

Reply form

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Organisation:	NZ Automobile Association
Please identify your sector:	Transport fuels (representing consumers)
What are your views on the objective of this proposal? Do you agree or disagree with it? Why?	Although the existing levies might not be intended for the purpose, the NZAA supports the overall objective to levy energy sources to enable the funding of a wider range of activities to promote energy efficiency, energy conservation, or encourage the use of renewable energy.
What do you think is the appropriate balance between 'administrative simplicity/transparency' and the 'causer or beneficiary pays' and 'rationality' criteria? Should more weight be given to one over the others?	The NZAA supports the principles of 'causer or beneficiary pays', 'administrative simplicity/transparency' and 'rationality' and considers all are equally important. That is, the principle of 'causer or beneficiary pays' should be applied in a manner that is administratively simple and there should be a rational link between where the levy is raised and applied.
Which option do you think provides the best balance?	Option 3
What is your preferred option?	Option 3 <u>but also</u> with an electricity levy with expanded purpose (option 1)
Why do you consider this the best option?	<p>The NZAA supports the principle that the causer or beneficiary should pay, in this case meaning that the PEFML (and gas) levy should have an expanded purpose to cover the costs of activities to promote the fuel efficiency, fuel conservation (or switching) and the use of renewable liquid fuels (ditto for gas).</p> <p>However, the NZAA considers that initiatives to promote the uptake of electric vehicles should be funded from the electricity levy, as this is the energy source that will 'benefit' from such activity. Electricity generators, wholesalers and retailers are supportive of electric vehicles and will benefit commercially from their growth and so should contribute under the assessment criteria outlined in the discussion document.</p> <p>Conversely, the liquid fuel sector would 'benefit' from increasing the uptake of biofuels, so should pay (via the PEFML).</p>

	<p>Initiatives to increase (mineral) fuel efficiency could also be funded under the PEFML (under the ‘causer pays’ principle). While promoting the uptake of electric vehicles would also achieve this, we would argue that as there is a clear beneficiary, the activity should be funded from the ‘source’ (electricity). But other mineral fuel efficiency initiatives (like EECAs fuel efficient driving programs) would be funded via the PEFML as there is no other clear energy source beneficiary (but only a causer).</p> <p>Hence the NZAA suggests the electricity levy should have an expanded purpose to permit the funding of activities like promoting electric vehicles (as per Option 1), but not other activities related to liquid fuel efficiency, conservation or biofuels.</p>
<p>Of the options you do not prefer, what issues or reasons do you think are most important for us to consider?</p>	<p>The NZAA’s view is that the energy source that causes, or benefits, should pay, and this should include liquid fuel (via the PEFML) and gas (via the gas levy) for activities in relation to those energy sources. Conversely, electricity should not have to fund liquid fuel or gas initiatives; hence the NZAA does not support Options 1 or 2.</p> <p>We are neutral on Option 2A; there is logic in exempting biofuels because they are renewable, but it needs to be ‘administratively simple’. In any event, the size of the levy would be small with a negligible on the retail prices, which would not have an impact on consumers that would justify exempting biofuels unless it was easy to administer.</p>
<p>Are there other options for providing transparency in the use of levy money (besides requiring annual consultation and reporting)?</p>	<p>n/c</p>