



Media Release

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Regional Fuel Tax becomes contagious

It comes as no surprise to learn that 14 councils around the country are seeking a regional fuel tax similar to Auckland's, says Road Transport Forum Chief Executive Ken Shirley.

"As the transport sector predicted, the Government's bad idea of an Auckland Regional Fuel Tax has become contagious and is now infecting various other parts of the country."

From 2021 every regional and unitary council in the country can apply to the Government for the right to impose a 10-cents-a-litre (plus GST) regional fuel tax on their communities.

"With a number of councils obviously seeking this option it is likely to result in unintended consequences such as forcing transport operators and fuel retailers out of certain regions to avoid the tax. That is, of course, if price spreading doesn't just make a mockery out of the whole concept anyway."

"It is undeniable that regions such as the Westland struggle to maintain their roading infrastructure, however there is a far better way for the Government to support them."

"A simple increase in fuel excise and RUCs nationwide could be aligned with an increase in the financial assistance rate (FAR) allowing councils to access more funding from the National Land Transport Fund than the 53 percent they get now," says Shirley. "This would maintain the integrity of the funding system and wouldn't burden small councils with having to administer and enforce a regional fuel tax."

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