



18 December 2020

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1. Introduction

The New Zealand Automobile Association (NZAA) welcomes the opportunity to provide comment on the Regulations – Fuel Industry Act 2020 consultation paper.

The NZAA is an incorporated society with over 1.7 million Members. It represents the interests of road users who collectively pay over \$3 billion in taxes each year through fuel excise, road user charges, registration fees, ACC levies, and GST. The NZAA's advocacy and policy work mainly focuses on protecting the freedom of choice and rights of motorists, enhancing the safety of all road users, and keeping the cost of motoring fair and reasonable – which these regulations specifically relate to.

Comments on the relevant regulations for which we have feedback are provided below:

2. Regulations for terminal gate pricing regime

2.1 Specified engine fuel

The NZAA supports the inclusion of 91 octane, 95 octane, and diesel in the terminal gate pricing (TGP) regime. While 98 octane is only imported by two wholesalers in the North Island, and one wholesaler in the South Island, we do query whether excluding it from the TGP regime may reduce price transparency particularly given that displaying its retail price will be mandatory on price boards.

However, given the limited availability of 100 octane (only sold in the South Island by one retailer – and blended from 95 octane anyway), we don't oppose the exclusion of 100 octane petrol from the TGP regime.

Similarly, we also agree that the limited availability of biofuels means they can also be excluded from the TGP regime. However, this is on the proviso that biofuels be reviewed for inclusion in the TGP regime should they become more mainstream or are mandated in future.

2.2 Requirements for publicly posting the terminal gate price

Whilst we understand that it may be simpler for the TGP price to be cost inclusive (including taxes and charges and throughput fees, like in Australia), we note that not all these fees are transparent. Whilst most taxes are, the ETS levy is not (what wholesalers actually pay in ETS

levies is not discoverable), so it is possible that some of these fees could vary between wholesalers, but which could be hidden in the wholesale price. The only way around that would be to itemise these fees but as fees like shipping and the ETS levy vary daily we recognise it likely would be simpler for the TGP to be cost-inclusive rather than itemising each of them on a daily basis.

Similarly, we accept it may be administratively simpler for wholesalers to post the TGP on their own website in a way that is accessible to the public. Whilst we don't oppose that, we do think it would still be worthwhile for MBIE to consider publishing them on its website *in addition* to the wholesalers, in order to have them in one central location and to maintain a historical record. This could be through skimming the data off the individual websites, but without the requirement for a more formal approach of a sole repository requiring functionality for wholesalers to update their prices to MBIE. In Australia, the Australian Institute of Petroleum (AIP) publishes the TGP on their website, and as we don't have an equivalent AIP in NZ, the MBIE website would be the most logical source for casual observers.

4. Regulations for consumer information requirements

4.1 The engine fuels to which the regulations apply

The NZAA is very supportive of the proposal to require service stations to display the price of 91 octane, diesel, and all premium grades of fuel they sell (including biofuel blends), on their roadside price boards. We also agree that low volume alternative fuels like LPG should be excluded, as these are not commonly retailed.

Displaying the price of premium petrol grades is something the NZAA has advocated for many years. Such a requirement was supported by 81.3% of NZAA members in a 2016 survey, while 76.6% of members said they kept an eye on the roadside boards, which illustrates their value to motorists.

We concur with the Commerce Commission's analysis that the absence of premium petrol prices adversely affects competition, and that displaying it will promote greater price transparency and consumer choice. Unlike the TGP regime, this cannot be achieved if some petrol grades were excluded.

This would mean that sites that sell two premium grades of fuel (95 *and* 98 or 100 octane) would need to display both, in addition to the 91 octane and diesel that is typically only currently displayed. This is important, as it honours the Commerce Commission recommendation and it will help consumers identify what grades (octane rating) are being retailed, and to easily compare prices between all grades.

The NZAA also agrees that these regulations should be reviewed regularly to update what fuels should be displayed, if other fuel grades or types of fuel are introduced to the market in future.

4.2 The kind of retail fuel sites the regulations will apply to

The NZAA also fully supports this requirement to apply to all retail fuel sites, excluding dedicated truck stops at which most transactions are fuel card based. But we also agree that those truck stops that also cater to the broader public (and whose transactions can include eftpos or credit cards) should be captured. There may need to be monitoring of public feedback to ensure that such sites are complying with the regulation, although some only retail 91 octane (and already display the price), so would be unaffected by the new regulation.

4.3 The information in relation to the prices of those engine fuels that must be displayed

The NZAA supports the regulations requiring the 'standard retail price' of all fuels to be displayed on the roadside price boards. The regulation should make it clear that this is the undiscounted price.

4.4 The circumstances in which the information must be displayed

The NZAA supports the regulations requiring prices to be displayed anytime the fuel is available for purchase.

4.5 The form and manner in which the information must be displayed

The NZAA agrees with the recommendations that the proposed regulations not be overly prescriptive about the form and manner in which fuel prices are displayed, but rather that they simply be required to be displayed on a price board that is visible to passers-by. This will mean that retailers will be more readily able to comply with the requirement to display premium petrol prices, by utilising the existing sign infrastructure (and brand format) which in many cases already has capacity to display an extra price.

4.6 Information that must not be displayed

The NZAA agrees with the draft recommendation not to prescribe regulations prohibiting the display of certain information, however we agree that that the display of price boards should be monitored – such as the display of discounted prices – and the regulations reviewed in future if necessary.

Yours sincerely



Mark Stockdale
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