

Regional Fuel Tax Q&As –

What is the purpose of a regional fuel tax?

- The purpose of a regional fuel tax is to provide additional funds to a region to pay for transport projects that would not otherwise be funded.

What can the revenue of a regional fuel tax be used for?

- Revenue from a regional fuel tax can be used to fund transport projects proposed by a regional council and approved by joint Ministers (Finance and Transport) after public consultation.

Who will pay regional fuel tax?

- Regional fuel tax will be collected at the distribution level – when fuel is delivered to service stations or other bulk storage tanks, such as those on farms or construction sites. Liability for the tax will fall on fuel companies, not those who fill up at a fuel station.

What will happen to the price of fuel?

- Fuel prices are influenced by many factors and different fuel prices can be found reflecting different cost and competitive factors. Therefore the impact of a regional fuel tax is likely to vary.

Can a regional fuel tax be implemented in regions other than Auckland?

- The enabling legislation, the Land Transport Management (Regional Fuel Tax) Amendment Act 2018 restricts a regional fuel tax to Auckland until at least 1 January 2021.

Will there be a maximum rate for regional fuel tax?

- The legislation specifies a maximum rate for regional fuel tax of no more than 10c per litre. It is up to a regional council to propose a rate of regional fuel tax for its region up to the maximum rate.

How long will regional fuel tax apply for?

- A regional fuel tax will have a maximum initial duration of ten years. If a regional council wants to extend beyond ten years, it will need to consult with the public and obtain Ministers' approval.

Will regional fuel tax be subject to GST?

- Fuel retailers charge GST on the total price of fuel. If fuel retailers increase their prices, then GST will apply to the new price of the fuel.

What does regional fuel tax apply to?

- Regional fuel tax will apply to petrol and diesel. Compressed natural gas (CNG) and liquefied petroleum gas (LPG) are excluded because the vast majority of these fuels are used off-road.

Will there be a rebate system for other off-road users of fuel?

- Yes. The NZ Transport Agency is responsible for collecting regional fuel tax and will provide an online system for rebates. To learn more, [click here](#). The rebate entitlement for regional fuel tax will align with the refund entitlement for fuel excise duty (FED), except that regional fuel tax rebates will be available for petrol as well as diesel. The Minister of Transport, Hon Phil Twyford, has directed the Ministry of Transport (the Ministry) to explore how best to modernise the rebate entitlement for fuel used off-road, both for FED and regional fuel tax.

Is there a risk that people will drive outside a region to purchase fuel to avoid the regional fuel tax?

- This is unlikely to be a significant issue at the household level as only a small proportion of household travel is between regions and the distance to a fuel retailer outside the region is unlikely to provide enough of an incentive for most. The incentive may be greater for long-haul trucks that travel between regions regularly.

How equitable is a regional fuel tax?

- A regional fuel tax is only a proxy for the use of a region's roads. Fuel consumption varies by vehicle fuel efficiency and fully electric vehicles use no petrol or diesel, so some people will inevitably pay more tax than others.

Auckland regional fuel tax scheme Q&As

When will the regional fuel tax in Auckland come into effect?

- The start date of the Auckland regional fuel tax scheme is 1 July 2018, at the beginning of the day, and its end date is 30 June 2028, at the close of the day.

What are the boundaries of Auckland?

- A regional fuel tax scheme is established for the Auckland region, excluding the Great Barrier Local Board Area. Maps that provide the boundaries for the Auckland region and the Great Barrier Local Board Area may be found on the NZ Transport Agency's website, [here](#).

What will be the rate of regional fuel tax in Auckland?

- 10 cents per litre (plus GST) on petrol and diesel, as proposed by Auckland Council.

Was the public consulted?

- Auckland Council consulted with the public on its proposal for a regional fuel tax in Auckland between 1 May 2018 to 15 May 2018. The proposal contained information on the transport projects to be funded, their costs and benefits, and the revenue expected to be raised from a 10 cent regional fuel tax in Auckland.

How will the revenue be used?

- Auckland Council must use the revenue to fund the projects set out in its regional fuel tax proposal and specified in the [Land Transport Management \(Regional Fuel Tax Scheme - Auckland\) Order 2018](#). The Order sets out the projects to be funded and their anticipated completion date.

How will a 10 cent regional fuel tax in Auckland affect lower income households?

- There is some evidence to suggest that a regional fuel tax will have a greater impact on lower income households. It is estimated that a person who fills up the fuel tank of an average vehicle (50 litres) every two weeks will face an additional cost of less than \$3 per week [50 l x 11.5 c = \$5.75 or \$2.88 per week]

How will those people in lowest incomes in Auckland, who will most struggle to pay higher fuel taxes, see the benefit?

- People on low incomes are already paying the price in terms of having poor access to public transport, and time spent waiting in congested traffic. Projects like investment in the Eastern Busway, which will improve access to employment areas in south Auckland (Manukau and the airport), are examples of how regional fuel tax funds can improve transport options for the highly car dependent southeast Auckland. Also, more frequent bus and train services throughout the region as well as additional, safe cycle lanes will mean there are more accessible transport options.