



Cabinet

Minute of Decision

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Taking Action on Fuel Prices: Road User Charges (Temporary RUC Reduction Scheme) Amendment Bill Approval for Introduction

Portfolio Transport

On 4 April 2022, Cabinet:

Road User Charges (Temporary RUC Reduction Scheme) Amendment Bill

- 1 **noted** that the Road User Charges (Temporary RUC Reduction Scheme) Amendment Bill aims to put in place an equivalent reduction to road user charges as made to the rate of petrol excise duty [CAB-22-MIN-0073];
- 2 **approved** for introduction the Road User Charges (Temporary RUC Reduction Scheme) Amendment Bill [PCO 24678/2.0], subject to the final approval of the Government caucus and sufficient support in the House of Representatives;
- 3 **agreed** that the Bill be introduced in the week beginning 4 April 2022;
- 4 **agreed** that the Government propose that the Bill be:
 - 4.1 accorded urgency;
 - 4.2 enacted no later than 15 April 2022;

s 9(2)(f)(iv)

Funding to Waka Kotahi for Administration costs of the Temporary RUC Reduction Scheme

- 7 **noted** that on 14 March 2022, Cabinet:
 - 7.1 agreed to a 25 cent per litre reduction to the rate of petrol excise duty (and an equivalent reduction to road user charges) for a period of three months;
 - 7.2 agreed to top up the National Land Transport Fund (NLTF) to account for the anticipated shortfall in revenue, subject to further work being completed on the decrease in revenue;

7.3 agreed to establish a tagged operating contingency as follows in Vote Transport, to provide for the top-up of the NLTF:

	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
NLTF Crown Funding for Temporary	350.000	-	-	-	-
Decrease in Petrol Excise Duty and Road User Charges – Tagged Operating Contingency					

7.4 authorised the Minister of Transport and Minister of Finance jointly to draw down the tagged operating contingency in paragraph 7.3 above (establishing any new appropriations, or changing the scope of existing appropriations as necessary), subject to their satisfaction with the outcome of the further work described in paragraph 7.2 above;

[CAB-22-MIN-0073]

- 8 **noted** that the Minister of Transport and the Minister of Finance are yet to draw down on the tagged operating contingency (but will do so before the Budget 2022 moratorium), so an appropriation to draw down the tagged operating contingency is yet to be established;
- 9 **agreed** to establish the following new multi-year appropriation, to run from 11 April 2022 to 30 June 2023:

Vote	Appropriation Minister	Title	Type	Scope
Transport	Minister of Transport	Funding for temporary decreases in Fuel Excise Duty, Road User Charges, Public Transport fares and Railway Track User Charges	Non – Departmental Output Expense	This appropriation is limited to providing operating funding to Waka Kotahi NZ Transport Agency to top up the National Land Transport Fund, to account for the shortfall in revenue as a result of temporary reductions in Fuel Excise Duty and Road User Charges, increased expenditure as a result of temporary Public Transport fare decreases, administration costs, and to reimburse KiwiRail for temporary reductions to Railway Track User Charges

- 10 **noted** that waka Kotahi will incur administrative costs associated with the implementation and monitoring of the temporary petrol excise duty and road user charges reduction scheme, and this is estimated to be \$2.15 million;
- 11 **agreed** that up to \$2.15 million of the Funding for temporary decreases in Fuel Excise Duty, Road User Charges, Public Transport fares and Railway Track User Charges appropriation, once funding is drawn into the appropriation by the Minister of Transport and the Minister of Finance, can be used to fund Waka Kotahi for these administration costs;

Rebate to KiwiRail for track user charge

- 12 **agreed** to reimburse KiwiRail Holdings Limited, following payment under regulation 7 of the Land Transport (Railway Track User Charges) regulations 2021, 36 percent of the amount of railway track user charges paid by KiwiRail Holdings Limited for the period 1 April 2022 to 30 June 2022, limited to a maximum amount of \$1.5 million;
- 13 **noted** that the reimbursement to KiwiRail Holdings Limited, limited to \$1.5 million, is expected to be used by KiwiRail Holdings Limited for the costs of providing its commercial rail freight customers with a three-month reduction in railway track user charges for the period 1 April 2022 to 30 June 2022, payable in accordance with regulation 7 of the Land Transport (Railway Track User Charges) Regulations 2021;
- 14 **approved** the following changes to the appropriations to give effect to the policy decision in paragraph 12 above, with a corresponding impact on the operating balance:

Vote Transport Minister of Transport	\$m – increase/(decrease)				
	2021/22	2022/23	2023/24	2024/25	2025/26 & Outyears
Non-Departmental Output Expense: Funding for the temporary decrease in Fuel Excise Duty, Road User Charges, Public Transport fares and Railway Track User Charges MYA	1.500	-	-	-	-

- 15 **agreed** that the proposed change to appropriations for 2021/22 above be included in the 2021/22 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 16 **agreed** that the expenses incurred under paragraph 12 above be funded outside of Budget allowances, with a corresponding negative impact on the fiscal position;
- 17 **agreed** to reduce the size of the COVID-19 Response and Recovery Fund by an amount equivalent to the costs of the decisions in paragraph 12 above to offset the negative fiscal impact of this decision;
- 18 **noted** that a letter will be provided to KiwiRail, from the Minister of Finance, which details the process through which the railway track user charges rebate will be administered and criteria which must be met prior to payment.

Michael Webster
Secretary of the Cabinet