



COVERSHEET

Minister	Hon Dr Megan Woods	Portfolio	Energy and Resources
Title of Cabinet paper	Fuel Industry Amendment Bill: Approval for Introduction	Date to be published	21 December 2022

List of documents that have been proactively released

Date	Title	Author
November 2022	Fuel Industry Amendment Bill: Approval for Introduction	Office of the Minister of Energy and Resources
10 November 2022	Fuel Industry Amendment Bill: Approval for Introduction LEG-22-MIN-0195 Minute	Cabinet Office

Information redacted

YES

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Some information has been withheld for the reasons of Commercial information and Confidential advice to Government.



Cabinet Legislation 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.

Fuel Industry Amendment Bill: Approval for Introduction

Portfolio **Energy and Resources**

On 10 November 2022, the Cabinet Legislation Committee:

- 1 Confidential advice to Government
- 2 **noted** that the Bill proposes a regulatory backstop to the Fuel Industry Act 2020 with the objective of promoting wholesale competition in engine fuel markets for the long-term benefit of consumers;
- 3 **noted** that in August 2022, the Cabinet Economic Development Committee (DEV) authorised the Minister of Energy and Resources to make additional policy decisions, consistent with the policy intent, on any issues that arise during the drafting process [DEV-22-MIN-0170];
- 4 **noted** that DEV also agreed that if the Minister responsible for the administration of the Act (the Minister) receives a recommendation from the Commerce Commission (the Commission) to regulate one or more wholesale suppliers with price regulation, and the Minister considers that regulation is in the public interest, the Minister may make a recommendation to the Governor-General to make an Order in Council, which would provide that one or more wholesale supplier is subject to regulated terminal gate prices (TGPs) for the specified fuel type or types, at a particular terminal or terminals, for a specified time [DEV-22-MIN-0170];
- 5 **noted** that the Minister of Energy and Resources has agreed that if the Minister receives recommendation from the Commission to regulate one or more wholesale supplier with price regulation, and if, in the opinion of the Minister, all or any of the TGPs recommended by the Commission should be regulated, the Minister may make a recommendation to the Governor-General to make an Order in Council, which would provide that one or more wholesale supplier is subject to regulated TGPs for the specified fuel type or types, at a particular terminal or terminals, for a specified time;
- 6 **noted** that DEV previously agreed that the decision to impose price regulation can only be made after the Commission considers whether TGPs at the terminal or terminals owned or operated by wholesale suppliers have been persistently higher than would be expected in a workably competitive market [DEV-22-MIN-0170];

- 7 **noted** that the Minister of Energy and Resources has agreed that price regulation may only be imposed the relevant wholesale supplier has posted TGPs, for the relevant specified engine fuel and bulk storage facility, that were not consistent with what would be expected in a competitive market;
- 8 **noted** the Minister of Energy and Resources has decided that the Bill will incorporate section 53N of the Commerce Act 1986 to the Fuel Industry Act 2020 with appropriate modifications;
- 9 **approved** the Fuel Industry Amendment Bill for introduction [PCO 24587/4.0], subject to the final approval of the government caucus and sufficient support in the House of Representatives;
- 10 **agreed** that the Bill be introduced in the week beginning 14 November 2022;
- 11 **agreed** that the Government propose that the Bill be:
- 11.1 referred to the Economic Development, Science and Innovation Committee for consideration;
- 11.2 enacted by mid 2023.

Rebecca Davies
Committee Secretary

Present:

Hon Megan Woods
Hon Chris Hipkins (Chair)
Hon Andrew Little
Hon David Parker
Hon Nanaia Mahuta
Hon Michael Wood
Hon Kiri Allan
Hon Dr David Clark
Hon Priyanca Radhakrishnan
Hon Kieran McAnulty
Dr Duncan Webb, MP

Officials present from:

Office of the Prime Minister
Officials Committee for LEG