



Cabinet Policy Committee

POL Min (03) 32/10

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Minute of Decision

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Additional Item: Auckland Transport: Further Funding Issues

On 10 December 2003 the Cabinet Policy Committee, having been authorised by Cabinet with Power to Act [CAB Min (03) 40/7A]:

Background

- 1 noted that on 8 December 2003 Cabinet:
 - 1.1 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;
 - 1.2 noted that these increases are likely to generate approximately \$207 million per annum (excluding GST);
 - 1.3 agreed that fuel excise and RUC for light vehicles be adjusted annually in line with changes in the latest available Consumer Price Index;
 - 1.4
 - 1.4.1 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;
 - ✧ 1.4.2 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)

- 1.6 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;
- 1.7 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)

- 1.9 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;

[CAB Min (03) 40/7A]

Funding

- 2 **noted** that Transfund forecasts additional expenditure of \$87 million in Auckland by 1 July 2005, comprising \$12 million on transport demand management, \$52 million on Auckland passenger transport (including Stage 1 Rail) and \$23 million on roading;
- 3 **rescinded** the decision referred to in paragraph 1.9 above, and instead;
- 4 **agreed** that as part of the Auckland transport funding package, the Crown contributes potentially up to \$900 million over 10 years, comprising \$50 million in 2004/05, \$50 million in 2005/06 and up to \$100 million per annum for the succeeding eight years;

Fuel Excise: Effective Date

- 5 **agreed** that, on the principle that the National Land Transport Account should have a low positive balance, the increase in fuel excise and road user charges for light vehicles will apply from 1 April 2005;
- 6 **noted** that a commitment to increase fuel excise and road user charges for light vehicles will provide sufficient certainty for Transfund to increase funding for Auckland transport in the short term;
- 7 **agreed** that the first \$50 million instalment of the Crown contribution be deferred to April 2005;
- 8 **agreed** that the 65% regional allocation for the rest of New Zealand (see paragraph 1.6) be based on population;
- 9 **noted** that the Minister of Transport will release details of the breakdown of the 65% regional allocation as part of his announcement on the proposals on 12 December 2003;
- 10 **noted** that in accordance with the co-operation agreement with the Green Party Parliamentary Caucus, Ministers will continue to work with the Green Party in the development of policy arising from this package.



Katherine Noble
Secretary

Reference: Paper entitled "Auckland Transport Strategy: Further Funding Issues" tabled by the Minister of Transport

Copies to: (see over)

Present:

Hon Dr Michael Cullen
Hon Jim Anderton
Hon Steve Maharey
Hon Phil Goff
Hon Annette King
Hon Trevor Mallard
Hon Margaret Wilson
Hon Parekura Horomia
Hon Lianne Dalziel
Hon Mark Burton
Hon Paul Swain
Hon Marian Hobbs
Hon John Tamihere
Hon Chris Carter

Officials present from:

Office of the Prime Minister
Department of the Prime Minister and Cabinet

Copies to:

Cabinet Policy Committee
Chief Executive, DPMC
Mary Anne Thompson, DPMC
Secretary to the Treasury
Chief Executive, Ministry of Economic Development
Minister of Transport
Secretary for Transport
Minister for the Environment
Secretary for the Environment
Minister of Local Government
Secretary for Internal Affairs (Local Government)
Minister with Responsibility for Auckland Issues
Chief Parliamentary Counsel
Legislation Coordinator