



COVERSHEET

Minister	Hon Shane Jones	Portfolio	Associate Energy
Title of Cabinet paper	Amending the Petroleum or Engine Fuel Monitoring Levy for Marine Fuel Monitoring	Date to be published	16 July 2025

List of documents that have been proactively released

Date	Title	Author
May 2025	Amending the Petroleum or Engine Fuel Monitoring Levy for Marine Fuel Monitoring	Office of Hon Shane Jones
26 May 2025	Amending the Petroleum or Engine Fuel Monitoring Levy for Marine Fuel Monitoring CBC-25-MIN-0013 Minute	Cabinet Office

Information redacted

YES

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 commercial information.



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.

Amending the Petroleum or Engine Fuel Monitoring Levy for Marine Fuel Monitoring

Portfolio **Energy / Commerce and Consumer Affairs**

On 26 May 2025, the Cabinet Business Committee:

- 1 **noted** that New Zealand began monitoring marine fuels in 2022 to meet new international commitments under Annex VI of the International Convention for the Prevention of Pollution from Ships (MARPOL);
- 2 **noted** that there is currently no long-term funding source for the Ministry of Business, Innovation and Employment (MBIE) Trading Standards' marine fuel monitoring programme, as time-limited Crown funding provided in Budget 2022 will run out by 30 June 2025;
- 3 **noted** that expanding the scope of the Petroleum or Engine Fuel Monitoring Levy (PEFM levy) is not expected to affect the price of any other fuel products because marine fuels would be levied at the same rate as other products and the levy rate would not need to change;
- 4 **agreed** to amend the Energy (Petrol, Engine Fuel, and Gas) Levy Regulations 2017 to allow the PEFM Levy to apply to residual fuel oil by 1 July 2025;
- 5 **agreed** that the PEFM levy be used as the long-term funding source for MBIE Trading Standards' marine fuel monitoring;
- 6 **noted** that implementing paragraph 5 above will require:
 - 6.1 expanding the scope of the fuels subject to the PEFM levy to include residual fuel oil; and
 - 6.2 increasing the cap of levy funding available for fuel monitoring by \$1.078 million to reflect the costs of marine fuel monitoring;
- 7 **agreed** to expand the scope of the fuels subject to the PEFM levy to include residual fuel oil;
- 8 **agreed** to increase the cap of levy funding available for fuel monitoring by \$1.078 million to reflect the costs of marine fuel monitoring;

- 9 **agreed** to increase spending to provide for costs associated with the policy decisions with regard to marine fuel monitoring in paragraphs 4, 5, 7 and 8 above, with the following impacts on the operating balance and net core Crown debt

	\$m – increase/(decrease)				
Vote Business, Science and Innovation	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Operating Balance and Net Core Crown Debt Impact	-	0.160	0.160	0.160	0.160
Operating Balance Only Impact	-	-	-	-	-
Net Core Crown Debt Only Impact	-	-	-	-	-
No Impact	-	0.918	0.918	0.918	0.918
Total	-	1.078	1.078	1.078	1.078

- 10 **approved** the following changes to appropriations to give effect to the policy decisions with regard to marine fuel monitoring in paragraphs 4, 5, 7 and 8 above:

	\$m – increase/(decrease)				
Vote Business, Science and Innovation Minister of Commerce and Consumer Affairs	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Departmental Output Expense: Commerce and Consumer Affairs: Trading Standards (funded by revenue Crown)	-	1.078	1.078	1.078	1.078

- 11 **agreed** that the change to appropriations for 2025/26 above be included in the 2025/26 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 12 **noted** the following changes in the non-tax revenue reforecast as a result of the decision in paragraph 4, 5, 7 and 8 above:

	\$m – increase/(decrease)				
Vote Customs Minister for Customs	2024/25	2025/26	2026/27	2027/28	2028/29 & outyears
Non-Tax Revenue: Customs and Excise Duty on Refined Motor Spirit	-	0.918	0.918	0.918	0.918

- 13 **noted** that should the levy revenue prove inadequate in the future, the levy rate can be adjusted in future years to maintain fiscal neutrality;
- 14 **noted** that additional fuel classifications are required to the Excise and Excise-equivalent Duties Table to give effect to this proposal;
- 15 **invited** the Associate Minister for Energy to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above decisions;

- 16 **noted** that changes to the Levy Regulations and the Excise Duties Table need to come into force from 1 July 2025 to allow the PEFM Levy to apply to residual fuel oil and be the funding source for Trading Standards marine fuel monitoring by 1 July 2025;
- 17 **noted** that introducing regulations by 1 July 2025 will require a waiver to the 28-day rule, which is considered justifiable given the proposed changes are very minor and industry knows the policy is coming;
- 18 **noted** that due to the tight timing to implement these changes, there is a risk Customs may not be able to implement the necessary system changes to accommodate a 1 July 2025 commencement date for levying residual fuel oil;
- 19 **authorised** the Minister of Customs to direct the Customs to draft the amendments to the Excise and Excise Equivalent Duties Table that are needed to implement these decisions;
- 20 **authorised** the Associate Minister for Energy and Minister of Customs to make further decisions consistent with the policy in the paper under CBC-25-SUB-0013, including to delay the commencement date for levying residual fuel oil if required, as referenced in paragraph 18 above.

Sam Moffett
Committee Secretary

Present:

Rt Hon Christopher Luxon (Chair)
Hon David Seymour
Hon Nicola Willis
Hon Brooke van Velden
Hon Shane Jones
Hon Paul Goldsmith
Hon Louise Upston
Hon Judith Collins KC

Officials present from:

Officials Committee for CBC