

Legislative Statement: Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill – First Reading

Presented to the House of Representatives in accordance with Standing Order 272

Introduction

1. The purpose of the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill (the Bill) is to remove the Auckland regional fuel tax (RFT) and the framework that allows new regional fuel taxes to be created.
2. This Bill:
 - revokes the Land Transport Management (Regional Fuel Tax Scheme - Auckland) Order 2018, which provides for the Auckland regional fuel tax; and
 - repeals the empowering framework that provides for the creation of regional fuel taxes in the Land Transport Management Act 2003 and revokes the associated Land Transport Management (Regional Fuel Tax) Regulations 2018.

Key provisions of the Land Transport Management (Repeal of Regional Fuel Tax) Amendment Bill

3. The Bill will revoke the existing Auckland regional fuel tax scheme (Auckland RFT scheme) on 1 July 2024, removing the 10-cents-per-litre tax on fuel distributed in the Auckland area.
4. The Bill removes the legislative framework that allows new regional fuel taxes to be created, also from 1 July 2024. Regulations relating to the proposals of new schemes, and the conditions they must follow, will be revoked.

The Bill narrows the list of projects the remaining revenue can be used towards

5. This Bill amends the Auckland RFT Order to reduce the list of capital projects that can be supported by the RFT revenue. The schedule previously included 14 projects; this Bill reduces that to the following three priorities:
 - a. Project 4: The Eastern Busway,
 - b. Project 6: Electric trains and stabling, and
 - c. Project 12: Road corridor improvements.
6. The restriction of which capital projects may be supported from RFT revenue comes into force the day after the Bill receives Royal assent. The Bill requires the Auckland Council to operate the Auckland RFT reserve fund until it is spent.

The Bill aims to ensure a smooth but efficient wind-down of the current scheme

7. The Bill also addresses transitional, savings, and related issues as part of the winding up of the Auckland RFT scheme.
8. Some of these consequential amendments do not come into force until 1 July 2025, to retain the settings required to smoothly wind down the scheme. This includes the necessary provisions for assessing, reassessing, paying and recovering this tax, and therefore allowing audits to be continued and rebate claims processed beyond the 1 July 2024 end date. The Bill also ensures appropriate record keeping, returns and reporting requirements are retained until the scheme is wound up.

9. This Bill changes the timeframes for submitting rebate claims for exempted fuel use under the Auckland RFT scheme. The shortened timeframe ensures those who are eligible for a rebate have opportunity to receive them while allowing for an efficient wind-down of the scheme. It enables rebate applications (relating to fuel acquisitions supplied before the end date) to continue to be made for 4 months after the end date. The 10 percent penalty for submitting a rebate request more than three months after the period being claimed for remains in place.

10. This Bill also provides for the New Zealand Transport Agency (the Agency) to retain, or claim back from Auckland Council, adequate revenue to cover required close-out costs and rebate requests for exempted fuel use. The Agency must account to Auckland Council any remaining rebate reserve as soon as practicable after the end of June 2025.