



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Energy and Resources
Title of Cabinet paper	Taking Action on Fuel Prices: monitoring of reductions in petrol excise duty	Date to be published	5 May 2022

List of documents that have been proactively released		
Date	Title	Author
March 2022	Taking Action on Fuel Prices: monitoring of reductions in petrol excise duty	Office of the Minister of Energy and Resources
21 March 2022	Taking Action on Fuel Prices: monitoring of reductions in petrol excise duty CBC-22-MIN-0023	Cabinet Office
March 2022	Appendix One: Regulatory impacts of additional disclosure requirements	MBIE

Information redacted

YES / NO

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.



Cabinet Business 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.

Taking Action on Fuel Prices: Monitoring of Reductions in Petrol Excise Duty

Portfolio **Energy and Resources**

On 21 March 2022, having been authorised by Cabinet to have Power to Act [CAB-22-MIN-0087], the Cabinet Business Committee:

- 1 **noted** that on 14 March 2022, Cabinet agreed to reduce the rates of petrol excise duty by 25 cents per litre and to make an equivalent reduction to road user charges for a period of three months [CAB-22-MIN-0073];
- 2 **noted** that on 14 March 2022, an Order in Council was made to implement the Cabinet decision noted in paragraph 1 in relation to petrol excise duty;
- 3 **noted** that on 14 March 2022, the Minister of Energy and Resources also wrote to fuel companies noting an expectation that the full amount of tax reduction would be passed on to consumers at the pump, and asking them to provide rolling seven-day average fuel margin information to officials at the Ministry of Business, Innovation and Employment (MBIE) as soon as possible on a voluntary basis;
- 4 **noted** that to formalise the request for information and ensure consistency of reporting, the Minister of Energy and Resources proposes to make changes to the Fuel Industry Regulations 2021 to require companies to disclose information on fuel margins;
- 5 **agreed** that fuel importers (currently BP, Mobil, Z Energy, Gull and TasmanFuels) must be required to disclose the following information to MBIE for each day (including weekends and public holidays) on an indicative basis by 12pm the following working day until four weeks after the Order in Council referred to in paragraph 2 expires or is revoked:
 - 5.1 daily information on wholesale transactions:
 - 5.1.1 total volume of fuel sold to resellers;
 - 5.1.2 total revenue earned from fuel sold to resellers;
 - 5.1.3 cost of goods sold on a replacement basis;
 - 5.1.4 all taxes and levies incurred including petrol excise duty, New Zealand Emissions Trading Scheme (NZ ETS) costs, GST, ACC petrol levy, Local Authorities Fuel Tax, Petroleum or Engine Fuel Monitoring Levy (PEFML) and Regional fuel tax;

- 5.2 daily retail market information at an aggregate level for retail fuel sites owned by the fuel importer:
- 5.2.1 total volume of fuel sold from retail fuel sites;
 - 5.2.2 total revenue earned on fuel sales at retail fuel sites;
 - 5.2.3 cost of goods sold on a replacement basis;
 - 5.2.4 all taxes and levies incurred including petrol excise duty, NZ ETS costs, GST, ACC petrol levy, Local Authorities Fuel Tax, PEFML and Regional fuel tax;
- 6 **agreed** that, following this disclosure of indicative information, that fuel importers must also, where relevant, subsequently provide corrected data, as required by the regulations;
- 7 **agreed** that fuel importers must be required to disclose, by 5 April 2022, the information outlined in paragraph 5 above on a daily basis for each day in the period that is three months prior to 15 March 2022;
- 8 **agreed** that wholesale suppliers and distributors (who are not importers) must be required to disclose the following information on an indicative basis weekly (from Monday to Sunday) until four weeks after the Order in Council referred to in paragraph 2 expires or is revoked:
- 8.1 the following components of an indicative wholesale margin:
 - 8.1.1 total volume of fuel sold to resellers;
 - 8.1.2 total revenue earned from fuel sold to resellers;
 - 8.1.3 actual price paid for goods sold;
 - 8.1.4 all taxes and levies incurred including petrol excise duty, NZ ETS costs, GST, ACC petrol levy, Local Authorities Fuel Tax, PEFML and Regional fuel tax;
 - 8.2 the following components of an indicative retail margin at an aggregate level for retail fuel sites owned by the fuel industry participant:
 - 8.2.1 total volume of fuel sold from retail fuel sites;
 - 8.2.2 total revenue earned on fuel sales at retail sites;
 - 8.2.3 actual price paid for goods sold;
 - 8.2.4 all taxes and levies incurred including petrol excise duty, NZ ETS costs, GST, ACC petrol levy, Local Authorities Fuel Tax, PEFML and Regional fuel tax;
- 9 **agreed** that following this disclosure of indicative information, that wholesale suppliers and distributors must also, where relevant, subsequently provide corrected data, as required by the regulations;
- 10 **agreed** that wholesale suppliers and distributors must be required to disclose, by 5 April 2022, the information outlined in paragraph 8 on a weekly basis (from Monday to Sunday) for each day in the period that is three months prior to 15 March 2022;

- 11 **agreed** that 91 octane, 95 octane, 98 octane and diesel are the kinds of fuels that the information disclosure requirements outlined in paragraphs 5 to 10 above apply to;
- 12 **agreed** that the information that is required to be disclosed as outlined in paragraphs 5 to 11 above will be disclosed to the chief executive of MBIE;
- 13 **noted** that summary and analysis of information disclosed will be undertaken and made publicly available by MBIE to show the performance of the market in relation to the pass through of excise reduction as well as any GST reduction to consumers;
- 14 **noted** that the Fuel Industry Act 2020 provides that before regulations can be made, the Minister of Energy and Resources must:
- 14.1 consult with fuel industry participants that are likely to be significantly affected by the proposed regulations;
- 14.2 be satisfied that the regulations are necessary or desirable after having regard to the purpose of the Fuel Industry Act 2020 and subpart 4 of that Act;
- 15 **noted** that the Minister of Energy and Resources is satisfied that the regulations are desirable to monitor whether the reduction to petrol excise duty as well as any GST reduction is passed through to consumers in a manner that is expected in a competitive market in order to promote competition in engine fuel markets for the long-term benefit of end users of engine fuel products;
- 16 **noted** that on 17 March 2022, the Minister of Energy and Resources wrote to fuel industry participants who will be affected, seeking their feedback on information requirements outlined in paragraphs 5 to 11 above;
- 17 **noted** that the Minister of Energy and Resources has received initial feedback from fuel companies, and that this feedback has been incorporated into the paper under CBC-22-SUB-0023, and will be further incorporated during development of regulations;
- 18 **invited** the Minister of Energy and Resources to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions;
- 19 **authorised** the Minister of Energy and Resources to make decisions, consistent with the policy intent of the paper under CBC-22-SUB-0023, on any issues that arise during the drafting process;
- 20 **authorised** the Minister of Energy and Resources to make decisions on minor and technical matters that may arise during the drafting process;
- 21 **agreed** to release an exposure draft of the regulations for the purposes of targeted consultation with fuel industry participants that the Minister of Energy and Resources, considers are likely to be significantly affected by the proposed regulations.

Jenny Vickers
Committee Secretary

Distribution: (see over)

Present:

Rt Hon Jacinda Ardern (Chair)
Hon Grant Robertson
Hon Kelvin Davis
Hon Dr Megan Woods
Hon Chris Hipkins
Hon Carmel Sepuloni
Hon Andrew Little
Hon Nanaia Mahuta
Hon Poto Williams
Hon Damien O'Connor
Hon Stuart Nash

Officials present from:

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