



Received
11 OCT 2018

Draft Cabinet papers: extending the regional fuel tax rebate entitlement

Reason for this briefing	You agreed to a Cabinet paper being prepared to extend the regional fuel tax entitlement proposals. We have prepared draft Cabinet papers for Cabinet Economic Development Committee and Cabinet Legislation Committee, for your consideration.
Action required	Consider the draft Cabinet papers and provide any feedback. Indicate whether you wish to discuss the draft Cabinet papers with transport officials. Agree to begin cross-party consultation.
Deadline	15 October 2018
Reason for deadline	This is the date of the next transport officials meeting, should you wish to discuss the draft Cabinet papers. Cross-party consultation is scheduled to occur between 17 and 26 October 2018.

Contact for telephone discussion (if required)

Name	Position	Telephone	First contact
Marian Willberg	Manager, Demand Management and Revenue	[REDACTED]	
Andrew de Montalk	Adviser, Demand Management and Revenue	[REDACTED]	X

MINISTER'S COMMENTS:

Information withheld under section 9(2)(a) of the OIA.

Date:	11 October 2018	Briefing number:	OC180877
Attention:	Hon Phil Twyford (Minister of Transport)	Security level:	In-confidence
Copy to:	Hon James Shaw (Acting Associate Minister of Transport)		

Minister of Transport's office actions

- Noted
- Seen
- Approved
- Needs change
- Referred to
- Withdrawn
- Not seen by Minister
- Overtaken by events

Purpose


1. To provide you with draft Cabinet papers proposing extensions to the regional fuel tax rebate entitlement. The policy Cabinet paper is scheduled to be considered by the Cabinet Economic Development Committee (DEV) on Wednesday 7 November 2018. The legislative Cabinet paper is scheduled to be considered by Cabinet Legislation Committee (LEG) on 29 November 2018,
2. We are seeking feedback on the draft Cabinet papers and your agreement to begin cross-party consultation on both papers.

Draft Cabinet papers have been prepared for your consideration

3. On 30 September 2018, you directed officials [OC180741 refers] to prepare a draft Cabinet paper to provide an exemption or rebate entitlement of regional fuel tax for:
 - 3.1. diesel used for home heating by private individuals
 - 3.2. diesel used for electricity generation by non-commercial organisations
 - 3.3. diesel and petrol used by road registered vehicles that are used exclusively or predominately off-road
 - 3.4. diesel and petrol supplied inside the Auckland region but subsequently distributed outside the Auckland region.
4. The attached draft Cabinet paper for DEV seeks policy approval for these regional fuel tax entitlement extensions.
5. For the purposes of cross-party consultation, we have also included the draft paper to LEG that will give effect to the rebate entitlement extension by amendment to the relevant regulations.

Potential matters that could arise during cross-party consultation

6. The following matters could potentially arise during cross-party consultation. Should any other matters arise, we can provide advice to your Office.

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7. The purpose of the rebate is to ensure that only road users contribute to improvements to Auckland's transport network, not to incentivise or disincentivise diesel as a home heating fuel. Regional fuel tax is a road tax. Home heating is a non-road use of fuel.

Information withheld under section 9(2)(g)(i) of the OIA.

Are the entitlement proposals creating a different set of entitlements for fuel excise duty versus regional fuel tax?

- 8. Fuel excise duty applies only to petrol. Regional fuel tax also applies to diesel.
- 9. The first two proposals (home heating and electricity generation) apply only to diesel, [REDACTED]
[REDACTED] The third proposal in relation to vehicles used exclusively or predominantly off-road will in practice apply almost entirely to diesel vehicles. [REDACTED]
[REDACTED]
- 10. [REDACTED]
[REDACTED]

What about aircraft and recreational boats?

- 11. Aircraft and recreational boats ('pleasure craft') are not entitled to a rebate for regional fuel tax and refund for fuel excise duty. The fuel excise duty estimated to have been paid by recreational boats is used to fund search and rescue activities and recreational boating safety campaigns. [REDACTED]
[REDACTED]
- 12. [REDACTED]
[REDACTED]
- 13. [REDACTED]
- 14. [REDACTED]
- 15. [REDACTED]
[REDACTED]
- 16. [REDACTED]
[REDACTED]
- 17. [REDACTED]
[REDACTED]

18. As outlined in the draft policy Cabinet paper, regardless of when the entitlement may apply from, the NZ Transport Agency is working to make the necessary adjustments to its online system to cover the entitlements proposals. It anticipates having the system changes completed in February-2019. This means there would likely be a period of time between when the new entitlements exist and when claims can be made. This may prompt expressions of dissatisfaction from potential claimants.

Regulatory impact analysis

19. The Regulatory Quality Team at the Treasury has granted an exemption from the Regulatory Impact Analysis requirement for the policy proposals due to their likely minor impact. In light of this exemption and to further transparency for Parliament and the public, the Treasury has suggested that you proactively release:
 - 19.1. the final Cabinet papers
 - 19.2. the Ministry's briefing paper entitled "Progress on improving the regional fuel tax rebate and fuel excise duty refund entitlements" (OC180741 refers).
20. Should you agree to the release of the papers, we will work with your Office on what, if any, redactions are appropriate and the timeframe for the release of the papers.

21. 

Feedback from departmental / agency consultation on the Cabinet Papers

22. We consulted the Ministry of Business, Innovation and Employment, the Treasury and the NZ Transport Agency on the draft Cabinet papers. Non substantive comments (minor wording changes) were received from the NZ Transport Agency.
23. Auckland Council has also been consulted on the policy proposals.

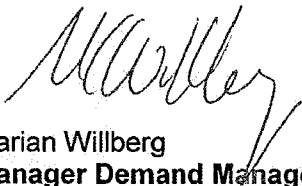
Next steps

24. Annex One contains an indicative timetable to progress these Cabinet papers. We wish to get these regulations in place as soon as possible should the rebate entitlement not be able to be backdated to when the regional fuel tax in Auckland commenced.

Recommendations

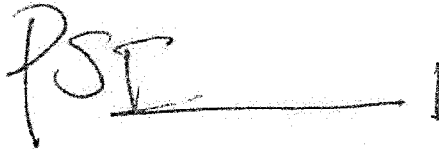
25. The recommendations are that you:

- (a) **provide** any feedback to the Ministry of Transport on the attached draft Cabinet papers ~~Yes~~/No
- (b) **indicate** whether you wish to discuss the draft Cabinet papers with transport officials ~~Yes~~/No
- (c) **agree** to begin cross-party consultation Yes/~~No~~
- (d) **agree** to the proactive release of the Cabinet papers and the Ministry of Transport's briefing paper (OC180741), subject to appropriate redactions. Yes/~~No~~



Marian Willberg
Manager Demand Management and Revenue

MINISTER'S SIGNATURE:



DATE: 14.10.18

Annex one: Indicative timetable

15 October 2018	Paper discussed at weekly meeting with transport officials.
17 October to 26 October 2018	Cross-party consultation.
29 October to 31 October 2018	Ministry makes any changes to the paper and submits the final Cabinet paper to the Minister.
1 November 2018	Lodge paper for DEV
7 November 2018	DEV
12 November 2018	Cabinet
22 November 2018	Lodge paper for LEG
29 November 2018	LEG
3 December 2018	Cabinet
6 December 2018	Gazette
7 December 2018	Amendment Regulations in force (waiver to the 28 day rule required)