

Final agenda and topics for Consultation Conference

Market study into the retail fuel sector

Friday 20 September 2019

Purpose

This paper provides an update on the agenda for our Consultation Conference on 24 – 25 September 2019.

Final agenda and list of topics

The final agenda is set out below. **Please note** the following in relation to this agenda:

- There have been some timing changes from the indicative agenda circulated on Monday;
- The times given for the commencement of individual sessions on each day remain indicative, subject to the length of discussion and running time for each on the day;
- Days 1, 3 and 4 will be held at the **Intercontinental Hotel, 2 Grey Street, Wellington 6011**; and
- Day 2 will be held at the **Rydges Hotel, 75 Featherston Street, Wellington 6011** to provide more space.

We have also provided a list of topics to be discussed at our Consultation Conference. This list is not exhaustive and is only intended to guide attendees as to the topics we are likely to examine.

This topic list does not cover confidential sessions to be held on 26 and 27 September 2019.

Final agenda for Consultation Conference of 24th – 27th September 2019

Tuesday 24 September - the Intercontinental Hotel, 2 Grey Street, Wellington 6011				
Start time	Session no.	Topic	Time	Participants
9.30am	One	Opening remarks from the Commission	15 minutes	All participants
9.45am	One	Introductory Comments from parties	40 minutes	All participants
10.25am	Two	Retail price and product offer	20 minutes	All participants
10.45am		Morning refreshments	30 minutes	
11.15am	Two	Retail price and product offer	1 hour 15 minutes	All participants
12.30pm		Lunch	1 hour 10 minutes	
1.40 pm	Two	Retail price and product offer - continued	30 minutes	All participants
2.10 pm	Three	Profitability	45 minutes	All participants
2.55 pm		Afternoon refreshments	30 minutes	
3.25 pm	Three	Profitability	1 hour 5 minutes	All participants

Wednesday 25 September - the Rydges Hotel, 75 Featherston Street, Wellington 6011				
Time	Session no.	Topic	Indicative time	Participants
9.30am		Introductory comments from the Commission	5 minutes	All participants
9.35am	Four	Infrastructure sharing and conditions of entry	1 hour 10 minutes	All participants
10.45am		Morning refreshments	30 minutes	
11.15am	Four	Infrastructure sharing and conditions of entry	30 minutes	All participants
11.45am	Five	Wholesale supply arrangements	45 minutes	All participants
12.30pm		Lunch	1 hour 10 minutes	
1.40pm	Five	Wholesale supply arrangements - continued	45 minutes	All participants
2.25pm	Six	Wrap-up on potential changes to wholesale market	30 minutes	All participants
2.55pm		Afternoon refreshments	30 minutes	
3.25pm	Six	Wrap-up on potential changes to wholesale market	1 hour 5 minutes	All participants

Thursday 26 September – the Intercontinental Hotel, 2 Grey Street, Wellington 6011			
Reserved for confidential sessions. By invite only.			
Time	Topic	Indicative time	Participants

Friday 27 September – the Intercontinental Hotel, 2 Grey Street, Wellington 6011			
Reserved for confidential sessions. By invite only.			
Time	Topic	Indicative time	Participants

Topics to be discussed at Consultation Conference 24 and 25 September 2019

Session One: Introductory comments from parties

- At this session, interested parties will be sharing a summary of their views on the main issues they consider arise from our draft report and any other issues they want to discuss with us at the Conference.

Session Two: Retail price and product offer

- Discount and loyalty schemes
- Differentiated service offerings
- Premium fuel margins
- Price board advertising
- Restrictive covenants

Session Three: Profitability

- Overall approach
- Margins
- The business cycle
- Average returns on capital
- Tobin's q
- Incremental returns on capital (hurdle rates and realised returns)
- Persistence of profits
- Participants behaviour in response to return expectations

Session Four: Infrastructure sharing and conditions of entry

- Cost advantage of infrastructure sharing arrangements
- Investment incentives under the infrastructure sharing arrangements
- Options to reduce barriers to entry at the wholesale level.

Session Five: Wholesale supply arrangements

- Competitiveness of the wholesale market
- Non-contractual aspects of wholesale supply arrangements

- Specific terms of wholesale supply contracts
- Specific options for change

Session Six: Wrap-up on potential changes to wholesale market

- Information sharing to assist the government's understanding of competitiveness of the fuel sector
- Likely costs and effectiveness of options that enhance the quality of information on the fuel sector with Government
- Interactions between options to improving wholesale competition – for example, Terminal Gate Pricing with both wholesale contracts and the Borrow and Loan system
- How interaction of these options is likely to affect outcomes for consumers in retail markets
- Potential implications on the supply chain from the Commission's proposed options for recommendations (and proposals in submissions)