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Cabinet

CAB Min (03) 40/7A

Minute of Decision

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Minister of Finance
Minister of Transport

Copies to:

Prime Minister
Deputy Prime Minister
Hon Jim Anderton
Minister for Economic Development
Minister for the Environment
Minister of Local Government
Minister with Responsibility for Auckland Issues
Chief Parliamentary Counsel
Legislation Coordinator
Secretary, POL

Auckland Transport Strategy: Additional Funding Issues

On 8 December 2003 Cabinet:

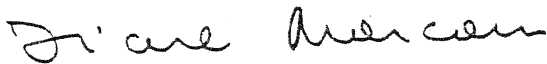
- 1 **noted** that on 1 December 2003, Cabinet invited the Ministers of Finance and Transport to report to Cabinet on issues relating to the proposed increase in fuel excise, including the proposed level and timing of the increase, indexing, whether it should be referred to as a regional petrol tax, and how the 65% share for the rest of New Zealand would be distributed [CAB Min (03) 39/6A];
- 2 **agreed** to increase fuel excise by 5 cents per litre (excluding GST) and to increase road user charges (RUC) for light vehicles by an equivalent amount;
- 3 **noted** that these increases are likely to generate approximately \$207 million per annum (excluding GST);
- 4 **agreed** that fuel excise and RUC for light vehicles be adjusted annually in line with changes in the latest available Consumer Price Index;
- 5
 - 5.1 **invited** the Ministers of Finance and Transport to report to the Cabinet Policy Committee (POL) on 10 December 2003 on the proposed implementation date for the increase in fuel excise and RUC in paragraph 2;
 - 5.2 **authorised** POL to have Power to Act at its meeting on 10 December 2003 to take decisions on the issue;

Withheld section 9(2)(f)(iv) and
(g)(i)

- 7 **agreed** that the revenue from the proposed increases in paragraph 2 be allocated in accordance with the Land Transport Management Act 2003 on a regional basis, with 35% to Auckland;
- 8 **agreed** that the regional allocation mechanism referred to in paragraph 7 will apply for 10 years from the date of implementation, and that thereafter the allocation will be made in accordance with the allocation process that Transfund has adopted in light of the Land Transport Management Act;

Withheld section 9(2)(f)(iv) and
(g)(i)

- 10 **agreed** that as part of the Auckland transport funding package, the Crown contributes potentially up to \$850 million over 10 years, comprising \$50 million per annum in the 2004/05, 2005/06 and 2006/07 years, and up to \$100 million for the following seven years.



Secretary of the Cabinet

Reference: CAB (03) 588; CAB Min (03) 40/7B

Secretary's Note: Cabinet's overall decisions on the Auckland Transport strategy are set out in CAB Min (03) 40/7B. Further decisions on the Auckland Transport strategy were made by the Cabinet Policy Committee on 10 December [see POL (03) Min 32/10]