MINISTRY OF BUSINESS, INNOVATION & EMPLOYMENT
HĪKINA WHAKATUTUKI

BRIEFING

Updated approach to the Diesel and Petrol Fuel Response Plan 2026

Date:	28 April 2026	**Priority:**	High
Security classification:	Sensitive	**Tracking number:**	0031788

	Action sought	Deadline
Hon Nicola Willis **Minister of Finance**	**Agree** the updated approach to the Fuel Response plan at MOG on 29 April	29 April 2026
Hon Shane Jones **Associate Minister for Energy**		
Hon David Seymour **Associate Minister of Finance**		
Hon Simeon Brown **Minister for Energy**		
Hon Chris Bishop **Associate Minister of Finance**		

Contact for telephone discussion (if required)			
Name	**Position**	**Telephone**	**1st contact**
Jivan Grewal	Lead, Fuel Response Policy	Privacy of natural persons	✓

The following departments/agencies have been consulted
The Treasury, Ministry for Primary Industries, and Ministry of Transport were consulted

Minister's office to complete:

- ☐ Approved
- ☐ Noted
- ☐ Seen
- ☐ See Minister's Notes
- ☐ Declined
- ☐ Needs change
- ☐ Overtaken by Events
- ☐ Withdrawn

Comments

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Purpose

To provide an updated approach to the Phases of the Diesel and Petrol Fuel Response Plan 2026, informed by preparation of key levers and scenario monitoring, for agreement at the Fuel Response Ministerial Oversight Group on 29 April.

Executive summary

Based on preparation work on response levers and scenario planning, we recommend updating the phasing and focus of the levers and phases in the Diesel and Petrol Fuel Response Plan 2026 for diesel and petrol. There is a separate plan for jet fuel.

The Government should progress into higher phases based primarily on an assessment of the likelihood of an ongoing and material supply shock. Stronger supply levers (like releasing reserves) and the gradual activation of demand levers (from voluntary plans, through regulatory enablers, to mandatory changes) should be used to manage a one-off significant drop or prepare for a longer-term disruption. Allocation is now reserved only for phase 4 when there would be a significant and ongoing disruption and insufficient fuel to meet demand which is a low probability scenario.

The market should remain the main mechanism for allocating fuel while it continues to function.

The proposed phases and key levers include:

- *Phase 1 (no disruption): the Government takes preparatory action while there is no supply disruption* – for example work underway to secure strategic reserves, and the EECA campaign.
- *Phase 2 (small, limited duration): the Government focusses on helping the market transition back to normal supply after a brief disruption* –the public sector plan may be activated, and some temporary regulatory relief mechanisms may be activated and the next phase of the EECA conservation campaign. Consideration will be give to any applications by individual companies for MSO exemptions to ensure stock continues to reach market.
- *Phase 3 (moderate, ongoing): the Government is taking action to secure additional supply and manage demand to mitigate a moderate, but ongoing fuel supply disruption* – begin consideration of release of reserves, stronger regulatory demand measures like speed limits, encourage businesses to voluntarily reduce use.
- Phase 4 (large, ongoing): Government is protecting life (including food supply), public safety, and the functioning of the state, while maintaining as much economic activity as possible during a large and ongoing fuel supply disruption – [ongoing supply levers, introduce graduated fuel rationing].

A new Fuel Response Plan document is included as Annex 3. We think the detail in the updated Plan and its objectives at a high level can be communicated to the public, but more specific details that may focus attention on an unlikely scenario or reduce flexibility to set reduction expectations that fit the actual scenario should not be made public.

There have been some changes to the descriptions of the Phases and the measures that may be relevant to each Phase.

There are four parts of the Phase 4 framework:

- critical services get access to an uncapped supply of fuel (likely via designated points and bulk supply).
- food and freight businesses get access to fuel supply but will be required to develop and adhere to a fuel use plan that will enable them to manage with a reduced amount of fuel relative to their normal use.
- all other businesses will be required to have a fuel use plan that will enable them to manage with a reduced amount of fuel – this will involve a higher reduction than the reduction expected of food and freight businesses.
- all other users, such as households, will face transaction limits at the pump.

There is a risk that the size and scope of the freight sector is too large to enable effective prioritisation given the high proportion of diesel this sector uses. Further work is needed to refine the scope of the freight sectors.

This approach balances continued function of critical services (eg health and food), minimising economic scarring, and public trust in a safe and fair system in which everyone is required to do their bit. This level of detail provides scope for flexibility in the design of the Phase 4 mechanism if it is ever needed. There are some detailed design choices that are still needed to set requirements, and to incentivise compliance. Specific consideration of compliance risks that could impact on the effectiveness of an allocation mechanism will be needed, particularly given that fuel is transportable, storable and can be onsold.

You will receive an implementation plan for each of the phases weekly, starting with Phase 2 on 6 May.

Officials will prepare a Cabinet paper to confirm the new approach to the Fuel Response Plan 2026 based on MOG feedback and agreement.

Recommended action

The Ministry of Business, Innovation and Employment recommends that you:

b **note** modelling indicates that the most plausible disruption to shipments of fuel in the short-term would likely be minor. While a larger disruption is possible, it is unlikely to be one that would push New Zealand beyond a temporary dip below the MSO levels.

Noted

c **note** officials have engaged extensively with the fuel industry and fuel users on the Fuel Response Plan (see **Annex Two**)

Noted

d **agree**, subject to changes based on feedback, to the updated Diesel and Petrol Fuel Response Plan 2026 (see **Annex Three**), which consists of:

- Phase 1 (no disruption): the Government takes preparatory action while there is no supply disruption, or any disruption is small and time-limited;

- Phase 2 (small, limited duration): there is a short-term disruption to supply. The Government focusses on supporting the fuel industry to maintain supply if needed (e.g. considering any individual MSO exemptions or fuel specification changes) and providing regulatory relief so businesses can use fuel more efficiently.
- Phase 3 (moderate, ongoing): there is a moderate but on-going fuel supply disruption and increased uncertainty that replacement fuel will be available. The Government considers broader supply measures (e.g. industry-wide MSO exemptions, or deployment of Government reserves) and could consider more targeted, timely and temporary demand restraint measures such as speed limits, measures to reduce congestion and encouraging all businesses to plan for reduced fuel use.
- Phase 4 (large, ongoing): there is a large and ongoing fuel supply disruption. The Government is protecting life (including food supply), public safety, and the functioning of the state, while maintaining as much economic activity as possible during a large and ongoing fuel supply disruption. Government will set fuel reductions targets but the emphasis is on businesses to plan ahead and decide how best to reduce their fuel use to meet their target.

Agree / Disagree

e **agree** the key elements of the Phase 4 prioritisation and allocation mechanism are:

- Critical services get access to an uncapped supply of fuel.
- All businesses will be expected to have a fuel saving plan.
- Users in the food and freight sectors will be required to reduce their fuel use by a specified proportion in accordance with their fuel use plans.
- All other businesses will have to meet a larger savings target.
- The savings targets for the food and freight users and other businesses will be set at the level needed to address the disruption and could increase over time.
- Other users will face transaction limits at the pump.
- The main compliance mechanism would be targeted verification with penalties applied if fuel users do not have a plan or are not adhering to the fuel use specified in their plan.

Agree / Disagree

f **note** there are a number of issues and options to implement the approach above, including whether the Petroleum Demand Restraint Act 1981 could be used to create the regulations to give effect to the requirements proposed Confidential advice to Government [redacted]

Noted

g **note** officials will provide the Ministerial Oversight Group with detailed implementation plans for each of the Phases on the following dates:

- Phase 2 Implementation Plan: 6 May 2026.
- Phase 3 Implementation Plan: 13 May 2026.
- Phase 4 Implementation Plan: 20 May 2026.

Noted

h **agree** officials to prepare a paper to the Ministerial Oversight Group to consider the updated Fuel Response Plan to be considered in the week of 4 May 2026.

Agree / Disagree

i **agree** officials to prepare materials to support the public announcement of the updated Fuel Response Plan 2026.

Agree / Disagree

j ***agree*** to officials doing targeted engagement ahead of the announcement of the updated Fuel Response Plan 2026 to support detailed implementation.

Agree / Disagree

Privacy of natural persons

Jivan Grewal
Lead, Fuel Supply Policy
Fuel Response, MBIE
28 / 04 / 2026

Hon Nicola Willis
Minister for Finance
..... / ...... / ......

Hon Shane Jones
Associate Minister for Energy

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Hon David Seymour
Associate Minister of Finance

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Hon Simeon Brown
Minister for Energy
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Hon Chris Bishop
Associate Minister of Finance
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Background

1. The Ministerial Economic Security and Supply Chains Group (the Oversight Group) agreed to the Fuel Response Plan 2026 (the Plan) (see **Annex One**) on 25 March 2026 [CAB-26-MIN-0103 refers]. The Plan was based on the National Fuel Plan 2024 and the best available information at that time. It set out a four-phase framework guided by a market-first approach.

2. Ministers also signalled the government's intention to consult on the Fuel Response Plan. Since 25 March, Ministers and officials have engaged extensively with key stakeholders on the Fuel Response Plan, receiving significant feedback about Phases 3 and 4 of the Plan. There has been consistent messaging from industry that fuel allocation must be a last resort (see **Annex Two** for a summary of this engagement).

3. On 15 April 2026, officials briefed the Ministerial Oversight Group on an independent assessment by fuel expert Envisory on plausible fuel shipment disruption scenarios and responses [0030801 refers]. Envisory advised that fuel supply disruption is currently unlikely. The most likely near-term outcome is continued price pressure, without a material shortfall in supply.

Updating the Diesel and Petrol Fuel Response Plan 2026

We recommend updating the Fuel Response Plan 2026 to better reflect what likely fuel supply disruptions may look like, stakeholder feedback, and further work on supply and demand measures

4. Preparatory work on supply and demand levers and scenario testing is well advanced. This has informed an updated view of the appropriate levers and framing for the Fuel Response Plan 2026.

5. We recommend the following major updates to the Plan:

   a. Introducing overarching principles:

      i. Maintain fuel supply of petrol and diesel[1].

      ii. Price and market led.

      iii. Protect critical services

      iv. Maintain public trust and confidence

      The aim of the Fuel Response Plan is return to business as usual (leaving Phase 1), where New Zealand and international fuel markets are operating normally – importers and end users can access the quantity of fuel they need and prices are set by the market – and the Government is no longer taking active steps to understand and mitigate the risk of a supply disruption.

   b. Explicitly including supply measures (some of which were already underway) in each Phase of the Plan to show that they are the first best tools that the Government will deploy in the event of a supply disruption.

[1] The jet fuel market is significantly different from the market for petrol and diesel, and so warrants a different - but not unrelated - approach to responding to supply disruptions. The Jet Fuel Response Plan covers how the Government will respond to any disruptions.

c. Re-allocating some demand measures between Phases to describe a smoother spectrum of government intervention, better reflect likely risks and economic/fiscal costs, and more clearly differentiate between the Phases.

d. Sequencing the supply and demand measures within each Phase to give an indication of how and when Government may deploy these measures.

e. Including some further details on the focus of fuel prioritisation in Phase 4, noting that Phase 4 is adaptable and responsive to the situation on the ground.

6. We continue to recommend that the market remains the main mechanism for allocating fuel while markets continue to function.

7. The proposed updated Plan (which consists of six A3s which cover the overall principles, the Plan on a page, and one page for each of the four Phases) is attached at **Annex Three**.

The updated Plan reflects that a large-scale, ongoing fuel supply disruption is unlikely, and smaller shocks are most likely manageable through supply levers first…

8. As at Friday 24 April 2026, there is no known or anticipated disruption to New Zealand's supply of fuel, and modelling suggests that there is low likelihood of a supply disruption of greater than 2 days of demand [0030801 refers]. This is because New Zealand's purchasing capacity remains comparatively strong internationally, and we therefore expect New Zealand to continue to be able to secure replacement fuel unless there are additional, severe disruptions to global oil supply.

9. Scenario planning has highlighted that if supply disruption occurs, there are two key variables that will inform the Government's response:

a. The size of a specific cancellation of fuel shipment (which could be large or small).

b. The prospect of ongoing disruption. Even small disruptions can be indicative of a potential ongoing issue with future supply. Where the ongoing flow of fuels is threatened (or uncertain) there is a potential for demand to exceed existing stock.

10. Further detail, and recommended sequencing of these measures, is found in the updated Plan in **Annex Three**.

a. **At Phase 1**, the Government takes preparatory action while there is no supply disruption. Price is already working to reduce demand and it is estimated that there is currently 15% reduction in petrol use and 7% in diesel:

i. **Supply measures** *(new from previous version)*: supply is not disrupted, so preparatory measures are most relevant (such the creating additional reserves arrangements (Marsden tank, the Fuel Security Arrangement), and increasing options for future supply by changing fuel standards).

ii. **Demand measures** *(no change from previous version)*: Demand does not need to decrease as there is no supply problem, and price is already acting to reduce demand and improve resilience to small shocks. Information campaigns (e.g. the current EECA campaigns) can be used so that fuel users can make more informed choices about their fuel use and mitigate some of the consequences of high prices.

b. **At Phase 2,** the Government focusses on helping the market transition back to normal supply after brief disruption (we would expect stock levels to return to normal within a month). We expect that these levers could have a cumulative effect of reducing demand of between 5-10%:

i. **Demand measures** *(change from previous version)***:** A small decrease in demand (over and above the effect of price) may be needed to smooth over the brief disruption. This can be achieved through voluntary measures to improve fuel efficiency (such as information campaigns and regulatory relief to allow businesses to use less fuel [CAB-26-MIN-0120 refers][2]) and reducing the public service's fuel use. Stronger / mandatory demand side measures as agreed by Cabinet [CAB-26-MIN-0120 refers] (such as lowering speed limits) are now in Phase 3 to more clearly differentiate between Phase 2 and Phase 3 and recognise economic or fiscal costs.

ii. **Supply measures** *(new from previous version)***:** supply is only briefly disrupted, so considering individual exemptions to minimum stockholding obligations (MSO) is likely to be the most relevant measure, to manage the level of fuel available for public purchase while maintaining incentives for companies to source replacement fuel. Further changes to fuel standards may be considered to increase options for future supply.

c. **At Phase 3**, the Government is taking action to secure additional supply and manage demand to mitigate a moderate, but ongoing fuel supply disruption (and increased uncertainty). Depending on the scale of demand already reduced, these levers could have an impact of between 10-20%:

i. **Supply measures** *(new from previous version)***:** supply is ongoingly disrupted, so industry-wide exemptions to MSO requirements (an overall temporary drop in MSO levels) may be needed, and the Government may wish to release some of its fuel supply reserve and begin exploring commercial options to convert New Zealand oil tickets into suitable fuel supply to mitigate long-term shortages. The exact timing and sequencing of these measures (e.g. when to release some of the reserve) will depend on the likelihood of future disruptions and the exact nature of plans to replace the lost supply. Further advice about how these measures may be used is available in **Annex Four**.

ii. **Demand measures** *(change from previous version)***:** A larger decrease in demand (over and above the effect of price) may be needed to help the economy bridge the shortage until flows resume. Targeted, timely, and temporary demand restraint measures could be introduced, including lowering speed limits and measures to reduce congestion. Significant fuel users and industries would be encouraged to deploy plans to voluntarily reduce fuel use. Phase 3 no longer ring-fences fuel for critical services (as we do not think it would be needed during a small but ongoing fuel disruption).

d. **At Phase 4,** the Government is protecting life (including food supply), public safety, and the functioning of the state, while maintaining as much economic activity as possible during a large and ongoing fuel supply disruption. We expect that at Phase 4, the scale of the demand reduction can be adjusted depending on the size of the supply disruption:

i. **Supply measures** *(new from previous version)***:** the Government continues to exercise every possible measure from previous Phases to shore up supply.

ii. **Demand measures** *(change from previous version)***:** A more substantial decrease in demand (over and above the effect of price and the effect of the

[2] Cabinet will receive an update about regulatory relief measures in the week starting 27 April 2026.

demand measures for previous Phases) will likely be needed in this Phase. Therefore, Phase 4 introduces graduated fuel rationing. The details of this are discussed in the next section.

… while still preparing for a worse-case scenario fuel supply disruption

11. Phase 4 is the most complex potential intervention and is a last resort. We think the probability of needing it is very low, but we need to be prepared.

12. The design of an allocation mechanism necessarily involves tough choices and will ultimately result in some fuel users getting less fuel than they would be willing to pay for.

13. Confirming the key elements of the design, priority groups and allocation approach, will allow further detailed scenario planning, implementation design and fine tuning. Levels of fuel use reduction should be set at the time based on the size of the expected disruption.

In what scenario could Phase 4 be needed?

14. At Phase 4, we would expect that there are large supply disruptions and ongoing uncertainty about when normal supply would resume. New Zealand will still be able to access fuel (either diesel/petrol or both), but it is at a level below current demand and projections would suggest regional or national supply outages without further demand reduction.

15. International supply disruptions will have led to significantly higher prices for refined products, and the Government will have used available options under Phases 2 and 3 to support fuel companies to access additional supplies or reserves and encourage and support fuel users to conserve fuel. It is likely that a high fuel price will have already curtailed some economic activity. Demand at that time will be significantly lower, but price sensitivity for diesel is low (and so the market may not result in diesel users reducing their demand in a timely manner). Key stakeholder groups like forestry have indicated they are considering deferring some activity that may no longer be commercially viable at current prices. Discussions and analysis will continue to inform future scenarios.

What does Phase 4 involve and what will it achieve?

16. The objective of Phase 4 would be to ensure there are fuel supplies available to protect life (including food supply), public safety, and the functioning of the state. Being clear about this prioritisation will help to maintain public trust and get public buy-in to the system – if people know they will be able to access the goods and services they need, and are confident that restriction measures will be applied and enforced fairly they are more likely to adhere to those restrictions. The aim in designing the model is to minimise economic harm and maintain as much economic activity as possible by asking all businesses to make an effort to reduce their fuel use. The scale of required fuel saving will need to be set to address the disruption at the time a decision is made to progress to Phase 4. It also may be necessary to increase the degree of saving required as circumstances change or more information about market conditions is received.

17. The model we propose for Phase 4 would see the following features:

    - **Category 1**: **Guaranteed, uncapped access to fuel for critical lifeline services** (e.g., emergency services, health, disability, and care services, critical infrastructure, national and border security, primary and secondary education, public transport, elections, and financial services). [Estimated diesel use 5%-10%].

    In addition, there are obligations for all other non-critical businesses to have a fuel reduction plan. The aim here would be to allow businesses to identify how best they would reduce their fuel use.

- **Category 2:** Food and freight businesses would be required to reduce their consumption by a specified proportion (which would be smaller than the reduction required of Category 3 and 4 users). This recognizes the importance of the food and freight industries to the ongoing functioning of the economy. This group currently uses about 50%-70% of diesel use. If only a small reduction is needed (e.g. 10%), the broad definition of Category 2 would likely work. If a large overall reduction in the demand for fuel is needed, a small reduction in fuel use by Category 2 would require significant reductions by other users, which could significantly impact some businesses. Alternatively, Category 2 could be narrowed, for example by "essential" freight or types of vehicle. We are undertaking further work on how best to narrow this group and will report back to Ministers on possible options.

- **Category 3: Other commercial businesses** would also have larger fuel savings targets. [Estimated diesel use 10%-30%].

- **Category 4: All other users** would face some form of fuel purchase limit. This could be a transaction limit or a limit on the number and location of fuel stations where they can purchase fuel. [Estimated diesel use 5%-15%].

Operational considerations

18. We note that the administration of the proposed approach above will likely involve:

    a. Developing a mechanism to identify the critical workers (for example through a QR code).

    b. Increased security at the retail pump to help manage issues that may arise from transaction limits.

    c. Working with fuel companies to limit bulk fuel distribution and use of fuel cards to help businesses operate within the parameters set out above.

    d. Enforcement of fuel plans and use limits via a targeted verification model. The model of having a plan and outcomes being monitored by targeted verification is used in other regulatory systems, such as food safety. Under the food safety system all food businesses must manage food safety and have a plan about its approach. The regulator in that case can follow up and ensure that these plans are followed in practice. If they are not, further regulatory action can be taken at that time to ensure compliance.

19. There is further operational detail that needs to be developed. This includes options for managing access to fuel for category 2 and 3 users (for example through issuance of QR codes or designation of specific sites). We will report back to you on the design of that as part of the Phase 4 implementation plan.

Risks and considerations with the proposal for Phase 4

20. All approaches will be imperfect given the complexity of economic activity, enforcement and delivery mechanism limits, and information asymmetries.

21. More detailed design work needs to ensure there is flexibility to be able to adjust to the fuel supply scenario. This is why we propose signalling the simplified framework of who will likely be prioritised and the expectation for everyone to make some reduction, can but not communicating specific limits.

22. Detailed design will include consideration of how to set requirements, taking into account whether it is diesel or petrol that is experiencing the supply disruption, and to incentivise compliance within existing systems or if new legislative powers are required. Specific

consideration of compliance risks that could impact on the effectiveness of an allocation mechanisms will be needed, particularly given that fuel is transportable, storable and can be onsold.

23. The compliance cost for users and government will also need be considered given the very large number of businesses who would register Free and frank opinions [redacted]

24. The proposed model provides access to supply; it does not alter price for users. All users, including critical services, would pay the market price.

Legal professional privilege [redacted]

26. Further details of the proposal for Phase 4 are provided in Annex Five.

Next steps for Phase 4

27. We are building a credentialling system that could be used to register fuel users in category 1 to enable them to easily access the fuel they need. Further details will come in the implementation plan (see paragraph 33 below), but this system can be operational ten days after final policy decisions.

28. There are options for how other businesses will access fuel consistent with their fuel use plan. These options will be explored as part of the detailed policy and implementation design for the elements of delivering Phase 4.

29. This advice will explain the lead-times needed for the development of the regulations and to stand-up the registration and credentialing process. We estimate this lead time to be about 3-4 weeks.

Shifting Phases under the Fuel Response Plan 2026

30. Officials will continue to provide advice on whether a Phase assessment for the Fuel Response Plan is recommended, based on the six criteria: export restrictions, changes to stock levels, cancelled orders, breach of MSO, significant international policy changes, and regional disruption.

31. The Phase assessment includes analysis of market functions, domestic fuel distribution, and expected international fuel supply. This will be considered alongside domestic intelligence of the impact of the fuel shortage including law and order, impact on business and households, analysis of macro-economic affect, and industry insights. Recommendation on a Phase shift will be provided to the Oversight Group.

32. The Fuel Response Plan is only one component of a wider economic and Government response. Any shift of Phases under the Plan may be relevant to the range of other plans across government and other responses, and this will be considered when we assess whether a Phase shift is needed.

Implementation plans for each Phase of the Fuel Response Plan 2026

33. Over the coming weeks, the Minister of Finance and the Oversight Group will receive implementation plans for each of the Phases:

Product	Who	Date
Phase 2 Implementation Plan	Minister of Finance Associate Minister of Energy	1 May 2026
	The Oversight Group	6 May 2026
Phase 3 Implementation Plan	Minister of Finance Associate Minister of Energy	8 May 2026
	The Oversight Group	13 May 2026
Phase 4 Implementation Plan *(Further policy advice may precede this plan if necessary)*	Minister of Finance Associate Minister of Energy	15 May 2026
	The Oversight Group	20 May 2026

34. These implementation plans will cover how each Phase of the Plan (as agreed) will work in practice, including any legislative or regulatory change required and potential timeframes for implementation once a decision is made to change Phase or activate a specific lever.

Public communication of the updated Fuel Response Plan 2026

35. A primary purpose of the Phases is to provide guidance to the public on the level of fuel supply risk, along with reassurance about planning being in place and the options available to the Government to respond. The Phases do not constrain Government action.

36. You may wish to announce the updated Plan, once agreed, to provide the public with more detail on potential Government interventions in the case of a supply disruption. We would recommend that any announcement be accompanied with assurances about the low probability of a supply disruption that would require the Government to move Phase.

37. We think the detail in the updated Plan and its objectives at a high level (as presented in **Annex Three**) can be communicated to the public. This includes that food and freight will be preferred users, but required to plan reductions, but not provide more specific details that may focus attention on an unlikely scenario or reduce flexibility to set reduction expectations that fit the actual scenario. Phase 4 mechanisms will need a lead time to allow users to prepare, commencing with encouragement for voluntary plans which can accompany more detailed specification of prioritisation to come in the next phase. Free and frank opinions [redacted]

38. Government agencies are receiving Official Information Act requests for information relating to the Fuel Response Plan. We anticipate that the release of the updated Plan would help to proactively address public interest.

Next steps

39. Subject to your agreement to this approach, officials can prepare a draft Cabinet paper for Cabinet to consider the updated Plan. Cabinet previously took decisions about Phase 2 that do not align with the updated Plan, so it is appropriate to seek Cabinet agreement if you wish to change the approach to Phase 2.

40. Once agreed, officials will circulate the updated Plan so that any other government plans that sit underneath the Plan be updated.

41. Officials will continue to work with fuel companies, fuel users, iwi, and other stakeholders on the implementation plans for Phases 2, 3, and 4.

Annexes

Annex One: Current Response Plan 2026

Annex Two: Summary of engagement

Annex Three: Updated Fuel Response Plan 2026

Annex Four: Further advice on the timing of MSO exemptions, deployment of the reserve, and oil tickets

Annex Five: Further detail on the proposal for Phase 4

Annex One: Current Fuel Response Plan 2026

Phase 1: Watchful

What's happening

The fuel market is operating effectively and fuel is available nationwide. However, prices are rising due to global market changes.

This phase is about supporting the market and making sure Kiwis have good information.

What the Government will do

- Monitor fuel stocks and shipments
- Publish twice-weekly stock updates
- Monitor global supply and maintain engagement with international partners
- Coordinate closely with industry players to ensure markets continue to work well
- Understand and prepare to reduce its own demand
- Provide information to the public, including on how to reduce fuel bills

What you can do

- Access fuel as you normally would
- Regularly check MBIE's website
- Be aware of EECA's information on fuel-saving measures

Phase 2: Precautionary

What's happening

The market continues to operate effectively and fuel is available nationwide, but there are signs of significant supply disruptions.

This phase is about shoring up supply, closer coordination between Government and industry, and managing demand.

What the Government will do

- Continue to monitor fuel stocks and shipments, and publish twice-weekly stock updates
- Work with international partners to keep fuel flowing to New Zealand
- Coordinate closely with key industry players to ensure fuel is effectively distributed
- Review regulations to enable reduced fuel use
- Implement a public sector fuel response plan
- Provide information to the public on how to reduce fuel bills and conserve fuel in the national interest

What you can do

- Access fuel as you normally would
- Consider combining tripos, and/or other modes
- Regularly check MBIE's website
- Follow EECA guidance on additional measures to save fuel

Phase 3: Managed (UNDER CONSULTATION)

What's happening

Supply is tighter and the Government is making sure fuel gets where it is needed most.

This phase uses Government powers, implemented by industry, to protect critical services. Measures will be lifted as soon as conditions allows.

What the Government will do

- Prioritise uninterrupted supply to life-preserving services, and help direct fuel supply to others according to priority, for example via purchasing limits
- Provide regular public updates, listen to industry and communities, and adjust accordingly
- Regularly assess how things

What you can do

- Be confident that ambulances, fire services, hospitals, and food supply chains are covered
- Follow any purchase limits
- Check the daily update to understand how long measures will be in place

Phase 4: Protected (UNDER CONSULTATION)

What's happening

There is a bigger or sustained supply disruption, and there are formal rules to ensure fuel is distributed fairly.

This phase is about protecting critical services, and making sure everyone else gets a share. Measures will be lifted as soon as conditions allow.

What the Government will do

- Prioritise uninterrupted supply to all life-preserving services, and more strictly direct how fuel is distributed to other customers
- Maintain daily public updates, listen to industry and communities, and adjust as appropriate
- Regularly assess progress, and get back to Phase 2/3 as soon as possible

What you can do

- Know that essential services like food supply and emergency response are fully protected
- Use service stations as directed
- Check the daily update

Annex Two: Summary of engagement

1. Engagement has been undertaken extensively with the fuel sector since the fuel response began and is ongoing. This has largely entailed regular (often daily) contact with the major fuel suppliers, as well as, wider industry liaison with fuel suppliers and distributors regarding phase 4 planning. Input from the sector is critical for Phase 4 planning as much of the plan relies on the operational capability of the fuel network which includes manned and unmanned fuel stations, truck stops and bulk fuel distribution should fuel need to be allocated into user bands.

2. Since the beginning of the response MBIE has also coordinated twice weekly meetings with two distinct fuel user groups (1) Fuel and Agriculture and (2) Transport, Logistics, and Infrastructure. There have been different streams of consultation with major diesel users about the supply of diesel and impacts of reduced access.

Iwi Chairs Forum and Accord Partner consultation

3. MBIE has undertaken initial engagement on the Fuel Response Plan with the National Iwi Chairs Forum and iwi with specific Energy and Resource Accord Relationship Agreements at Chief Executive level. Iwi have asked for early, two-way engagement and emphasised the importance of being engaged before key decisions are locked in. MBIE is looking to confirm a meeting at lead advisor level of Pou Tahua and Accord Partners during the week of 27 April, to update iwi and exchange views on the policy development process in keeping with their request.

4. This will also include attendance by social sector agencies liaising with Pou Tangata (Ministry of Social Development, Te Puni Kōkiri and Oranga Tamariki), given the focus of iwi on their role in responding to social impacts and concerns about educational attendance and vulnerable children, families and communities.

Pacific engagement

5. MFAT, MBIE and Transport officials have engaged with senior counterparts in [redacted] International relations since the announcement of the Fuel Response Plan. [redacted] International relations

Major fuel users' workshops

6. MBIE and MPI held three workshops on 14, 15, and 16 April with large-scale diesel users to discuss the supply of diesel and the potential impacts of reduced access.

7. The purpose of these workshops was to:
   - test our understanding of diesel use within national supply chains; and
   - test impacts of and how industry would respond to different scenarios of fuel supply disruption.

8. The businesses involved in these workshops were Mainfreight, Fulton Hogan, Fonterra, Foodstuffs New Zealand and Woolworths.

9. We engaged with these firms because they account for a significant share of diesel consumption in New Zealand. They also operate assets that are essential for New Zealand's systematically important supply chains, including freight, storage, and distribution. This means they would be among the most impacted by fuel supply disruptions and are best

placed to articulate the possible interventions. It is also likely that these firms' actions to save diesel would have the most significant effect on longevity of supply.

10. We plan to engage with small and medium firms in the coming weeks, to build a fuller picture of impacts.

11. Key feedback received included:

- Elevated prices are already putting pressure on businesses' ability to deliver their products and services.
- Diesel demand is relatively insensitive to price, and some businesses have more ability than others to adapt, so impacts will vary by business, sector and region.
- As prices continue to rise it will become less economic to deliver some products and businesses will need to prioritise the products that can be delivered. This could lead to disruptions across the supply chain and increased prices for essential items.
- Advance warning of supply shortages and any prioritisation measures is important to ensure businesses can plan appropriately.
- Stakeholders indicated they could manage shorter-term shallow shortages without government intervention. However, there would still be significant economic and social impacts.
- Stakeholders have already begun planning for business continuity if supply of diesel is constrained over the long term. Some are investigating alternatives, such as EVs to replace fleet vehicles, or rail and coastal shipping. However, these structural changes are not feasible to implement in the short-term
- Supply shortages over critical periods could have significant effects on operations. For example, Confidential information entrusted to the Government
- Stakeholders were supportive of voluntary demand reduction measures and regulatory relief proposals.
- The proposals to increase maximum truck weights and limit speed limits were specifically supported.

12. Stakeholders expressed concern about social backlash from deprioritising products. The could be partly mitigated through clear Government guidance on the goods and services that should be prioritised.

- Confidential information entrusted to the Government
- Stakeholders supported a government-led allocation system in a severe and long-lasting supply shortage. They noted this should be based on transparent criteria and data that prioritises life-saving services and can be operationalised quickly.

13. Relying on price alone to reduce demand may be insufficient as some sectors can outbid others, potentially increasing inequity and panic behaviour.

Annex Three: Updated Fuel Response Plan 2026

[Attached separately]

Fuel Response Plan summary of updates
- diesel and petrol May 2026

What we heard?	What's changed?
The chance of a big supply disruption is low but consequences are high so fuel prioritisation needs to be planned for	Fuel prioritisation only occurs in Phase 4
Key thing for market stability is increasing supply	Identify measures in Phase 3 that can help keep fuel available at the pumps during a temporary disruption while more fuel is sourced
A multi-tier framework that tries to identify different limits for different types of users is complex and would be difficult to implement, enforce and communicate	Consolidate the prioritised user tier to focus on key aspects New Zealand needs to keep moving
It is difficult to specify quantities of fuel for different users as businesses have the information about their individual fuel use, and know their fuel best	Require prioritised and other business users to have a plan to save fuel, based on their individual fuel use

	What is happening with fuel?	What Government will be doing	What users will experience
Phase 1	• The price of fuel is higher than usual as a result of the flow-through of higher crude oil prices • Fuel imports are at or near usual levels • There are no known issues with future fuel supply, but some low level risk	• Public awareness campaign with tips to help people and businesses make their fuel last longer and save money • Commercial deal for fuel reserves that can be deployed in phases 3 and 4	• Higher fuel prices • No restrictions to buying or using fuel • People and business may start conserving fuel to save money and make their fuel last longer
Phase 2	• There are isolated incidences of fuel companies finding it difficult to secure diesel or petrol supply beyond their current orders • There are known issues with future fuel supply but the issues are expected to be short-lived • Fuel price is likely to increase further For example, if a refinery that New Zealand sources diesel from is changing its source of crude oil to a producer that is further away and the longer shipping time creates a temporary gap in supply	• Expanded public awareness campaign with tips to help people and businesses save fuel • Implement public sector fuel implementation plan • Shore up fuel supply • Review regulations that could enable reduced fuel use	• Higher fuel prices • No restrictions to buying or using fuel • People and businesses take action to conserve fuel to save money and make their fuel last longer • Adhere to and take advantage of amended regulatory requirements
Phase 3	• There are widespread challenges for fuel companies securing diesel or petrol supply • The disruption is expected to be temporary but could be deeper or last longer than under Phase 2 • The inability to secure forward orders may result in companies notifying a risk that their minimum stockholding obligation (MSO) could be breached For example, a country imposes an export restriction on their refineries for a specified period	• Consider deploying supply reserve levers (e.g. Marsden tank, Fuel Security Agreement, International Energy Agency Oil tickets) • Consider use of stronger regulatory measures to conserve fuel which may have fiscal costs or tradeoffs such as safety, road damage (e.g. speed limit changes, lift weight restrictions)	• Higher fuel prices • No restrictions to buying or using fuel • People and businesses take more action to conserve fuel to save money and make their fuel last longer • Adhere to and take advantage of amended regulatory requirements
Phase 4	• There are widespread challenges for fuel companies securing diesel or petrol supply • Critical users may face shortages at the pump (if no action taken) • It is uncertain how long the disruption could last • The inability to secure forward orders may result in companies notifying a risk that their MSO could be breached For example, a country imposes an export-restriction on their refineries for an indefinite period	• Deploy any remaining supply levers • Communicate the need for every fuel user to play their part and develop a plan for using less fuel • Identify critical users • Targeted verification of business fuel reduction plans • Guidance on Commerce Act to support collaboration	• Critical users will be identified and can then access fuel as normal • Prioritised users (food and freight) and other commercial users must identify their usual fuel use and plan to reduce use • All other users must reduce fuel use • Transaction limits at retail pumps

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Annex Four: Further advice on the timing of MSO exemptions, deployment of the reserve, and oil tickets

1. If it is likely New Zealand will see a significant longer-term supply disruption and is moving to phase three of the fuel plan, a combination of the following supply levers would be considered:

    - Consider a cross industry exemption to the MSO for all importers so they can utilise any in country stock
    - Deploy any government controlled reserve
    - Explore converting New Zealand’s oil tickets into supply that New Zealand can use.

2. MBIE would provide advice to ministers on these options when we received information suggesting a likely prolonged disruption. Their deployment and sequencing will depend on the nature of the supply shock.

MSO exemptions

3. In a scenario where one importer sees a single cancelled cargo of mixed fuel (around 2 days of diesel) and other importers are not signalling any disruption to supply, MBIE’s view is that no supply side action is likely to be needed as in this scenario it is assumed there is no impact on an MSO. This is because the importer should be able to replace the cargo, and bring it into the EEZ before it falls below its MSO or make arrangements with other importers to fill any gap.

4. If there is a more significant disruption (e.g. full cargo of diesel is cancelled carrying about around 4 days of diesel), it is likely that the affected importer or importer(s) will apply to government for an exemption to their MSO obligation. This will allow them to use some of the stock that there are otherwise statutorily obliged to hold. Exemptions are temporary, with a defined end date for when the importer must return to compliance. There is also potential to add conditions to exemptions.

5. A key point to note is that an MSO exemption will not directly change the available aggregate fuel supply into NZ but will remove the potential incentive for fuel companies to reduce supply for sale to consumers in order to avoid the penalty for breaching MSO obligations. We expect because the fuel companies will be notified of a disruption in shipment weeks in advance of actual risks to MSO obligations, they will be working closely with officials to identify whether the particular disruption is actually likely to eventuate in a potential breach of the MSO obligations.

6. A **cross-industry time limited exemption** from minimum stock holding requirements would allow importers to access more of their in-country stock. This is likely best achieved through multiple exemptions so that each importer has a dedicated pathway for returning to compliance.

7. In considering whether to grant an exemption, the Minister will need to consider the relevant statutory criteria (see Box 1). Confidential advice to Government [redacted]

Box 1: MSO exemption process

MSO exemptions are governed by the Fuel Industry Act 2020. The Act provides the responsible Minister the ability to grant exemptions where exceptional circumstances beyond a fuel importer's reasonable control have prevented, or are likely to prevent, compliance – that is, genuine supply constraints rather than ordinary commercial pressures.

The Minister must also consider the factors listed in section 59(2)(b) and be satisfied that there is good reason for granting the exemption that outweighs the interests of the public in having the obligation met, and that the extent of the exemption is not broader than reasonably necessary to address the matters that gave rise to it.

Confidential advice to Government [redacted]

Deployment of the Government reserve (if available)

8. If the Government has a reserve measure in place (the earliest is expected to be late May 2026), this can be deployed to ensure product continues to flow to the domestic market. In a scenario where there is a disruption to supply the Government could deploy a reserve measure, but this decision would need to be taken at the time. Confidential advice to Government [redacted]

Confidential advice to Government [redacted]

9. In practice there may not be much different for impact on supply between releasing reserves and an MSO exemption for all importers, depending on "how much" you exempt importers from the MSO.

10. Under the reserve deal, there will be a notice period before any reserves can physically be deployed. This is still to be negotiated.

11. Treasury's work to date on the cost benefit analysis for the reserve indicates it would provide the best cost benefit outcome when deployed in . However, this would not preclude ministers' ability to make a decision to deploy the reserve in other scenarios.

Oil tickets

12. Under a more severe supply disruption, the Government may wish to investigate the use of oil tickets to increase fuel supply. New Zealand holds oil tickets (purchase option contracts) with overseas suppliers in Japan and the US. Except for jet fuel and fuel oil (for ships), the tickets we hold are for crude oil (which needs refining) or refined fuels that do not meet New Zealand specifications (so cannot be shipped here for immediate supply).

13. There are two main ways to use tickets:

- as a swap (via a trader or potentially an importer) for refined products New Zealand can use, or
- conversion to products New Zealand can use (which would require refining).

14. In both cases we assume the Government would not look to purchase the product, but would facilitate a transaction with a New Zealand importer or importers.
15. Where tickets are utilised under a swap, the resulting supply to New Zealand could be relatively fast if there is product to purchase, e.g. several weeks. Depending on the exact offer, a trader option could be used if there is a supply disruption scenario. However, in the event of a significant supply disruption that was impacting New Zealand, access to swap supplies may be limited.
16. Where we were converting the supply the tickets relate to into products New Zealand could use, we expect this would take up to 4-5 months. This latter option needs to account for refining time, nomination and accrual of the products at the pick-up location ,and shipping time either from Japan or the US East Coast. Accordingly, the lead time suggests it would only be relevant for a more significant shortage.
17. We have previously advised that converting tickets can be considered like a last resort option to use. This is because the commercial structure would be more complex to negotiate than other options, due to the above lead time (if applicable) and as they are New Zealand's only way of complying with a future International Energy Agency collective action if this happens. We remain of that view.

Annex Five: Further detail on the proposal for Phase 4

Design of the proposal for graduated fuel rationing in Phase 4

1. In a situation where there is a shortage of supply, in order to provide priority to some users, it is necessary to limit the amount available to other users.

2. The Fuel Response Plan 2026 proposed five bands of users based on a hierarchy of strategic social and economic importance. Feedback from agencies, fuel suppliers, and industry has been consistent that complex, multi-tier priority band frameworks are difficult to apply in real-world fuel constraint scenarios. The current five-band structure creates challenges at the margins, increased the risk of inconsistent application, and placed pressure on fuel retailers and frontline staff to make fine judgements under time pressure.

3. In response to the feedback, we are proposing to have four categories of fuel users based on the activity an entity undertakes. Entities in each category will have different requirements either about the way they access fuel and/or the level of fuel savings they need to achieve in order to comply with the regulation.

4. In practice it will be difficult for firms to make judgements about which category they are in as there may be little functional difference between two activities but the perception of their necessity may vary e.g. supermarket versus pizza deliveries. We heard from freight companies that it is very challenging to split by types of freight without leading to significant inefficiencies like empty back-loads or distribution centre congestion if non-critical goods can’t be moved. Therefore we have selected broad groups.

5. A bottom line is that critical and life supporting services be able to access fuel whenever they need it.

Table 1: Fuel response plan categories of fuel users

Category	Brief description
Category 1 – Critical services	Services that must continue during fuel constraints to protect life, public safety, core state functions, and emergency and relief responsibilities. This includes: • Emergency management and response (fire, police, ambulance, civil defence) • Fuel and energy continuity • Health, disability, and care services • Critical infrastructure like ports • National and border security • Public passenger transport Primary and secondary education could also be prioritised.
Category 2 – Food Producers	Businesses that: • produce primary food products (eg farms, vegetable growers) • support production of primary food products (eg vets, animal feed) • provide products necessary for non-production steps in the food supply chain
Category 2 – Food/FMCG businesses	Businesses that: • process, package, store and sell food and fast-moving consumer goods. • receive and store imports of food.

Category 2 – All Freight	Commercial freight (eg trucks, rail, coastal shipping) Businesses that move goods across New Zealand eg: • movement of livestock or food products • other fast moving consumer goods: • manufactured goods • non-food products eg coal, aggregate
Category 3 – Commercial users not in category 2	Commercial fuel users that are not in Category 2 (eg tourism, trades, mining)
Category 4 - Everyone else – general public	General public