



COVERSHEET

Minister	Hon Dr Megan Woods Hon Dr David Clark	Portfolio	Energy and Resources Commerce and Consumer Affairs
Title of Cabinet paper	Delivering Better Fuel Monitoring and Enabling the Expansion of the Low Emission Vehicles Contestable Fund	Date to be published	9 June 2021

List of documents that have been proactively released

Date	Title	Author
February 2021	Delivering Better Fuel Monitoring and Enabling the Expansion of the Low Emission Vehicles Contestable Fund	Offices of the Ministers of Energy and Resources and Commerce and Consumer Affairs
17 March 2021	DEV-21-MIN-0040 Minute	Cabinet Office

Information redacted

YES / NO [select one]

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reason of Confidential advice to Government.



Cabinet Economic Development Committee

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Delivering Better Fuel Monitoring and Enabling the Expansion of the Low Emission Vehicles Contestable Fund

Portfolios Energy and Resources / Commerce and Consumer Affairs

On 17 March 2021, the Cabinet Economic Development Committee:

- 1 **noted** that the petroleum or engine fuel monitoring levy (PEFM levy) is currently 0.61 cents per litre, which includes:
 - 1.1 a variable rate for EECA's programmes (including the Low Emission Vehicle Contestable Fund), which is estimated to be 0.11 cents per litre for the 2021/22 financial year; and
 - 1.2 a fixed rate of 0.5 cents per litre, which covers the costs of monitoring fuel quality and compliance with the International Energy Agreement;
- 2 **noted** that the appropriation of PEFM levy funds for fuel quality monitoring has not increased since 2013, and that it is now inadequate to meet the European standard for fuel quality assessment and keep pace with changes in the fuel industry and regulatory developments;
- 3 **agreed** to increase the appropriation of PEFM levy funds for fuel quality monitoring and compliance by \$2.093 million (from \$1.007 million to \$3.1 million per annum) starting in 2021/22;
- 4 **agreed to increase spending to provide for the decisions in paragraph 3 above, with the following impacts on the operating balance and net core Crown debt:**

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Operating Balance Only Impact	-	2.093	2.093	2.093	2.093
Net Core Crown Debt Only Impact	-	0.045	-	-	-
Total	-	2.138	2.093	2.093	2.093

5 **approved** the following changes to appropriations and departmental capital injections to give effect to the decisions in paragraphs 3 and 4 above:

	\$m – increase/(decrease)				
	2020/21	2021/22	2022/23	2023/24	2024/25 & Outyears
Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs					
Departmental Output Expense: Commerce and Consumer Affairs: Trading Standards (funded by revenue other)	-	2.093	2.093	2.093	2.093
Vote Business, Science & Innovation Ministry of Business, Innovation and Employment - Capital Injection	-	0.045	-	-	-
Total Operating	-	2.093	2.093	2.093	2.093
Total Capital	-	0.045	-	-	-

6 **agreed** that the changes to appropriations and departmental capital injections for 2021/22 above be included in the 2021/22 Main Estimates;

7 **agreed** that the expenses incurred under paragraphs 3 and 4 above be charged against the between-Budget contingency established as part of Budget 2020;

8 **agreed** that the departmental capital injection incurred under paragraph 4 above be charged as a pre-commitment against the Budget 2021 capital allowance;

9 **noted** that the increase in PEFM levy funding for fuel quality monitoring will not affect the levy rate in 2021/22, as it will be offset by a fall in oil ticket costs;

10 Confidential advice to Government

11 **noted** that the Minister for Energy and Resources has submitted an initiative to Budget 2021 for Crown funding of the Low Emission Vehicles Contestable Fund to reach \$12.5 million in 2023/24;

12 **noted** that the Energy Efficiency and Conservation Authority (EECA) proposes raising \$6.76 million of PEFM levy funding for the Low Emission Vehicles Contestable Fund in 2021/22, increasing to \$12.5 million in 2023/24 (an increase of approximately 0.09 cents per litre of fuel);

- 13 **agreed** to increase the cap on all EECA-related levies by \$2.87 million per annum for the next two years, increasing the cap from \$17.519 million per annum to \$20.389 million in 2022/23, and to \$23.259 million from 2023/24, to allow EECA to increase funding for the Low Emission Vehicles Contestable Fund without affecting its funding for other programmes.

Janine Harvey
Committee Secretary

Present:

Hon Grant Robertson (Chair)
Hon Dr Megan Woods
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Kris Faafoi
Hon Dr David Clark
Hon Dr Ayesha Verrall
Hon Meka Whaitiri
Hon Phil Twyford
Rino Tirikatene, MP
Dr Deborah Russell, MP

Officials present from:

Office of the Prime Minister
Officials Committee for DEV

Hard-copy distribution:

Minister of Energy and Resources
Minister of Commerce and Consumer Affairs