

Departmental Disclosure Statement

Excise and Excise-equivalent Duties Table (Budget Measures— Motor Spirits) Amendment Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill;
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Ministry of Transport.

The Ministry of Transport certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

03 May 2019.

Part One: General Policy Statement

Cabinet agreed to increases in motor spirits (petrol) excise duty (PED) of 3.5 cents per litre in 2018, 2019 and 2020, with an equivalent increase in road user charges (RUC) [CAB-18-MIN-0115] to provide the level of funding needed to meet the Government's transport investment commitments. These commitments are set out in the Government's Policy Statement on land transport 2018 (GPS 2018), released in June 2018.

This Bill gives effect to Cabinet's decision for the PED increases in 2019 and 2020. The PED increases are drafted to take effect on 1 July 2019 and 1 July 2020.

PED and RUC are the major contributors of revenue to the National Land Transport Fund, which funds the delivery of the Government Policy Statement on land transport. The RUC system is used to raise revenue from the operators of vehicles that are not wholly powered by petrol. Rates of RUC are set in the Road User Charges (Rates) Regulations 2015 according to RUC vehicle types and weights prescribed in the Road User Charges Regulations 2012.

PED is levied on each litre of petrol imported into or produced in New Zealand. It is paid by the oil companies, and passed on to consumers in the retail price of petrol. The rate is specified in the Excise and Excise-equivalent Duties Table, maintained under the Customs and Excise Act 2018. PED is referred to in this legislation as motor spirit duty.

Certain operators of petrol vehicles and commercial petrol driven equipment can apply for refunds of PED and the associated GST, under the Land Transport Management (Apportionment and Refund of Excise Duty and Excise-Equivalent Duty) Regulations 2004 (Excise Refund Regulations), where they are using the vehicle or equipment ordinarily not on the public road.

The Bill also consequentially amends the Excise Refund Regulations to increase the refund available under these regulations to reflect the changes to the PED rate for 2019 and 2020.

Part Two: Background Material and Policy Information

Published reviews or evaluations

2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?	YES
<p>The GPS 2018 signals the Government's land transport investment priorities for the next ten years. This investment will be funded through revenue derived mainly from several hypothecated taxes and charges, including PED. The GPS 2018 can be accessed using the following link:</p> <p>https://www.transport.govt.nz/multi-modal/keystrategiesandplans/gpsonlandtransportfunding/</p>	

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO
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Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
<p>The Ministry of Transport prepared the regulatory impact statement (RIS) "Increases to Petrol Excise Duty and Road User Charges". This can be found on the Ministry of Transport's website here: https://www.transport.govt.nz/about/governance/ris-bccs/</p>	
2.3.1. If so, did the RIA Team in the Treasury provide an independent opinion on the quality of any of these regulatory impact statements?	NO
<p>It was determined and agreed with the Treasury that the RIS did not meet the threshold for RIA team assessment. The RIS was evaluated by the independent transport sector review panel, and assessed as meeting the quality assurance criteria.</p>	
2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	NO

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO
<p>This information is available in the RIS referred to above.</p>	

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	NO
(b) the nature and level of regulator effort put into encouraging or securing compliance?	NO
The existing obligation to pay excise duty when producing or importing petrol into New Zealand does not change. However, importers and producers of petrol will need to pay additional costs per litre of petrol produced in New Zealand or imported into the country.	

Part Three: Testing of Legislative Content

Consistency with New Zealand's international obligations

3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?
No issues were identified in the development of the policy that may have specific implications for international obligations. As such, there have been no formal additional steps to determine whether the policies to be given effect by the Bill are consistent with New Zealand's international obligations.

Consistency with the government's Treaty of Waitangi obligations

3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?
No issues were identified in the development of the policy that may have specific implications for the rights and interests of Māori under the Treaty of Waitangi. As such, there have been no formal steps to determine whether the policies to be given effect by the Bill are consistent with the principles of the Treaty of Waitangi.

Consistency with the New Zealand Bill of Rights Act 1990

3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?	YES
The Ministry of Justice has prepared advice for the Attorney-General that states the Bill appears to be consistent with the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990.	

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	NO
(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	NO

Privacy issues

3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?	NO
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External consultation

3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?	NO
Possible increases in PED and RUC were included in public engagement on the draft GPS 2018. There were mixed reactions to the proposed changes to PED and RUC. Many submitters accepted that increases in PED and RUC would be necessary to deliver on the Government's priorities. However, some submitters were strongly opposed to the increases.	

Other testing of proposals

3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?	YES
The changes will be delivered through the well established existing mechanisms for collecting PED.	

Part Four: Significant Legislative Features

Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
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Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
The Bill does not create or amend a power, but does increase the PED rate as specified in the Excise and Excise-equivalent Duties Table.	

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
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Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
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Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO

Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
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