



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Energy
Title of Cabinet paper	Fuel Industry (Fuel Resilience) Amendment Regulations 2025	Date to be published	17 July 2025

List of documents that have been proactively released

Date	Title	Author
May 2025	Fuel Industry (Fuel Resilience) Amendment Regulations 2025	Office of the Associate Minister for Energy Minister
8 May 2025	Fuel Industry (Fuel Resilience) Amendment Regulations 2025 LEG-25-MIN-0066 Minute	Cabinet Office

Information redacted

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.

[In Confidence]

Office of the Associate Minister for Energy
Chair, Cabinet Legislation Committee

Fuel Industry (Fuel Resilience) Amendment Regulations 2025

Proposal

- 1 This paper seeks authorisation for submission to the Executive Council of the *Fuel Industry (Fuel Resilience) Amendment Regulations 2025*.

Executive Summary

- 2 The 2019 Government Inquiry into the Auckland Fuel Supply Disruption (the **Inquiry**) recommended that the Government intervene if the fuel sector failed to commit to investment to improve resilience at Auckland Airport within 10 months.
- 3 In November 2024, Cabinet agreed to develop regulations to impose a location-specific stockholding at or near Auckland Airport to ensure that fuel companies make the necessary investment [CAB-24-MIN-0458.01 refers].
- 4 The *Fuel Industry Act 2020* contains regulation-making powers to prescribe stockholding obligations for specific fuels at specific locations and to require fuel importers to disclose information on stockholding.
- 5 I seek authorisation to submit the *Fuel Industry (Fuel Resilience) Amendment Regulations 2025* to the Executive Council. These regulations set out the location-specific stockholding obligation, which specifies who has the obligation, the minimum days of cover, how the obligation should be calculated and what information needs to be reported.
- 6 The regulations would commence on 1 November 2026.

Policy

- 7 The *Fuel Industry Act 2020* (the **Act**) was amended in 2023 to impose a minimum stockholding obligation (**MSO**) requiring fuel importers who have access to a bulk storage facility for fuel to hold on average 28 days' cover for petrol, 24 days' cover for jet fuel, and 21 days' cover for diesel. The Act also requires fuel importers to disclose information.
- 8 Jet fuel that must be held under the MSO can currently be stored anywhere in the country or on ships within our exclusive economic zone destined for New Zealand. This leaves our largest and busiest airport, Auckland Airport, vulnerable to supply

IN CONFIDENCE

shortages if the only supply chain¹ supplying jet fuel to the airport from a fuel terminal is out of service.

- 9 This has happened before. In 2017, the only pipeline that supplies jet fuel to the airport was ruptured by a digger, and fuel supply was disrupted for 10 days. Airlines had to ration jet fuel consumption to 30 per cent and over 270 flights were disrupted.
- 10 In 2019, the Government Inquiry into the Auckland Fuel Supply Disruption (the **Inquiry**) found that the jet fuel supply chain to Auckland was not sufficiently resilient and recommended fuel companies make investment airport decisions into storage infrastructure “without delay”. It recommended that the Government intervene within 10 months if the fuel companies had not made sufficient progress
- 11 Continual delays by fuel companies in committing to infrastructure investment led Cabinet to agreeing in November 2024 to develop regulations [CAB-24-MIN-0458.01 refers]. Since then, the fuel companies have committed to investment to convert one of the 20 million litre (ML) petrol tanks to jet fuel storage at the Wiri Terminal.
- 12 While I am pleased that the fuel companies have committed to investment in our critical infrastructure, passing these regulations would ensure that the fuel companies follow through on this commitment and that future investment in storage infrastructure keeps pace with projected increases in jet fuel demand. Jet fuel demand is expected to rise by more than 25 per cent in the next decade.

The regulations will apply to net volume of jet fuel

- 13 The regulations for the location-specific stockholding obligation and related information disclosure apply to ‘net stock’, in contrast to the national MSO, which counts gross stock. Net stock excludes stock at the bottom of the tank that is often left in place for safety, operational reasons or due to difficulty accessing it with tank pumps. The volume at the bottom of the tanks depends on the tank design but is approximately 5 per cent of the total capacity.
- 14 The national MSO counts gross stock for the ease of implementation and reporting across fuel importers, fuels and storage sites. In an extended disruption, it may be possible to engineer solutions to access the stock at the bottom of the tanks, particularly for diesel.
- 15 However, for Auckland jet fuel security, it is important that the fuel is accessible. Jet fuel stock that sits at the bottom of the tank is not easily accessible and therefore should not be counted. Taking this approach will not have any material impacts on costs to consumers or fuel companies’ ability to meet the obligation.

¹ All jet fuel for the Airport is transported from the Marsden Point import terminal through the 170km pipeline from Marsden Point to the Wiri Terminal near Auckland Airport. Fuel is then transported primarily through the 6km long Wiri to Auckland Airport pipeline to the Airport fuel terminal (the “JUHI”) before it is pumped into aircraft.

Timing and 28-day rule

- 16 The regulations will come into force on 1 November 2026 so there is no need for a waiver of the 28-day rule.

Compliance

- 17 The Regulations comply with:
- 17.1 the principles of the Treaty of Waitangi;
 - 17.2 the rights and freedoms contained in the *New Zealand Bill of Rights Act 1990* or the *Human Rights Act 1993*;
 - 17.3 the principles and guidelines set out in the *Privacy Act 2020*;
 - 17.4 relevant international standards and obligations;
 - 17.5 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.
- 18 In addition to the above, the Regulations have been made in accordance with the relevant statutory provisions in the Act. Sections 58(3), 63(3), and 69(2) of the Act set out the conditions under which the Minister can recommend regulations. These conditions stipulate matters relating to the stockholding obligation(s), disclosure requirements and industry participant consultation.

Regulations Review Committee

- 19 I consider there are no grounds for the Regulations Review Committee to draw the Regulations to the attention of the House under Standing Order 327.

Certification by Parliamentary Counsel

- 20 The draft regulations were certified by the Parliamentary Counsel Office (PCO) as being in order for submission to Cabinet.

Impact Analysis

- 21 A regulatory impact statement in accordance with the necessary requirements was prepared for the policy proposals that these regulations give effect to.
- 22 The impact analysis was submitted when the Cabinet Economic Development Committee (ECO) approved the policy decision [CAB-24-MIN-0458.01 refers].

Publicity

- 23 MBIE will advise stakeholders once the *Fuel Industry (Fuel Resilience) Amendment Regulations 2025* are made.

Proactive release

- 24 I intend to proactively release this paper with any appropriate redactions.

Consultation

Government departments

- 25 The following departments and agencies have been consulted on in developing the policy underlying the draft regulations: National Emergency Management Agency, Te Manatū Waka Ministry of Transport, Ministry for Regulation, the Treasury, Commerce Commission and Infrastructure Commission. The Department of the Prime Minister and Cabinet was informed.

Public consultation

- 26 Targeted consultation was undertaken with stakeholders from the fuel and aviation sector on the policy proposal. This included consultation on key features of proposed regulations, including issues like the commencement date of the regulations, the number of days' cover, who should hold the obligation and where the jet fuel should be located.

Recommendations

I recommend that the Cabinet Legislation Committee:

- 1 **note** that on 24 November 2024 Cabinet agreed to develop regulations under section 69 of the *Fuel Industry Act 2020* to impose a location-specific jet fuel stockholding at or near Auckland Airport, and Wiri Terminal, to be separated out for the information disclosure purposes [CAB-24-0458.01 refers];
- 2 **note** that the *Fuel Industry (Fuel Resilience) Amendment Regulations 2025* will give effect to the decision referred to in paragraph 1 above;
- 3 **note** that before recommending the making of an Order in Council under section 69(1), section 58(3) of the *Fuel Industry Act 2020*, which relates to regulations relating to stockholding obligation, requires the Minister to:
 - 3.1 have regard to the resilience of supplies of each type of obligation fuel and to the current or recent commercial stockholding levels for that type of fuel; and
 - 3.2 consider that the stockholding obligation balances the following objectives:
 - 3.2.1 that there are sufficient engine fuel stocks available in New Zealand to meet demand and to adequately manage the impacts of plausible fuel supply disruption scenarios; and
 - 3.2.2 that the economic costs associated with complying with the stockholding obligation are not disproportionate.
- 4 **note** that section 63(3) of the *Fuel Industry Act 2020*, which relates to information disclosure requirements, requires the Minister to have regard to the need for the following conditions before recommending the making of an Order in Council under section 69(1):

IN CONFIDENCE

- 4.1 transparency and timeliness of information about fuel industry participants' fuel stockholding levels at national, regional, and bulk storage facility levels and at specific locations (such as Auckland International Airport)
- 4.2 information required for assessing the adequacy of fuel stockholding levels in New Zealand for meeting New Zealand demand in a plausible fuel supply disruption scenario.
- 5 **note** that, before recommending the making of an Order in Council under section 69(1), section 69(2) of the *Fuel Industry Act 2020* requires the Minister to:
 - 5.1 have consulted any fuel industry participants that the Minister considers are likely to be significantly affected by the regulations; and
 - 5.2 be satisfied that the regulations are necessary or desirable after having regard to the purpose of Part 4 of the Act and to the relevant costs and benefits;
- 6 **note** the advice of the Associate Minister for Energy that the requirements in paragraphs 3 to 5 have been met;
- 7 **note** that the fuel stock counted towards the obligation and the information reported on will be 'net stock', excluding stock at the bottom of the tank that is not normally disturbed;
- 8 **authorise** the submission to the Executive Council of the *Fuel Industry (Fuel Resilience) Amendment Regulations 2025*;
- 9 **note** that the *Fuel Industry (Fuel Resilience) Amendment Regulations 2025* will come into force on 1 November 2026.

Authorised for lodgement

Hon Shane Jones

Associate Minister for Energy

IN CONFIDENCE