



## COVERSHEET

<b>Minister</b>	Hon Shane Jones	<b>Portfolio</b>	Associate Energy
<b>Title of Cabinet paper</b>	Fuel Industry (Diesel Resilience) Amendment Regulations 2025	<b>Date to be published</b>	16 February 2026

### List of documents that have been proactively released

<b>Date</b>	<b>Title</b>	<b>Author</b>
December 2025	Fuel Industry (Diesel Resilience) Amendment Regulations 2025	Office of Associate Minister for Energy
4 December 2025	Fuel Industry (Diesel Resilience) Amendment Regulations 2025 LEG-25-MIN-0253 Minute	Cabinet Office

**Information redacted** **NO**

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**[In Confidence]**

Office of the Associate Minister for Energy

Chair, Cabinet Legislation Committee

## **Fuel Industry (Diesel Resilience) Amendment Regulations 2025**

### **Proposal**

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

### **Policy**

- 2 The *Fuel Industry Act 2020* (the **Act**) requires fuel importers with access to bulk storage facilities – known as ‘obliged persons’ – to hold, on average, 28 days’ cover for petrol, 24 days’ cover for jet fuel and 21 days’ cover for diesel from 1 January 2025. This is known as the “minimum stockholding obligation” (the **MSO**).
- 3 Early in 2025, I published the Fuel Security Study, prepared pursuant to the coalition agreement between National and New Zealand First. The study found that holding a minimum of 21 days’ cover for diesel may not be enough to manage a foreseeable supply disruption. Even one large tanker arriving with contaminated diesel could see national diesel reserves becoming ‘tight’ and some retail sites running out of diesel.
- 4 The Act allows regulations to be made to change the minimum level of cover required or to impose new obligations for specific locations or fuels, allowing the MSO to adapt and evolve over time as the fuel market changes.
- 5 In response to the vulnerabilities to our diesel reserves identified by the Fuel Study, in April 2025, Cabinet agreed to develop regulations to increase the diesel minimum stockholding obligation. The change would see the obligation increasing from 21 to 28 days’ cover for obliged persons (fuel importers) that hold a 10 per cent market share or more (in effect, bp, Mobil and Z Energy) [ECO-25-MIN-0044]. This increased stockholding would help ensure that New Zealand can better ride out any supply disruptions to diesel.
- 6 Cabinet’s decision to impose the increased stockholding only on our larger fuel importers was made in response to concerns that our smaller fuel importers – Gull Energy and Timaru Oil Services – may struggle to comply given their size and lack of access to multiple terminals (Gull’s fuel terminal is in Tauranga and Timaru Oil Services’ is in Timaru). Cabinet was concerned that if the MSO was applied more widely, competition may be adversely affected if smaller fuel importers could not easily comply. This could put upward pressure on fuel prices.
- 7 My officials have been collecting information on importers’ fuel stockholdings since 1 January 2025. I intend to review this information and report back to Cabinet in April 2026 with advice on whether the increased diesel MSO should be extended to those smaller importers.

## Timing and 28-day rule

8 Part 1 of these regulations, which relates to how the diesel market share is calculated and imposes a new obligation to record and retain that market share information, will come into force on 1 April 2027. Part 2, which increases the obligation for obliged persons with a market share above 10 per cent, will come into force on 1 July 2028. Therefore, there is no need for a waiver of the 28-day rule.

## Compliance

9 The Regulations comply with:

- 9.1 the principles of the Treaty of Waitangi;
- 9.2 the rights and freedoms contained in the *New Zealand Bill of Rights Act 1990* or the *Human Rights Act 1993*;
- 9.3 the principles and guidelines set out in the *Privacy Act 2020*;
- 9.4 relevant international standards and obligations;
- 9.5 the Legislation Guidelines (2021 edition), which are maintained by the Legislation Design and Advisory Committee.

10 In addition to the above, the Regulations have been made in accordance with the relevant statutory provisions in the Act. These are:

- 10.1 Section 58(3), which require the Minister to 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 that the stockholding obligation balances the following objectives:
  - 10.1.1 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
  - 10.1.2 that the economic costs associated with complying with the stockholding obligation are not disproportionate.
- 10.2 Section 63(3), which relates to information disclosure requirements, and which requires the Minister to have regard to the need for the following conditions:
  - 10.2.1 transparency and timeliness of information about fuel industry participants' fuel stockholding levels at national, regional, and bulk storage facility levels and at specific locations
  - 10.2.2 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.

10.3 Section 69(2), which requires the Minister to have consulted any fuel industry participants that the Minister considers are likely to be significantly affected by the regulations and 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.

## **Regulations Review Committee**

11 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**

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

## **Impact Analysis**

13 A regulatory impact statement was prepared for the policy proposals that these regulations give effect to [ECO-25-MIN-0044].

## **Publicity**

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

## **Proactive release**

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

## **Consultation**

### *Government departments*

16 The following departments and agencies were consulted when developing the policy underlying the draft regulations: National Emergency Management Agency, Ministry for Regulation, Ministry of Transport, New Zealand Transport Agency, Ministry for the Environment, the Treasury, and the Commerce Commission. The Department of Prime Minister and Cabinet was informed.

### *Public consultation*

17 Officials publicly consulted on the discussion document *Improving our diesel resilience* from October to December 2024. Eleven submissions were received, from a mixture of fuel companies, fuel consumers and individuals. These submissions informed my recommendations to Cabinet.

## **Recommendations**

I recommend that the Cabinet Legislation Committee:

1 **note** that on 2 April 2025, Cabinet agreed to develop regulations under section 69 of the *Fuel Industry Act 2020* to increase the diesel minimum stockholding obligation

from 21 to 28 days' cover from 1 July 2028 for fuel importers with a market share above 10 per cent [ECO-25-MIN-0044 refers];

- 2 **note** that the *Fuel Industry (Diesel Resilience) Amendment Regulations 2025* will give effect to the decision referred to in paragraph 1 above;
- 3 **note** that, before regulations can be made 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;
  - 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;
    - 3.2.2 that the economic costs associated with complying with the stockholding obligation are not disproportionate;
- 4 **note** that, before recommending the making of an Order in Council under section 69(1), 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 criteria:
  - 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;
  - 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 regulations can be made 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;
  - 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 **authorise** the submission to the Executive Council of the *Fuel Industry (Diesel Resilience) Amendment Regulations 2025*;
- 8 **note** that Part 1 of the *Fuel Industry (Diesel Resilience) Amendment Regulations 2025* will come into force on 1 April 2027 (which relates to how market share is to be

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calculated) and that Part 2 will come into force on 1 July 2028 (which relates to the change in diesel days' cover).

Authorised for lodgement

Hon Shane Jones

Associate Minister for Energy