setting heavy vehicle RUC to ^{s 9(2)(f)(iv)} for a three-month period, with no other changes to FED and RUC rates, would result in lost revenue of approximately ^{s 9(2)(f)(iv)} (or an additional ^{s 9(2)(f)(iv)} revenue reduction on top of ^{s 9(2)(f)(iv)} FED and all other RUC rates for 3 months).
- 4 Officials recommend that these rates are not reduced for a short period, as:
 - it may result in increased fuel use. Reducing the price would dampen the important role of price in signalling scarcity and helping consumers manage fuel consumption,
 - the National Land Transport Fund would require additional Crown funding to be able to deliver committed expenditure,
 - a universal reduction in FED and RUC benefits consumers and businesses that consume the most fuel, rather than targeting those who have the greatest cost-of-living pressures, and
 - ^{s 9(2)(g)(i)}
- 5 Reductions of FED and RUC would require legislative change. RUC rates can be changed via Regulations; however, the currently legislative framework requires a 42-day gazettal period.

Contacts

Name	Telephone	First contact
Anna Wilson-Farrell, Director - Revenue	^{s 9(2)(a)}	✓
Sam Lockyer, Principal Advisor, Revenue		

¹ Heavy Electric Vehicles are currently exempt from paying RUC. This exemption ends 30 June 2027.



1 April 2026

OC260254

No action required

AIDE MEMOIRE: NATIONAL LAND TRANSPORT FUND - REVENUE AND EXPENDITURE PRESSURES

KEY POINTS

- 1 NZTA expects total cost pressures of around \$100 million for maintenance and capital expenditure for the period through to the end of September 2026 and between \$30 million and \$140 million for public transport authorities.
- 2 The National Land Transport Fund (NLTF) is facing revenue and expenditure pressures as a result of the events in the Middle East and rising oil prices. We expect a combination of lower revenue into the NLTF because of fewer kilometres travelled by vehicles and higher expenditure for the New Zealand Transport Agency (NZTA) as their delivery costs escalate.
- 3 This paper brings together recent Ministry advice on the NLTF revenue implications of rising fuel prices and provides the key points from NZTA's initial update on fuel supply expenditure impacts. A full briefing on the impacts on NZTA's operations and commercial contracts will be provided to you by NZTA on Thursday 2 April.

NATIONAL LAND TRANSPORT FUND REVENUE

- 4 The NLTF is a hypothecated fund. The primary contributions come from:
 - Fuel Excise Duty (FED): FED is administered by the New Zealand Customs Service and is paid directly to the Treasury each month. FED is collected directly from importers or producer (for fuel produced in New Zealand), rather than at the pump, so there is a lag between any change in fuel purchasing and a corresponding change in FED revenue.
 - Road User Charges (RUC): Approximately 1.2 million vehicles pay RUC – all heavy vehicles (other than heavy electric vehicles which are exempt from RUC until 30 June 2027), diesel and light electric vehicles. RUC is a distance and weight-based charge. Users purchase RUC, in 1,000 km increments, in advance of travel. This means short-term movements in revenue are not immediately reflected in underlying travel activity.
 - Motor Vehicle Registration fees, which contribute approximately \$300 million per annum to the NLTF.
- 5 Additional Crown funding (approximately \$2.3 billion for financial year 2024/25) 'tops up' the National Land Transport Programme (NZTA's three-year programme of prioritised activities with a 10-year forecast of revenue and expenditure).

MARCH BASELINE UPDATE (PRE-EVENT) FORECAST

- 6 The Ministry forecast FED and RUC revenue of approximately \$4 billion for the 2025/26 and \$4.5 billion for the 2026/27 financial year, using the 2026 March Baseline Update (MBU 2026) figures. This forecast revenue includes the increases to FED and RUC set out in the Government Policy Statement on Land Transport 2024-34: an increase of 12 cents per litre in January 2027, a further six cents per litre in January 2028, followed by a four-cent annual increase starting in January 2029 alongside an equivalent increase to all RUC. s 9(2)(f)(iv)

OIL AND FUEL PRICE IMPACTS ON COSTS AND REVENUE

- 7 Oil and fuel prices are likely to remain elevated even once the situation in the Middle East is resolved. This will reduce revenue for the NLTF and raise costs for NZTA. Following the initial outbreak of the Ukraine conflict, for example, global oil prices began to show signs of stabilizing roughly six to eight months after the initial surge in prices, with prices retreating from their March 2022 peaks by late September 2022.

Fuel price impacts on FED and RUC revenue

- 8 Treasury has provided scenarios that the Ministry has used to model how oil price rises may impact FED and RUC revenue until the end of the 2026/27 financial year (Table 1 below):
- Treasury Scenario 1 assumes oil prices peak at US\$110/barrel with the lowest economic impacts.
 - Treasury Scenario 2 assumes oil prices peak at US\$180/barrel with the highest economic impacts.
- 9 The Ministry's modelling, based on the Treasury scenarios, estimated that vehicle kilometres travelled (VKT) might fall by around 12 percent in the worst-case scenario through to the end of the June 2027. The true effects may be significantly higher given the extraordinary nature and extended duration of the oil price fluctuations.
- 10 Provisional NZTA Traffic Management System data for Auckland, Wellington and Canterbury, as of 1 April, shows that the 7-day average for light vehicle volumes is already down approximately 10 percent since 28 February, and light and heavy commercial VKT is down nearly 8 percent.
- 11 Based on the estimated 12 percent reduction in VKT, the Ministry is now forecasting that NLTF revenue will fall by between \$41 million and \$78 million for this financial year. In the 2026/27 financial year, NLTF revenue is forecast to be \$80 million to \$312 million less than the \$4.5 billion forecast. In total, we are forecasting a revenue reduction of between \$121.0 and \$390.2 million until the end of June 2027. Table 1 shows the quarterly estimated reductions in NLTF revenue, relative to MBU2026.

Table 1: Estimated changes in NLTF revenue relative to MBU2026 projections as at 25 March 2026

	MBU 2026 Forecast	Scenario 1: \$US110 a barrel	Scenario 2: \$US180 a barrel
	NLTF revenue (\$m)	Changes in NLTF revenue (\$m)	Changes in NLTF revenue (\$m)
Financial Year 2025/26			
Jan - March 2026	1,030.4	-7.7	-7.7
April – June 2026	1,017.6	-33.2	-70.6
Financial Year 2026/27			
July – Sept 2026	1,028.7	-28.3	-75.5
Oct - Dec 2026	1,075.7	-23.2	-75.3
Jan - March 2027	1,189.9	-16.5	-80.2
April - June 2027	1,200.2	-12.1	-80.9

NZTA's potential financial exposure

- 12 NZTA's Maintenance & Operations and Capital expenditure varies seasonally and peaks in the summer. Based on a diesel price of \$4 per litre, NZTA expects around \$46.3 million dollars in operating cost pressure and a further \$53.2 million in capital project cost increase (a total of \$99.5 million in increased expenditure) for the period through to the end of September 2026. Further detail is contained the NZTA briefing appended as Annex 1.

NZTA cost escalations

- 13 NZTA estimates the cost of fuel to be approximately 5.61 percent (approx. \$52.7m) of capital construction costs (pre-escalation) and 6 percent (approx. \$50.7 million) of maintenance and operation costs for Quarters 1-3 2026 (pre any Middle East impacts).
- 14 NZTA have advised that:
- They have received 18 early warning notices (signalling commercial performance concerns) for capital projects and two for maintenance and operations works.
 - Current tenders are being flagged by suppliers as requiring cost escalation to apply immediately on contract award.
 - They are not aware of any projects currently experiencing fuel supply issues.
 - They can assume several construction inputs will increase in price in response to the current situation but there will be a time lag before this occurs.

Cost impacts for Public Transport Authorities

- 15 As at 1 April 2026, NZTA is not seeing cost increase requests coming through from PTAs. This is not unexpected because:
- contract indexation creates a lag between higher costs being incurred by operators and those costs being passed through funders, in this case PTAs and the NLTF.

NZTA provided early, system-level estimates indicating relative potential impacts of fuel costs. However, cost impacts are likely to vary significantly depending on the type of contract, activity types, when such activities are undertaken, and ongoing developments in the price of oil/fuel. NZTA has since advised that diesel costs make up approximately 7 percent of the general construction costs index.

- cost impacts depend on how high diesel prices go and for how long, which is highly uncertain.

- s 9(2)(ba)(i)

- 16 NZTA estimates the financial impacts to be in the order of \$10 million to \$30 million for the 2025/26 financial year and \$20 million to \$110 million for the 2026/27 financial year if higher prices persist, based on very high-level assumptions. The Ministry provided you information on public transport cost pressures on 31 March 2026 [OC260253 refers].

DELAYING PLANNED FED AND RUC INCREASES WOULD WORSEN THE REVENUE PRESSURES ON THE NLTP

- 17 Using the Ministry of Transport's NLTF revenue forecast model we have forecast the immediate and long-term effect on NLTF revenue of delaying the planned FED and RUC increases. This modelling remains based on the schedule of annual increases already agreed

s 9(2)(f)(iv)

18

19

20

Reducing FED and RUC

- 21 We have also modelled decreasing FED and RUC rates by s 9(2)(f)(iv) for 3 months (April – June 2026). A s 9(2)(f)(iv) reduction would reduce NLTF revenue by around s 9(2)(f)(iv). In March 2022, due to the high global fuel prices following Russia's invasion of Ukraine, the Government cut fuel excise duty (and road user charges) by 25 cents per litre (plus GST). These reductions were initially in place for three months and were extended for a total period of 14.5 months. This final cost of these cuts, along with increased funding for public transport and railway track user charges, was \$2.0 billion.
- 22 Delaying the first increase of 12 cents per litre, and any consequential delays to the subsequent planned annual increases, or reducing FED and RUC, would place further pressure on the NLTF by considerably reducing revenue.

23 Officials do not recommend that the planned increases to FED and RUC are delayed or that FED and RUC are reduced for a short period because:

- the National Land Transport Fund would require additional Crown funding to be able to deliver committed expenditure,
- a decrease in FED and RUC may result in increased fuel use. Reducing the price would dampen the important role of price in signalling scarcity and helping consumers manage fuel consumption,
- delaying increases or reducing FED and RUC benefits consumers and businesses that consume the most fuel, rather than targeting those who have the greatest cost-of-living pressures, and

s 9(2)(g)(i)

Process to change FED and RUC rates

24 Reductions of FED and RUC would require legislative change. RUC rates can be changed via Regulations; however, the currently legislative framework requires a 42-day gazettal period. The Minister of Transport has led FED and RUC increases in previous years.

Contacts

Name	Telephone	First contact
Anna Wilson-Farrell, Director Revenue	s 9(2)(a)	✓
Sam Lockyer, Principal Advisor, Revenue		

Annex 1: NZTA Initial Update – Fuel Supply Impacts

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

Annex 1: NZTA Initial Update – Fuel Supply Impacts

1 April 2026

NZTA provided early, system-level estimates indicating relative potential impacts of fuel costs. However, cost impacts are likely to vary significantly depending on the type of contract, activity types, when such activities are undertaken, and ongoing developments in the price of oil/fuel. NZTA has since advised that diesel costs make up approximately 7 percent of the general construction costs index.

Providing initial information ahead of the full briefing on fuel supply impacts on NZTA's operations and commercial contracts.

NZ Transport Agency Waka Kotahi (NZTA) response:

1. Using the relevant NZTA escalation indices, we estimate the cost of fuel to be approximately 5.61% (approx. \$52.7m) of capital construction costs (pre-escalation) and 6% (approx. \$50.7m) of maintenance and operation costs for Quarters 1-3 2026 (pre any Middle East impacts).
2. The current situation across the major projects that are in construction and what NZTA is hearing from industry:
 - We have received 18 early warning notices (signalling commercial performance concerns) for capital projects and 2 for maintenance and operations works.
 - Current tenders are being flagged by suppliers as requiring cost escalation to apply immediately on contract award.
 - We are not aware of any projects currently experiencing fuel supply issues.
 - We can assume several construction inputs will increase in price in response to the current situation.

NZTA's potential financial exposure

3. Using NZTA's forecast delivery expenditure and standard escalation assumptions, we have estimated third party fuel and oil cost by converting actual and risk adjusted forecast delivery spend to litre equivalents. We have then used these fuel volumes to estimate the potential impact of rising fuel costs.
4. The spend profile for both Maintenance & Operations (M&O) and Capital expenditure varies seasonally and peaks in the summer.

Maintenance & Operations fuel cost increase scenarios				
Scenario (increases from pre-Middle East conflict prices)	Q3 (from 1 March baseline**)	Q4	Q1	Total
100%* (Q1 price \$3.95pl)	\$8.6m	\$20.5m	\$17.2m	\$46.3m
200% (Q1 price \$5.63pl)	\$8.6m	\$36.4m	\$30.1m	\$75.1m
300% (Q1 price \$7.5pl)	\$8.6m	\$54.1m	\$44.4m	\$107.1m

*Percentages represent incremental cost difference from fuel price increase, not total cost of fuel. 100% is above forecast spend. The pre-conflict price figure was \$1.70 per-litre.

**the Q3 figure starts from 1 March 2026 as a baseline for the start of the conflict and related fuel cost escalation.

Capital projects fuel cost increase scenarios				
Scenario (increases from pre-Middle East conflict prices)	Q3 (March Only)	Q4	Q1	Total
100% (Q1 price \$3.95pl)	\$6.4m	\$19.6m	\$27.3m	\$53.2m
200% (Q1 price \$5.63pl)	\$6.4m	\$34.8m	\$47.4m	\$88.6m
300% (Q1 price \$7.5pl)	\$6.4m	\$51.8m	\$69.8m	\$128m

Fuel Usage – back calculated million litres (based on forecast expenditure)				
	Q3	Q4	Q1	Total
M&O	12.5	9.8	7.6	29.9
Capital	9.3	9.6	12.2	31.1
Combined	21.8	19.4	19.8	61.0

Assumptions:

- Fuel usage is based on current programme forecast spend and does not assume fuel usage is reduced.
- Fuel volumes are calculated based on pre-conflict price.
- Capital construction spend based on 70% of implementation spend.
- It is assumed all contracts are eligible for fluctuation.
- The 2019 NZTA escalation indices apply to every project.

Contract management practices and commercial response

- NZTA is maintaining existing contract mechanisms and will be clarifying with the supply chain tomorrow (2 April 2026) how existing mechanisms will be applied in current circumstances.
- The primary contract response to rapidly escalating fuel price is to use monthly escalation data to adjust price, rather than adjusting price based on escalation indices applied quarterly in arrears. The two approaches generate the same adjustment over time, but the latter has inherent lag which is a source of significant cashflow stress for the supply chain, and therefore a material risk for NZTA and the sector overall.
- This approach will also be applied to new contracts and short-term contracts that allocate a short initial period of escalation risk to the contractor (the first 12 months of delivery) before reverting to indexation for regular price adjustment – these will have the fixed price period converted to the same monthly indexed price approach. In a scenario where fuel cost doubled for a six-month period, this could increase the cost of these contracts by around 3% for the year (total estimated impact currently \$18m).
- Because these combined measures will play a key role in reducing supply chain stress and avoiding potential failure among more vulnerable T2 and T3 contractors, there is a strong net benefit associated with their implementation. This extends beyond delivery confidence in the current programme into the reputation of NZTA and by extension the government, and sectors' outlook and ability to confidently engage in the forward infrastructure pipeline.
- Beyond escalation management measures, delays and disruptions, including those caused by loss of supply, implementation of fuel management regulations, changes in law, and client instructions, will be handled within the existing standard contract provisions (with only minor clarification comments from NZTA).
- A potential message, if required publicly, is that NZTA's contract mechanisms provide adequately for management of cost escalations such as these.

Cost impacts for Public Transport Authorities (PTAs)

11. As at 1 April 2026, NZTA is not seeing cost increase requests coming through from PTAs. We wouldn't expect this to be the case at this point time because:

- a. contract indexation creates a lag between higher costs being incurred by operators and those costs being passed through funders, in this case PTAs and the NLTF.
- b. cost impacts depend on how high diesel prices go and for how long, which is highly uncertain.

12. We estimate impacts for FY 2025/26 to be in the order of \$10m – \$30m, and \$20m–\$110m for FY 2026/27 if higher prices persist, based on very high-level assumptions.

13. s 9(2)(ba)(i)

14. The additional operating costs resulting from the increased fuel costs are unlikely to be affordable to the activity class investment target, especially if fuel costs remain elevated. The impact may be mitigated should there be an increase in public transport patronage of a sufficient scale to result in increased fare revenue offsetting the increased fuel costs.

RELEASED UNDER THE
OFFICIAL INFORMATION ACT 1982

NZTA Revenue and Cost Pressures

10 April 2026

The National Land Transport Fund (NLTF) revenue reduction is based on the draft BEFU 2026 forecast compared to MBU 2026. The draft BEFU 2026 is forecasting a \$375m reduction over MBU 2026 over the next five years (2025/26-2029/30) due to a more negative economic outlook by Treasury (\$150m) and revised motor vehicle registration fee revenue (\$225m).

NZTA's cost pressure estimates are based on \$3.95 a litre for diesel. Estimates were also provided for prices of \$5.63 and \$7.50 per litre. Prior to March 2026, the cost of fuel represented approximately 5.6 percent of NZTA's capital construction costs and 6 percent of maintenance and operations costs.

The next construction "season" begins in November 2026. NZTA did not provide estimated operating and maintenance or capital cost pressures beyond September 2026.

NZTA's Public Transport Authority cost pressures estimate is based on a \$3.80 per litre price of diesel. NZTA also provided estimates based on diesel prices of \$2.60 and \$5.00 a litre.

Table 1: NZTA Revenue and Cost pressures (\$m)

REVENUE PRESSURES	FY 2025/26	FY 2026/27
BEFU26 NLTF forecast revenue compared to MBU26	-\$72.0	-\$127.0
Reduction in NLTF revenue if 12 c/pl FED and RUC increases delayed 6 months until 1 July 2027	N/A	s 9(2)(f)(iv)
Total Revenue Pressures	\$72.0	
COST PRESSURES	JAN-JUNE 2026	JULY-SEPT 2026
Increases in Operating and Maintenance Costs	\$29.1	\$17.2
Increases in Capital Costs	\$26.0	\$27.3
Total Operating and Capital Cost Pressures	\$55.1	\$44.5
	JAN-JUNE 2026	FY 2026/27
Public Transport Authority Cost Pressure Estimates	\$21.0	\$65.0