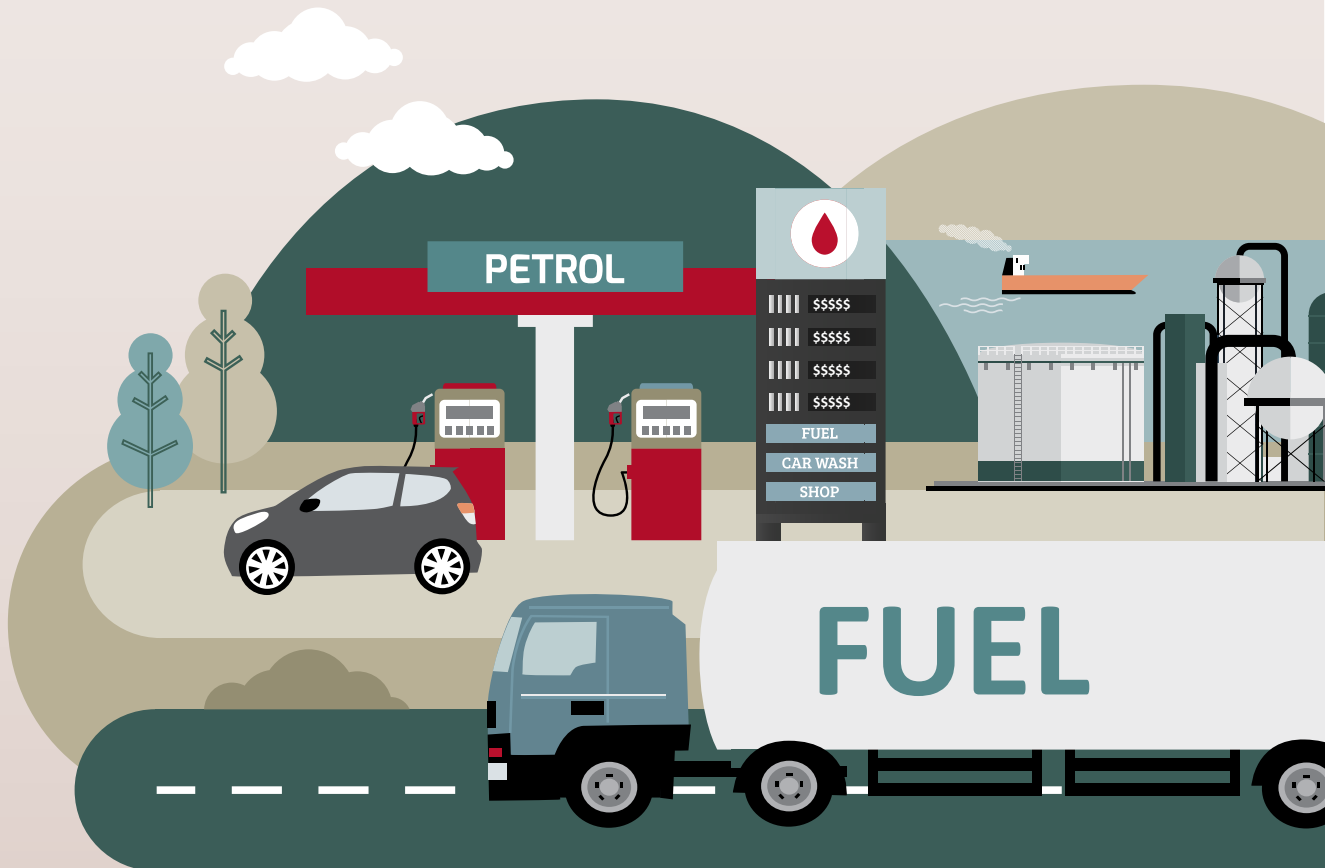


ISSN: 2816-1068

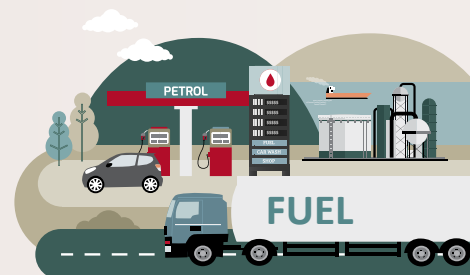
DATE OF PUBLICATION: 6 SEPTEMBER 2023

# Quarterly Fuel Monitoring Report

For the quarter ended 31 March 2023



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# Our findings

This is our fourth quarterly monitoring report on New Zealand’s fuel markets. It presents our analysis on trends and activity over the three months to 31 March 2023.

Our analysis for these quarterly fuel monitoring reports is based on information disclosed to us by importers.<sup>1</sup> There are currently five companies that import fuel into New Zealand: BP, Mobil, Z Energy, Gull and Timaru Oil Services Limited (TOSL).<sup>2</sup> Fuel importers also provide daily and weekly information to MBIE.<sup>3</sup>

Our findings are summarised below with detailed analysis set out in the following chapters.

## **Retail board prices continued to decrease for all fuel types. Importer margins remained high, particularly for Diesel.**

Our analysis of information disclosed to us for the quarter ending March 2023 shows that retail board prices for all fuel types decreased over the last four quarters to the March 2023 quarter. This is potentially linked to global developments where supply of fuel outstripped demand.

Between the December 2022 and March 2023 quarters, the retail board price dropped by:

- 29 cpl for Diesel;
- 8 cpl for Regular 91; and
- 6 cpl for Premium 95.

Although retail board prices and wholesale prices decreased, importer margins were higher for Diesel (up 3 cpl compared to the previous quarter).<sup>4</sup> The importer margins were lower for Regular 91 (down 5 cpl) and for Premium 95 (down 2 cpl). Given that importer margins were still higher for all fuel types over the last three quarters compared to the June 2022 quarter, we will continue to keep a watching brief on margins, costs and prices, particularly for Diesel, to assess whether such reductions are being passed on to consumers (and how quickly).

## **Regional price analysis shows higher prices in smaller cities, and city-wide price variation in all regions analysed**

Our regional price analysis, which we have expanded to include four additional cities,<sup>5</sup> shows the average fuel prices of some smaller cities were higher than those in the larger cities, and this does not appear to be explained by differences in land or transport costs.

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<sup>1</sup> See clause 3 of the Regulations: ‘Fuel importer’ is defined as a fuel industry participant that imports fuel into New Zealand.

<sup>2</sup> Timaru Oil Services Limited (TOSL) provides exclusive supply to its related entity, Tasman Fuels. Tasman Fuels is the entity that posts TGP and, for this reason, we have included information on Tasman Fuels’ TGPs in the analysis for the TGP chapter.

<sup>3</sup> See Part 3B of the Regulations.

<sup>4</sup> The importer margin is the gross margin available to fuel retailers to cover domestic transportation, distribution and retailing costs in New Zealand, as well as profit margins: MBIE, ‘Weekly fuel price monitoring’, <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring>

<sup>5</sup> Our price analysis of nine cities in New Zealand includes: Whangārei, Auckland, Hamilton, Tauranga, Napier, Wellington, Nelson, Christchurch and Timaru.

We found that:

- of the nine cities analysed across New Zealand, the average prices of Whangārei were the highest across all fuel types for the quarter ending March 2023, followed by Nelson.<sup>6</sup> Hamilton was the cheapest city for Regular 91, Premium 95 and 98, and Timaru was the cheapest city for Diesel;
- of the five largest cities analysed, Auckland continued to have the highest average prices for all fuel types in the March 2023 quarter; and
- the price variation between retail sites for Regular 91 consumers across the nine cities ranged from 1 cpl for Nelson (narrowest) to 52 cpl for Auckland (widest).<sup>7</sup>

Our initial analysis of retail price variation within cities suggests that such variation in retail prices does not appear to be explained by differences in costs (eg, land and trucking costs).

### **Wholesale prices and volumes decreased. Wholesale supplier diversification increased over the four quarters**

Wholesale prices continued to decrease between the December 2022 and March 2023 quarters.

Fixed wholesale contract prices decreased by:

- 34 cpl for Diesel;
- 7 cpl for Regular 91; and
- 2 cpl for Premium 95.

The reduction in wholesale prices for Diesel (down 34 cpl from the previous quarter) has flowed through to a reduction in retail prices but not as much as might be expected.

Total wholesale sales volumes decreased by 2 million litres (ML) (0.2%) in the March 2023 quarter. There were no terminal gate price (TGP) sales recorded in information disclosed to us this quarter. Fixed wholesale contract volumes decreased for the first time (by 12ML, or 1%) since our monitoring commenced in 2022. However, volumes sold under 'other' contracts increased by 11ML (8%).

We have observed increasing diversification in the wholesale market. A trend observed over the last four quarters is that the proportion of wholesale customers who only purchased fuel from a single supplier has decreased (except for a slight increase in the March 2023 quarter).

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<sup>6</sup> Our analysis of Auckland prices excludes the Auckland Regional Fuel Tax (ARFT).

<sup>7</sup> The price variation calculated for the quarter ending December 2022 used a methodology where 1) the difference between the highest prices in a city (of the nine analysed) and the lowest prices each day in the March 2023 quarter was calculated for all four importers (BP, Mobil, Z, Gull) (daily city average) and 2) the difference was then averaged over the quarter (quarterly city average). As our analysis has become more granular for this quarterly report, we have altered the methodology to average the absolute highest price and absolute lowest price so we can more clearly see the difference in smaller regions. We note our dataset does not have full coverage of all retail fuel sites—some suburbs have no fuel stations. In these cases, for our analysis, we have assumed consumers would travel five minutes to the neighbouring suburb to purchase fuel.

## **Terminal Gate Prices (TGPs) continued to appear high in the March 2023 quarter compared to reference points**

During the March 2023 quarter, TGPs in New Zealand continued to appear high compared to a number of reference points, including average fixed wholesale contract prices in New Zealand and Australian TGPs, as well as taking into account importers' costs.

Mobil has continued to offer the highest average posted TGPs for each of the last four quarters. Tasman Fuels consistently had the lowest TGPs for Premium 95 and Diesel. However, during the March 2023 quarter, Tasman Fuels' average TGP for Regular 91 increased, which has shifted it higher than Z's average TGP. Z's average TGP was consequently the lowest for Regular 91.

## Our role

The Commission is an independent Crown entity that administers and enforces laws relating to competition, fair trading, consumer credit and economic regulation. It has responsibilities for monitoring and regulating engine fuel markets under the Fuel Industry Act 2020 (the Act).<sup>8</sup> The Act came into force in 2020. Its purpose is to promote competition in engine fuel markets for the long-term benefit of end users of engine fuel products.<sup>9</sup>

The Act provides that, in our monitoring of the performance of the market, the Commission may analyse and summarise any information disclosed to us and publish any resulting analysis or summary.<sup>10</sup> Information is disclosed by fuel importers, wholesale suppliers and distributors on a quarterly and/or annual basis. Information disclosed relates to fixed wholesale contracts, certain financial statements, certain formulas and volumes, discounting and loyalty programmes, storage capacity, retail fuel supply and sites.<sup>11</sup>

Our analysis for these quarterly fuel monitoring reports is based on information disclosed to us by importers.<sup>12</sup> Five companies currently import fuel into New Zealand: BP, Mobil, Z Energy, Gull and Timaru Oil Services Limited (TOSL).<sup>13</sup>

Monitoring engine fuel markets allows for a deeper understanding of the competitive dynamics over time through observing patterns and trends. Our reports ‘shine a light’ on what is happening in the fuel markets to promote transparency and improve awareness of the factors influencing prices for consumers.

The Commission also has an enforcement role in relation to the obligations on fuel industry participants under the Act.<sup>14</sup> We monitor compliance with the requirements of the Act and, if we have concerns about potential non-compliance, we may investigate further.

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<sup>8</sup> [Fuel Industry Act 2020 \(Act\)](#).

<sup>9</sup> Section 3 of the Act.

<sup>10</sup> Sections 25 and 28 of the Act.

<sup>11</sup> [Part 3A of the Fuel Industry Regulations 2021 \(Regulations\)](#).

<sup>12</sup> See clause 3 of the Regulations: ‘Fuel importer’ is defined as a fuel industry participant that imports fuel into New Zealand.

<sup>13</sup> Timaru Oil Services Limited (TOSL) provides exclusive supply to its related entity, Tasman Fuels. Tasman Fuels is the entity that posts TGPs. It also operates various retail fuel sites.

<sup>14</sup> See Part 3 of the Act.

# Industry developments

## Global fuel supply exceeded demand, prices fell and economies slowed

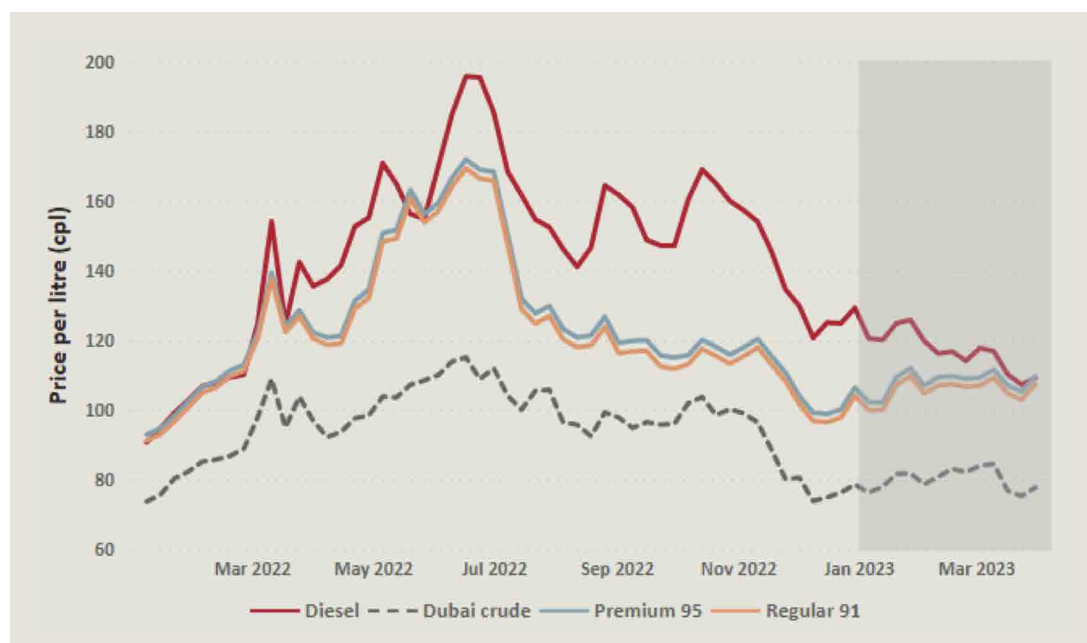
Global fuel stocks built to levels that had not been seen in 18 months and supply exceeded demand in the first quarter of 2023.<sup>15</sup> International oil supply rebounded after the United States and Canada came back strongly after winter storms. Russian oil production also remained near pre-war levels in February 2023. However, Russian exports to world markets fell in the middle of the quarter as the full force of the European Union embargo on refined oil products took effect.

Russian crude oil shipments were sent almost exclusively to Asia. Russia's estimated oil export revenues fell in February to \$11.6 billion: a \$2.7 billion decline from January when volumes were significantly higher, and at nearly half of pre-war levels. The lack of buyers saw the level of stock in transit increase, despite an increase in Russian oil exports to Africa and the Middle East.<sup>16</sup>

Despite increasing changes in global trade, rising stock levels held global fuel prices in a relatively narrow range of \$US80–85 per barrel. Prices fell a further \$US3 per barrel in March 2023 as economic worries escalated following the collapse of the Silicon Valley Bank.<sup>17</sup>

After reaching historic highs during 2022, diesel importer costs returned to levels similar to the March 2022 quarter when the Russia-Ukraine conflict commenced. Figure 1 below shows the importer costs for New Zealand engine fuels and Dubai crude oil throughout 2022 and up until the end of March 2023.<sup>18</sup>

Figure 1: New Zealand Fuel Importer Costs—January 2022 to March 2023 across main fuel types and crude oil



Source: MBIE weekly fuel monitoring data, RBNZ for exchange rates USD/NZD.

<sup>15</sup> [IEA \(2023\) 'Oil Market Report - March 2023 - Analysis' \(March 2023\)](#), para 4–9.

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> [Ministry of Business, Innovation & Employment 'Weekly fuel price monitoring' \(28 June 2023\)](#).

## Domestic developments

Domestic developments reported for the quarter ending March 2023 included the following:

- in February 2023, Prime Minister Chris Hipkins announced that the cut to the fuel excise tax would be extended to the end of June 2023;<sup>19</sup>
- the Prime Minister also announced in February 2023 that the Biofuels Mandate was not to proceed as it would increase fuel prices during a cost-of-living crisis;<sup>20</sup>
- Cyclone Gabrielle hit the North Island creating barriers to access basic resources, including fuel, particularly on the East Coast;<sup>21</sup>
- in February 2023, Te Rūnanga o Ngāi Te Rangi trialled discounted fuel to its registered iwi beneficiaries at one site in Tauranga via its partnership with Gull NZ. This initiative was to help whānau cope with the cost-of-living crisis;<sup>22</sup>
- Tasman Fuels opened its third unmanned retail site at Ōmārama (near Twizel) in February 2023 taking over the site of Mobil Ōmārama.<sup>23</sup>

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<sup>19</sup> RNZ, [‘Chris Hipkins confirms fuel excise cut, public transport support to be extended until June’](#) (1 February 2023), para 1–7.

<sup>20</sup> [The Beehive, ‘Government takes new direction with policy refocus’](#) (8 February 2023), para 8–9.

<sup>21</sup> NZ Herald, [‘Cyclone Gabrielle floods: Hawke’s Bay, Gisborne isolated and running low on supplies - death toll set to rise as witnesses describe seeing multiple bodies’](#), para 3–5.

<sup>22</sup> NZ Herald, [‘Gull, Ngāi Te Rangi offer discount fuel for iwi beneficiaries’](#) (3 February 2023), para 1–6.

<sup>23</sup> Ōmārama Gazette [‘Introducing Tasman Fuels’](#), page 3.



# Retail sites, prices, and volumes

## Key findings

- Retail board prices for all fuel types decreased over the four quarters to the March 2023 quarter. Diesel prices dropped by almost 30 cpl between the December and March 2023 quarters.
- Importer costs decreased for Diesel, increased for Regular 91 and remained stable for Premium 95 over the March 2023 quarter.
- Importer margins for all fuel types remained higher than the June 2022 quarter—when our monitoring commenced.
- We have observed wholesale prices and importer costs decrease so would expect to see reductions passed on to consumers in the retail market.
- Our regional fuel price analysis has been expanded to include four smaller cities: Whangārei, Napier, Nelson, and Timaru.<sup>24</sup> Whangārei had the highest retail board price for all fuel types during December 2022 and March 2023 quarters, followed by Nelson.
- Of the five largest cities in New Zealand, Auckland had the highest prices for Regular 91, Premium and Diesel. Hamilton was the least expensive.
- Auckland also continued to have the widest price variation of all cities analysed in the March 2023 quarter.

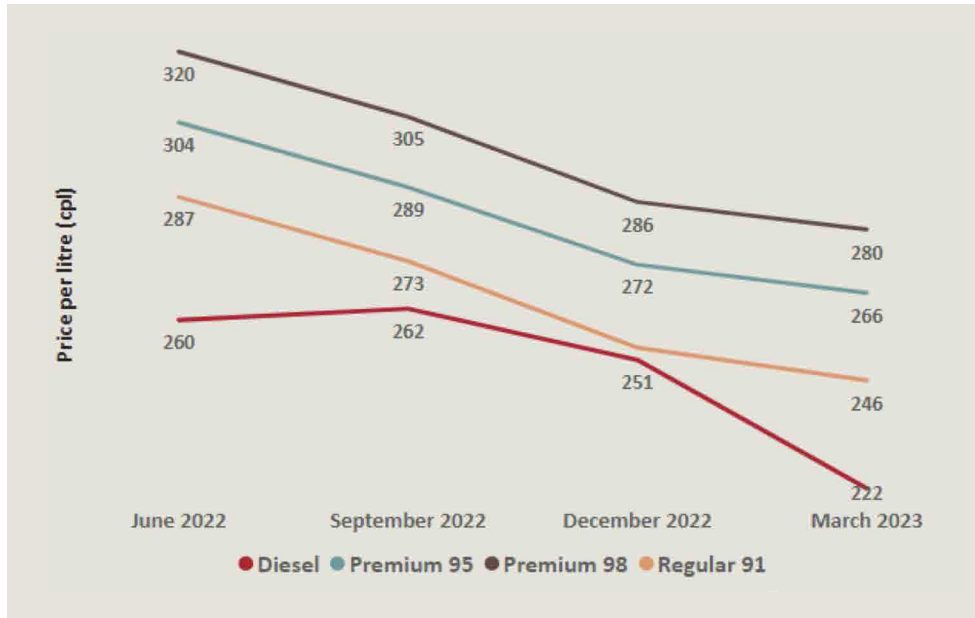
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<sup>24</sup> 'Napier' refers to Napier–Hastings.

## Regular 91 and Premium prices continued to decrease over the March 2023 quarter, Diesel prices also dropped sharply

Retail board prices for all fuel types decreased over the last four quarters to March 2023. Diesel prices dropped by almost 30 cpl between the December 2022 and March 2023 quarters. See Figure 2 below.

Figure 2: Average quarterly retail prices for all fuel types—June 2022 quarter to March 2023 quarter



Source: ID data.

### Prices decreased for all fuel types

During the March 2023 quarter, compared to the December 2022 quarter:

- Diesel board prices decreased by 29 cpl;
- Premium 95 prices decreased by 6 cpl;
- Regular 91 board prices decreased by 8 cpl (see Figure 3 below).

## Importer costs decreased significantly for Diesel; importer margins increased for Diesel, but dropped for Regular 91 and Premium 95

The components for each fuel type varied over the quarter ending March 2023:

- **Diesel:** importer costs fell 25 cpl (see Table 1 below) between the December 2022 and March 2023 quarters. Diesel importer margins increased by 3 cpl (see Figure 4 below);
- **Regular 91:** importer costs for Regular 91 increased (1 cpl) between the December 2022 and the March 2023 quarters and importer margins decreased by 5 cpl;
- **Premium 95:** importer costs stayed the same for Premium 95 (0 cpl) and importer margins decreased by 2 cpl.

Table 1 below sets out New Zealand’s fuel importer costs for the quarters ending December 2022 and March 2023.

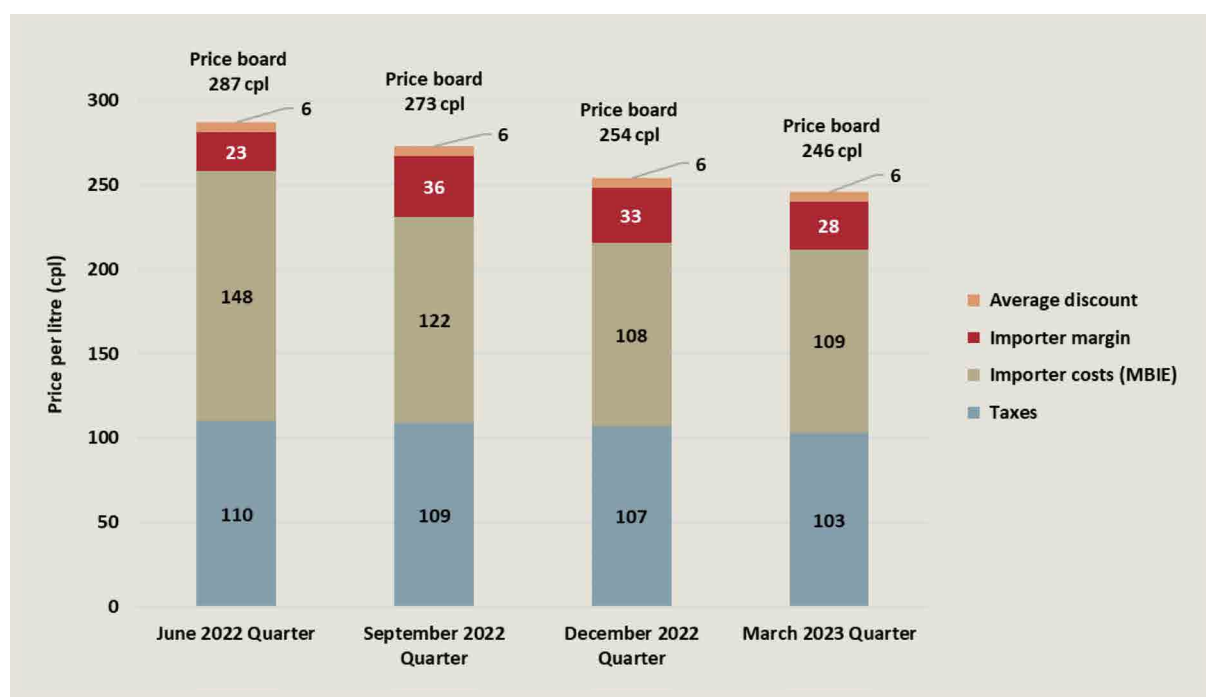
Table 1: New Zealand Fuel importer costs for the quarters ending December 2022 and March 2023

Fuel	Importer cost in Dec 2022 quarter (cpl)	Importer cost in Mar 2023 quarter (cpl)	Importer change in cost (cpl)
Diesel	144	119	-25
Regular 91	108	109	+1
Premium 95	111	111	0

Source: MBIE weekly fuel monitoring data.

Figure 3 below provides the retail board price for Regular 91 for the quarters ending June 2022 to March 2023, as well as the average discount, importer margin, importer costs and taxes. See Attachment C for additional information on the price board and components for Premium 95 and Diesel.

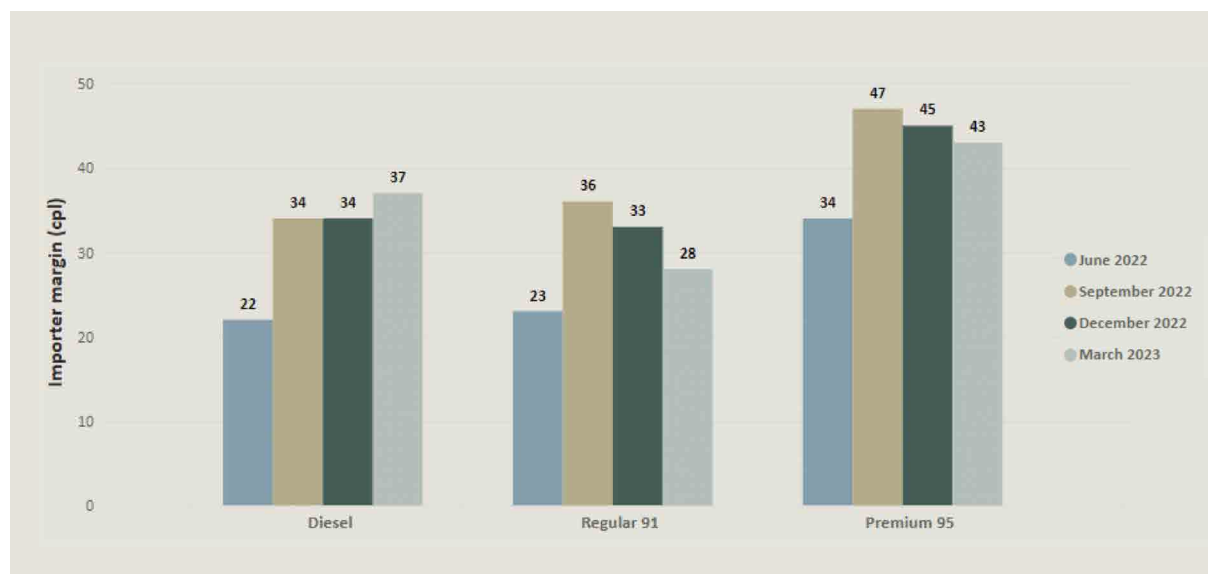
Figure 3: Retail price board and components for Regular 91—June 2022 quarter to March 2023 quarter



Source: ID data and MBIE weekly fuel monitoring data.

Figure 4 below provides the importer margins by fuel type over the last four quarters since our monitoring of fuel markets commenced.

Figure 4: Importer margins by fuel type—June 2022 to March 2023 quarter



Source: ID data and MBIE weekly fuel monitoring data.

## Regular 91 price analysis shows geographical variation

For previous reports, we have based our regional price analysis on the five largest cities in New Zealand (Auckland, Hamilton, Tauranga, Wellington and Christchurch). We have broadened our regional analysis for this report to include four smaller cities: Whangārei, Napier, Nelson, and Timaru (see Figure 5 below). These newly added smaller cities show the variety in New Zealand’s Regular 91 prices.<sup>25</sup>

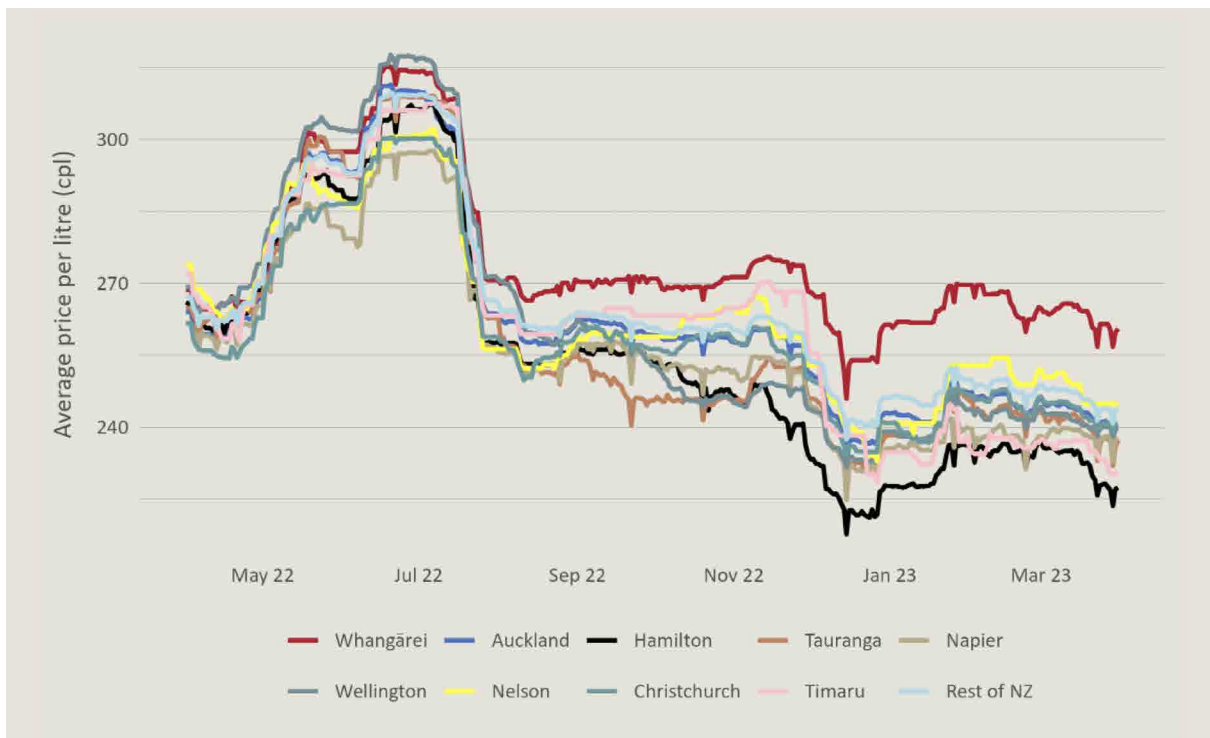
Whangārei’s prices for Regular 91 were comparable to other regions in the June 2022 quarter. However, Whangārei prices were the most expensive for the last three quarters.

Hamilton continues to be the least expensive city for Regular 91.

A number of factors could be influencing the variation in prices observed in the nine cities analysed. Factors may include differences in the cost to supply fuel or the level of competitive rivalry—impacted by the number of competitors and customer loyalty.

<sup>25</sup> The newly-added cities were selected based on two criteria: 1) population size and 2) geographical spread. Consideration was given to distance to a terminal(s).

Figure 5: Average Regular 91 prices (inc. taxes, excluding Auckland Regional Fuel Tax, before discounts) from April 2022 to March 2023



Source: ID data.

## Whangārei was the most expensive city analysed, followed by Nelson; Hamilton and Timaru were the least expensive cities

Of the regions analysed, our data shows the following for the March 2023 quarter:<sup>26</sup>

- **Nine cities analysed:**
  - Whangārei had the highest average prices across all fuel types, followed by Nelson (then Auckland); and
  - Hamilton was the least expensive for Regular 91 and Premium (95 and 98), and Timaru was the least expensive for Diesel.
- **Five largest New Zealand cities:**
  - Auckland remained the most expensive of the five largest cities in New Zealand for Regular 91, Premium and Diesel;
  - Hamilton was the least expensive for Regular 91 and Premium;
  - Wellington was the least expensive for Diesel.

<sup>26</sup> Our analysis in this quarterly report is based on information disclosed from importers to us under the Regulations.

**Table 2: Average prices (cpl) in New Zealand cities analysed in the December 2022 quarter**

Region	91	Premium	Diesel
Whangārei	261	281	242
Auckland	246	271	233
Hamilton	234	258	228
Tauranga	239	264	225
Napier	242	268	231
Wellington	236	259	220
Nelson	248	267	235
Christchurch	244	262	230
Timaru	250	273	228
Rest of NZ	250	272	234
All of NZ	246	269	232

Source: ID data.

**Table 3: Average prices (cpl) in New Zealand cities analysed in the March 2023 quarter**

Region	91	Premium	Diesel
Whangārei	258	279	219
Auckland	237	263	205
Hamilton	226	252	202
Tauranga	236	262	199
Napier	232	259	204
Wellington	233	257	194
Nelson	240	264	205
Christchurch	235	257	198
Timaru	229	254	188
Rest of NZ	241	265	207
All of NZ	238	263	204

Source: ID data.

Prices in Whangārei increased relative to other cities from around August 2022. These high prices are not explained by cost-related factors, such as:

- **international shipping costs:** Marsden Point terminal is the nearest New Zealand port to major international ports, such as Singapore, so shipping costs are likely to be lower for Whangārei than other cities/regions;
- **local transport costs:** Whangārei is close to Marsden Point terminal (approximately 30 minutes by car) so the cost to transport fuel from the terminal to service stations is likely lower than in other cities;
- **land costs:** Whangārei land costs do not easily explain the high prices (see 'land cost' analysis below).

We understand Gull NZ applied to the Whangārei District Council in 2022 for a resource consent for a new unmanned petrol station in central Kamo. Such entry could lead to more competitive prices for the Whangārei region. The application is still on hold after a request for more information (ie, how vehicle access will work, the impact it will have on traffic, and how the site will be serviced). Local business owners said the location was unsuitable for a fuel stop.<sup>27</sup>

<sup>27</sup> [NZ Herald, 'Proposed self-service fuel station for Kamo sparks controversy for business owners' \(19 March 2023\).](#)

## Price variation within New Zealand’s five largest cities remained across all fuel types; smaller cities had lower price variation

Retail prices varied widely within some cities analysed. Prices varied between retail sites for Regular 91 consumers in the March 2023: 52 cpl in Auckland and only 1 cpl in Nelson. The daily price variation (most expensive site minus the least expensive site) is averaged over the quarter.

See Figure 6 below for more detail on price variation in retail prices within each of the nine cities analysed.

Figure 6: Price variation within nine cities analysed for retail prices and price variation

	Regular 91				Premium				Diesel			
	Jun-2022	Sep-2022	Dec-2022	Mar-2023	Jun-2022	Sep-2022	Dec-2022	Mar-2023	Jun-2022	Sep-2022	Dec-2022	Mar-2023
Whangārei	12	12	12	13	18	14	15	16	23	17	27	34
Auckland	30	33	53	52	49	54	65	66	53	45	54	65
Hamilton	35	21	34	25	50	38	47	46	45	28	36	51
Tauranga	16	26	26	25	30	43	45	43	29	28	33	37
Napier	18	17	26	25	36	38	39	37	29	25	23	25
Wellington	28	26	43	33	39	44	43	46	44	35	47	56
Nelson	6	4	2	1	18	20	18	16	15	12	14	20
Christchurch	22	17	21	23	41	38	41	43	32	19	25	28
Timaru	7	6	7	11	21	21	21	26	15	12	15	14

Of the cities analysed:

- Auckland continued to have the widest price variation for each fuel type. The price variation in Auckland increased in the March 2023 quarter (52 cpl) compared to the June and September 2022 quarters (30 cpl and 33 cpl respectively);
- Wellington had the second widest price variation (33 cpl) in the quarter ending March 2023. Hamilton, Tauranga and Napier (25 cpl) equally had the third widest price variation of cities analysed; and
- smaller cities, Nelson (1 cpl), Timaru (11 cpl) and Whangārei (13 cpl), had a narrower price variation compared to other cities analysed.

We will continue to monitor and analyse this area in more detail—for this report, we provide complementary price variation calculations (see Attachment C).

Notably the price variations for September and December 2022 are greater than the variations in the Quarterly Fuel Monitoring Report for the quarter ending December 2022. That is, Auckland prices varied by 38 cpl for Regular 91 in December 2022. Whereas our analysis now shows 53 cpl for the same period. The price variations have changed because we have changed how we measure the variation. The variation was previously measured separately for each importer and then averaged across importers for the quarter. This methodology did not translate as well when our analysis has become more granular and city size is smaller. For this report, and expected future reports, we will measure daily ranges between the absolute minimum and absolute maximum price in a city and then calculate the quarterly average of the daily ranges.

The following section provides closer analysis of the prices in the nine cities analysed. Notably, our dataset does not have full coverage of all retail fuel sites—some suburbs have no fuel stations. For our analysis in such cases, we have assumed consumers would travel five minutes to the neighbouring suburb to purchase fuel.



## Whangārei was the most expensive city analysed for Regular 91 consumers and had a relatively narrow price variation

Whangārei was the most expensive city for Regular 91 consumers (as well as Premium and Diesel consumers) during the March 2023 quarter. Notably, Whangārei prices were comparable to other regions in the June 2022 quarter. However, Whangārei was the most expensive city of the nine cities analysed over the subsequent three quarters to March 2023.

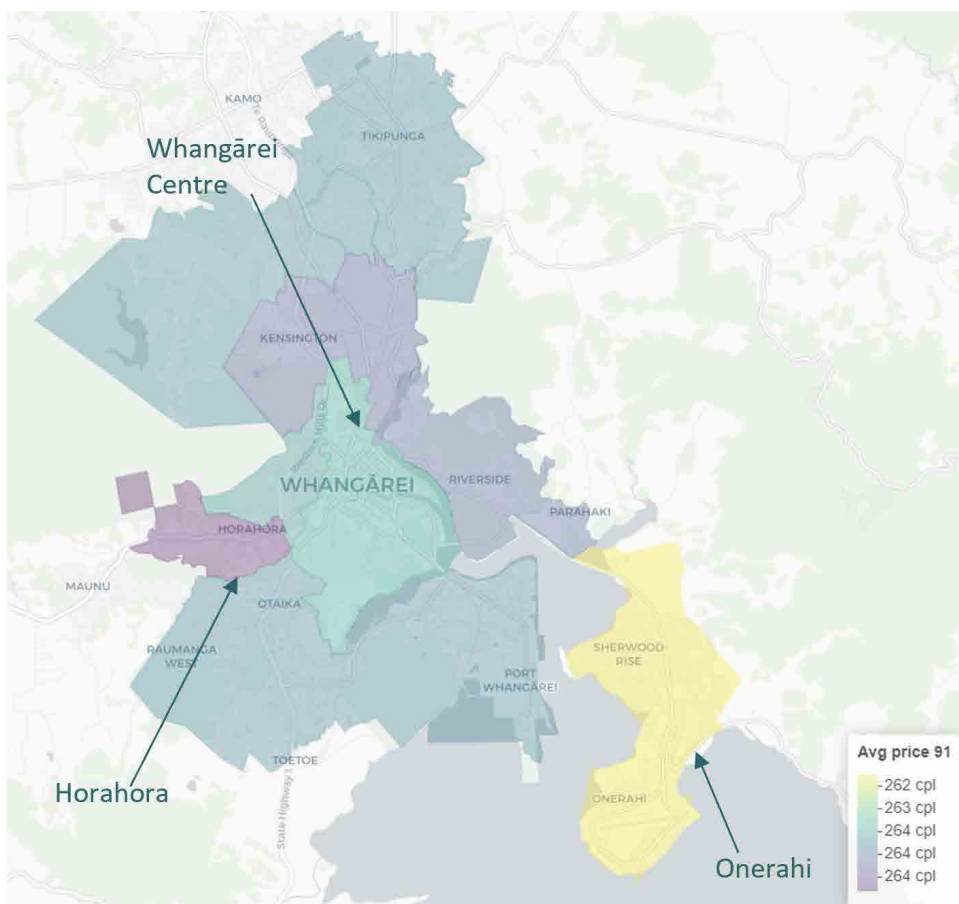
Horahora (265 cpl) was the most expensive area for Regular 91 consumers over the March 2023 quarter (based on the average daily price of Horahora stations over the quarter).

Onerahi (262 cpl) had the lowest Regular 91 prices in Whangārei.

The average daily difference between the most expensive site and the least expensive site during the March 2023 quarter was 13 cpl (see Figure 6 above).<sup>28</sup> In addition, the average difference between the most expensive area (Horahora) and the least expensive area (Onerahi) was 3 cpl.

Figure 7 below shows the most expensive and least expensive areas in Whangārei after averaging Regular 91 prices over the March 2023 quarter.

Figure 7: Average Regular 91 prices in Whangārei for the quarter ending March 2023



Source: ID data.

<sup>28</sup> The price variation of 13 cpl has been calculated using the average daily difference across the city for Regular 91 and then averaged over the March 2023 quarter.

## Auckland had the widest price variation of all cities analysed; Ōrākei remained the most expensive area in Auckland over the March 2023 quarter, Māngere East was the least expensive

Auckland was still the most expensive city of New Zealand’s five largest cities for Regular 91.

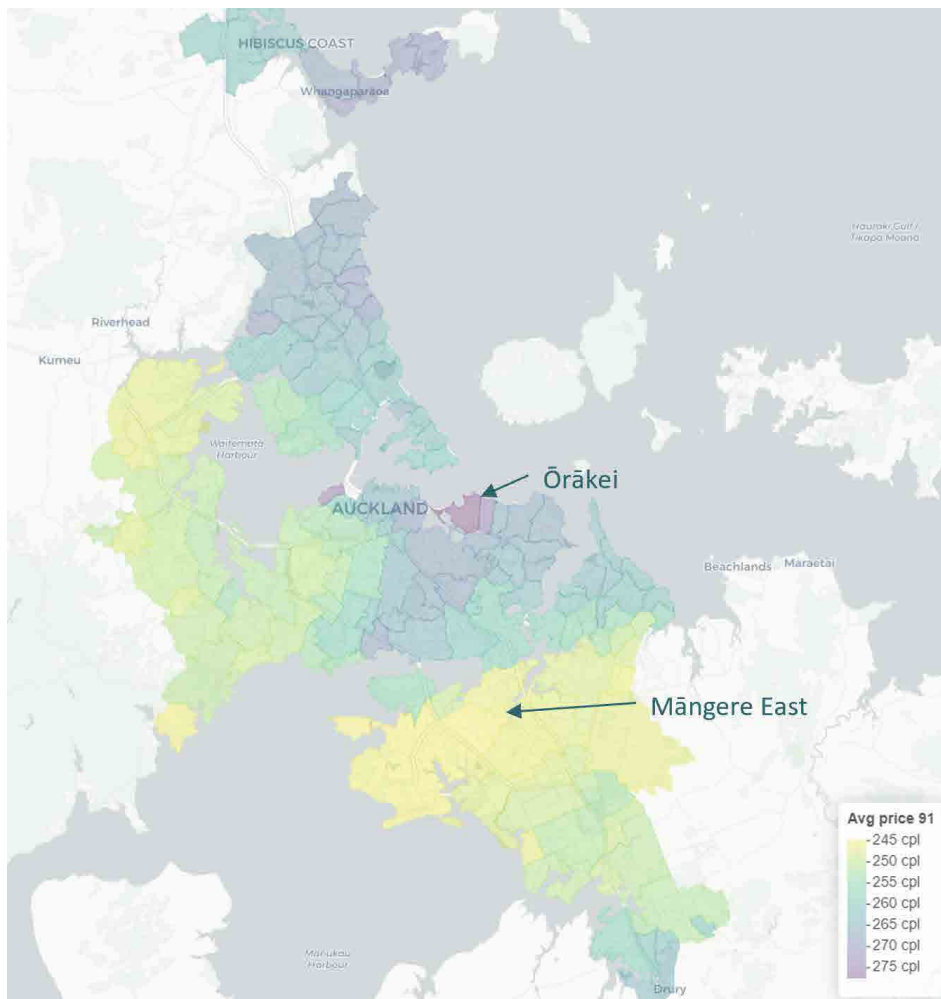
The Ōrākei area (277 cpl) was still the most expensive area for Regular 91 consumers in Auckland over the March 2023 quarter.<sup>29</sup>

Māngere East (245 cpl) was still the least expensive area in Auckland for Regular 91 prices.

The average daily difference between the most expensive and least expensive Auckland site during the March 2023 quarter was 52 cpl. In addition, the average difference between the most expensive area (Ōrākei) and the least expensive area (Māngere East) was 32 cpl.

Figure 8 below is a map of Auckland showing the most expensive and least expensive areas using averaged Regular 91 prices over the March 2023 quarter.

**Figure 8: Average Regular 91 prices in Auckland for the quarter ending March 2023**



Source: ID data.

<sup>29</sup> The Ōrākei area has one retail site—our calculations are based on a five-minute drive within that area using Google maps.

## Hamilton was the least expensive city for Regular 91 and Premium consumers; Hillcrest and Riverlea were the most expensive areas, Pukete was the least expensive

Hamilton was the least expensive city for Regular 91 and Premium consumers during the March 2023 quarter.

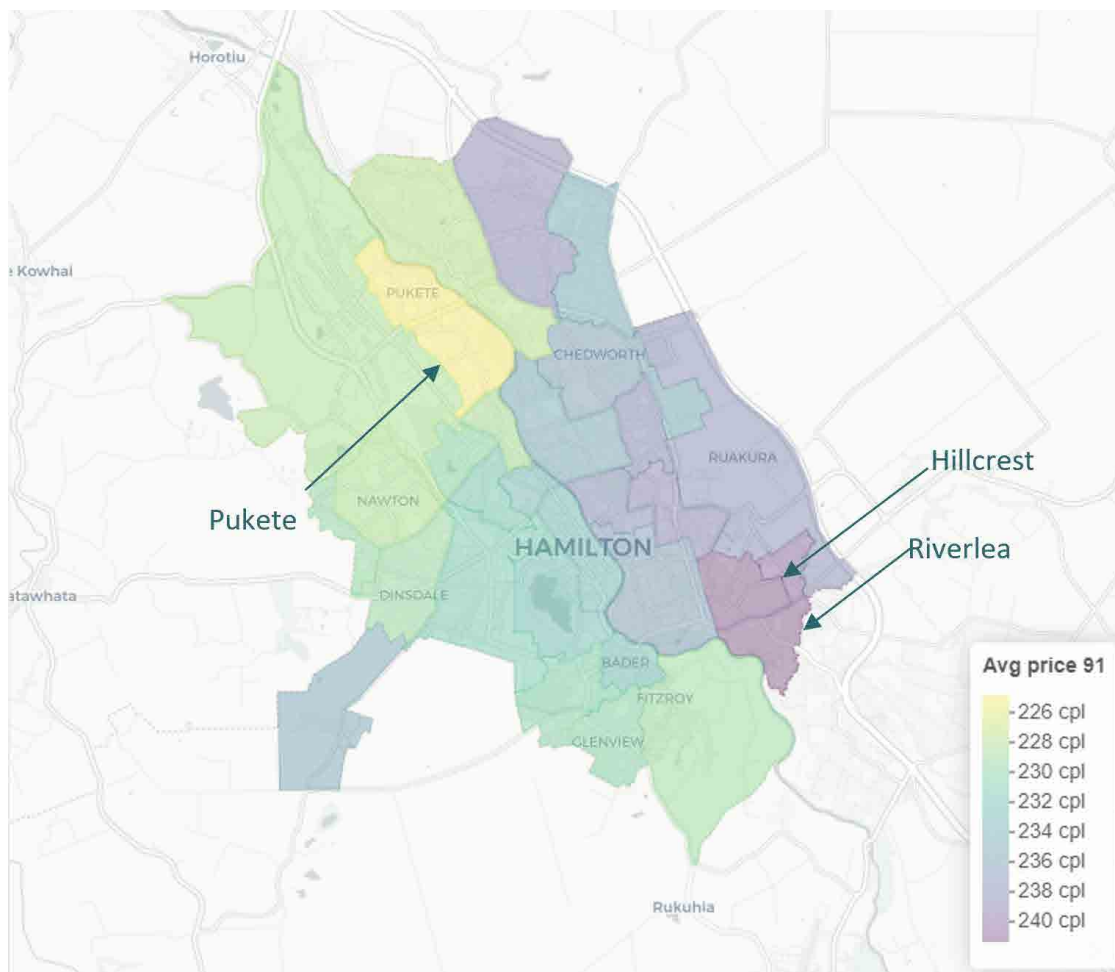
Hillcrest and Riverlea (241 cpl) were the most expensive areas for Regular 91 consumers in Hamilton over the March 2023 quarter.

Pukete (225 cpl) had the least expensive Regular 91 prices.

The average daily difference between the most expensive and least expensive Hamilton site during the March 2023 quarter was 25 cpl. In addition, the average difference between the most expensive areas (Hillcrest and Riverlea) and the least expensive area (Pukete) was 16 cpl.

Figure 9 below shows the most expensive and least expensive areas in Hamilton using averaged Regular 91 prices over the March 2023 quarter.

Figure 9: Average Regular 91 prices in Hamilton for the quarter ending March 2023



Source: ID data.

## Welcome Bay, Hairini and Maungatapu were the most expensive areas in Tauranga; Pāpāmoa Beach was the least expensive

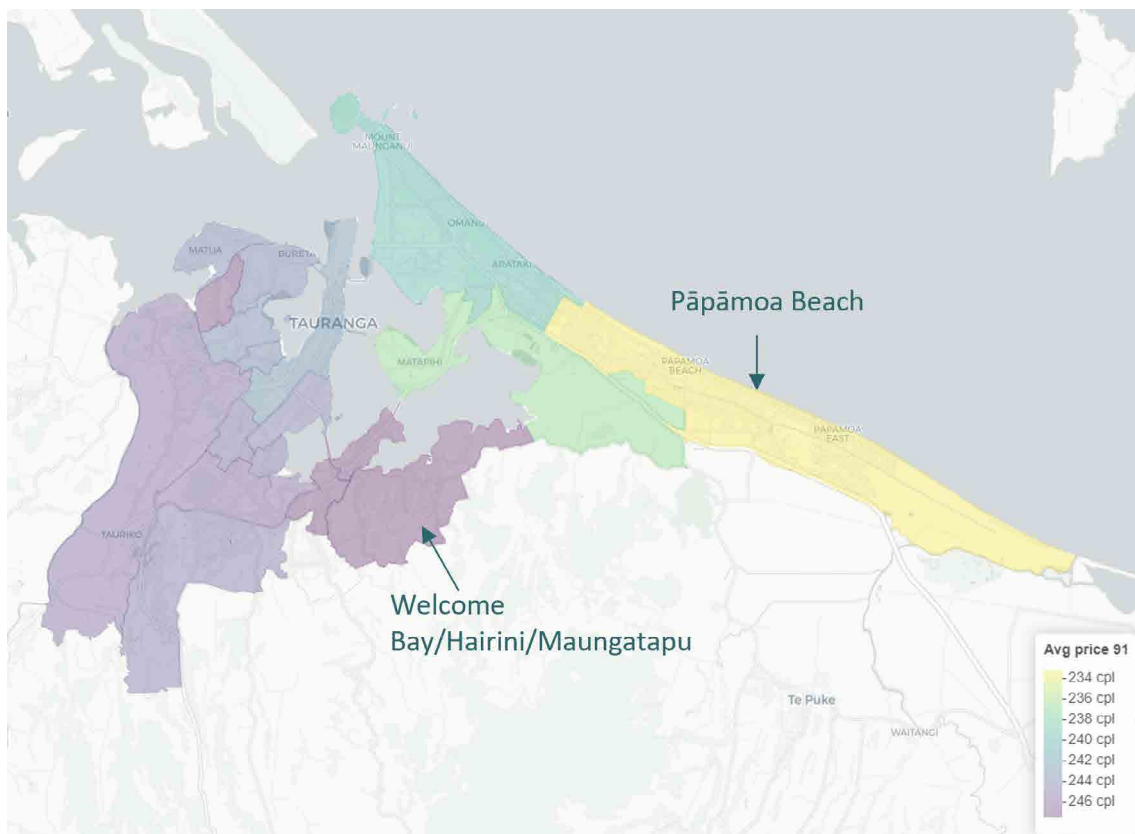
Welcome Bay, Hairini and Maungatapu (247 cpl) were the most expensive areas for Regular 91 consumers in Tauranga over the March 2023 quarter.

Pāpāmoa Beach (233 cpl) in Tauranga had the lowest Regular 91 prices.

The average daily difference between the most expensive and least expensive Tauranga site during the March 2023 quarter was 25 cpl. It had the third widest price variation (together with Hamilton and Napier). Additionally, the average difference between the most expensive areas (Welcome Bay, Hairini and Maungatapu) and the least expensive area was 14 cpl.

Figure 10 below shows the most expensive and least expensive areas in Tauranga using averaged Regular 91 prices over the March 2023 quarter.

**Figure 10: Average Regular 91 prices in Tauranga for the quarter ending March 2023**



Source: ID data.

## Taradale was the most expensive area for Regular 91 in Napier, Bluff Hill was the cheapest

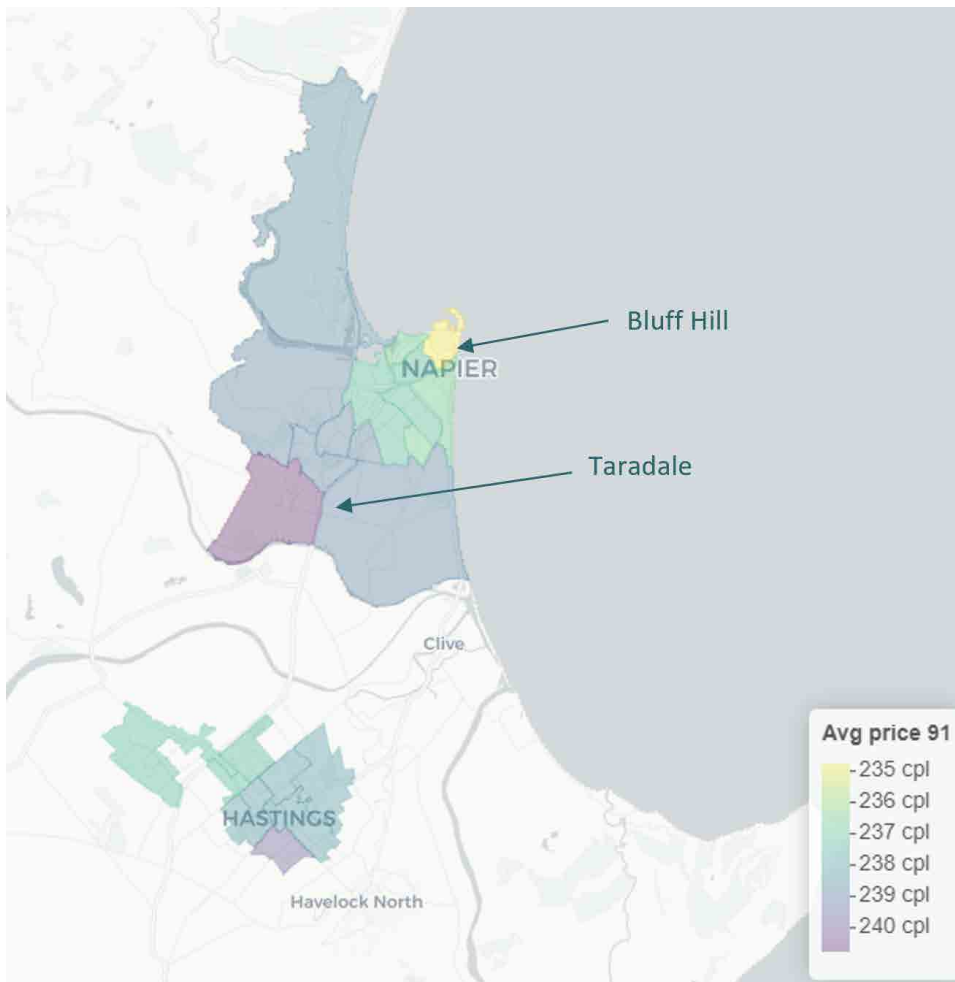
Taradale (241 cpl) was the most expensive area for Regular 91 consumers in Napier over the March 2023 quarter.

Bluff Hill (235 cpl) had the cheapest Regular 91 prices in Napier.<sup>30</sup>

The average daily difference between the most expensive and least expensive Napier site during the March 2023 quarter was 25 cpl. In addition, the average difference between the most expensive area (Taradale) and the least expensive area (Bluff Hill) was 6 cpl.

Figure 11 below shows the most expensive and least expensive areas in Napier using averaged Regular 91 prices over the March 2023 quarter.

**Figure 11: Average Regular 91 prices in Napier for the quarter ending March 2023**



Source: ID data.

<sup>30</sup> We note our dataset does not have full coverage of all retail fuel sites—some suburbs have no fuel stations. In these cases, for our analysis, we have assumed consumers would travel five minutes to the neighbouring suburb to purchase fuel.

## Western suburbs continued to be the most expensive areas in Wellington over the March 2023 quarter, the Hutt Valley was the least expensive

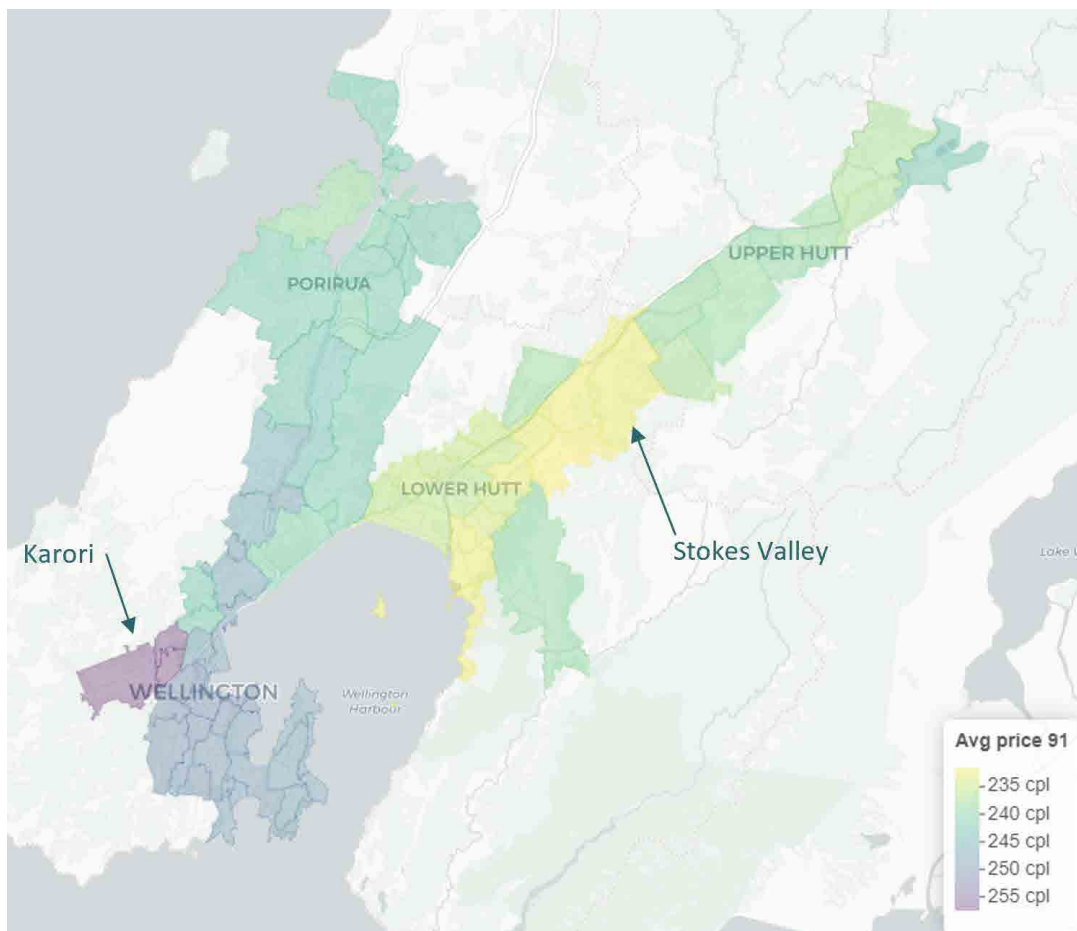
Karori (257 cpl) continued to be the most expensive area for Regular 91 consumers in Wellington over the March 2023 quarter.<sup>31</sup>

Stokes Valley, Naenae, Avalon, Belmont, and Seaview (233 cpl) were the least expensive areas in Wellington for Regular 91 prices.

The average daily difference between the most expensive and least expensive Wellington site in the March 2023 quarter was 33 cpl. In addition, the average difference between the most expensive area (Karori) and the least expensive area (Stokes Valley, Naenae, Avalon, Belmont and Seaview) was 24 cpl.

Figure 12 below shows the most expensive and least expensive areas in Wellington using averaged Regular 91 prices over the March 2023 quarter.

**Figure 12: Average Regular 91 prices in Wellington for the quarter ending March 2023**



Source: ID data.

<sup>31</sup> We note that the Mobil site closed for tank refurbishment in the March 2023 quarter so there were no ID sites in Karori at the end of that quarter.

## Nelson had the second highest prices of cities analysed after Whangārei, and information disclosed shows the narrowest price variation for the March 2023 quarter

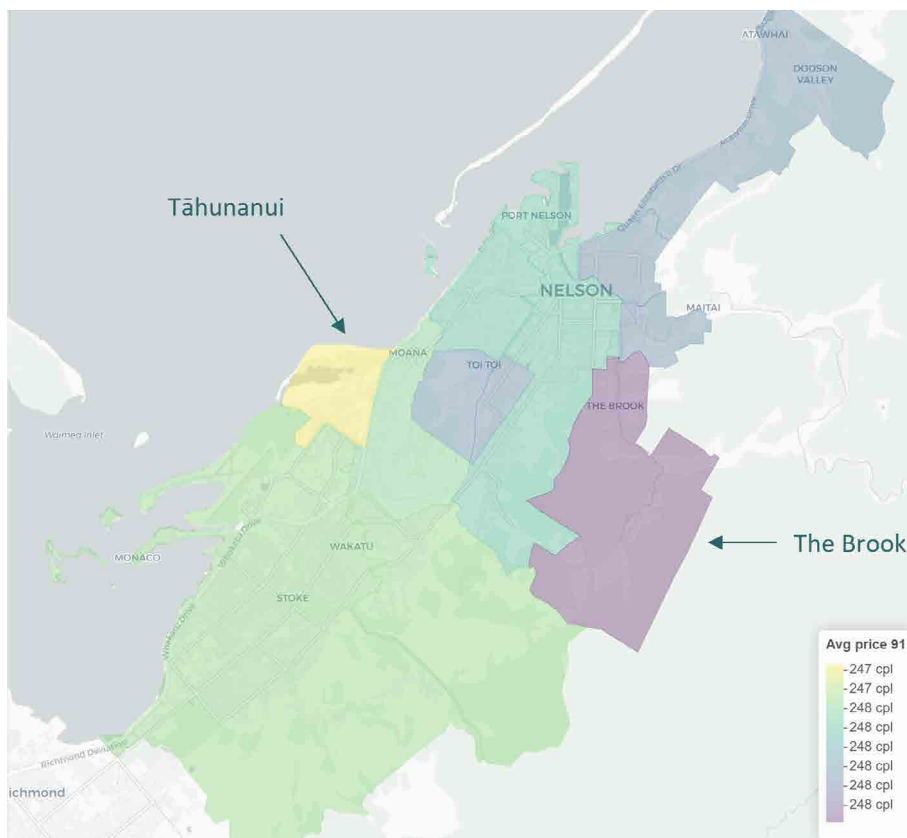
The Brook (248 cpl) was the most expensive area for Regular 91 consumers in Nelson over the March 2023 quarter.

Tāhunanui (247 cpl) had the least expensive Regular 91 prices in Nelson.

The average daily difference between the most expensive and least expensive Nelson site during the March 2023 quarter was 1 cpl—this is the narrowest price range of all regions analysed.<sup>32</sup> In addition, the average difference between the most expensive area (The Brook) and the least expensive area (Tāhunanui) was 1 cpl.

Figure 13 below shows the most expensive and least expensive areas in Nelson using averaged Regular 91 prices over the March 2023 quarter.

**Figure 13: Average Regular 91 prices in Nelson for the quarter ending March 2023**



Source: ID data.

<sup>32</sup> In the March 2023 quarter, information disclosed to us shows there were 62 days where the average price range was zero (0 cpl).



## Christchurch was the second most expensive of the five largest New Zealand cities for Regular 91 consumers, and had a sizeable price variation

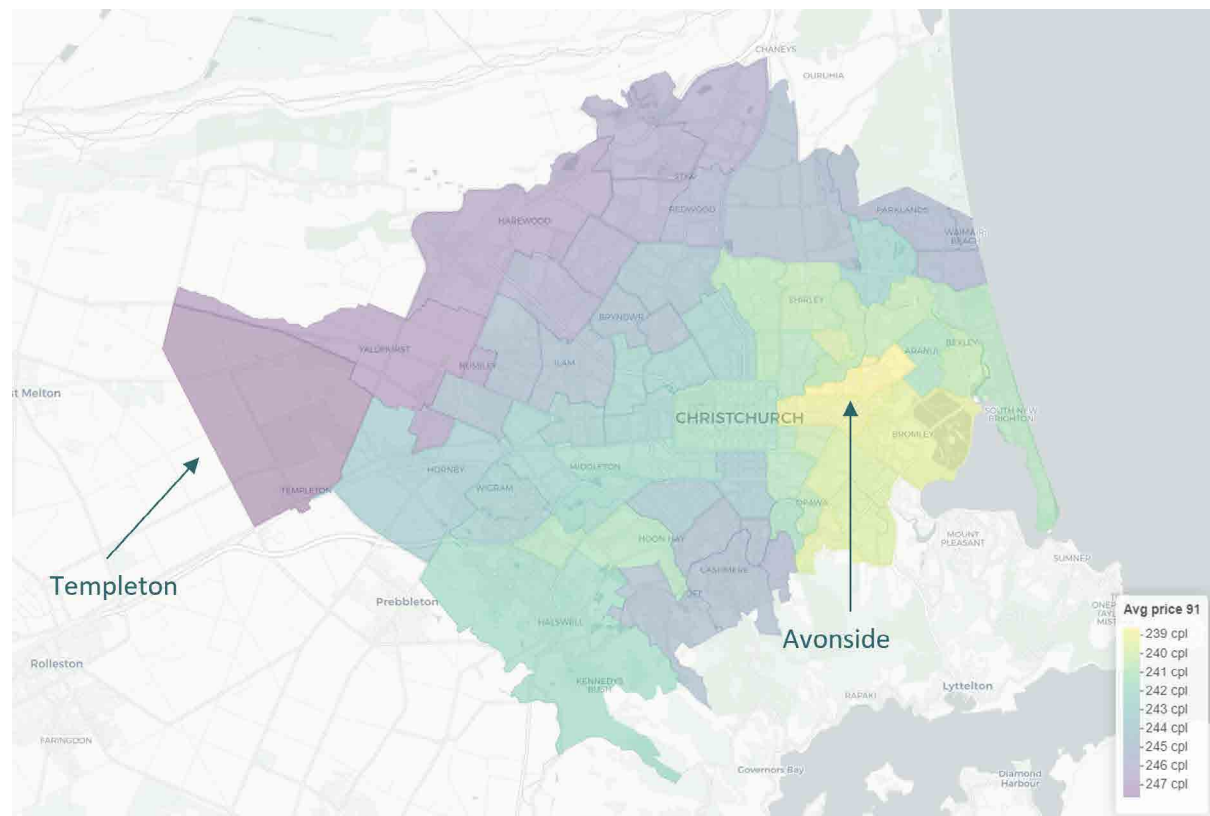
Templeton (248 cpl) was the most expensive area for Regular 91 consumers in Christchurch over the March 2023 quarter.

Avonside (239 cpl) in Christchurch had the least expensive Regular 91 prices.

The average daily difference between the most expensive and least expensive Christchurch site during the March 2023 quarter was 23 cpl. In addition, the average difference between the most expensive area (Templeton) and the least expensive area (Avonside) was 9 cpl.

Figure 14 below shows the most expensive and least expensive areas in Christchurch using averaged Regular 91 prices over the March 2023 quarter.

**Figure 14: Average Regular 91 prices in Christchurch for the quarter ending March 2023**



Source: ID data.



## Timaru had one of lowest Regular 91 prices of the cities analysed; Washdyke, Marchwiell and Gleniti were the most expensive areas, Watlington the least expensive

Timaru had one of the lowest Regular 91 prices (and Premium and Diesel) of small cities analysed in the March 2023 quarter.

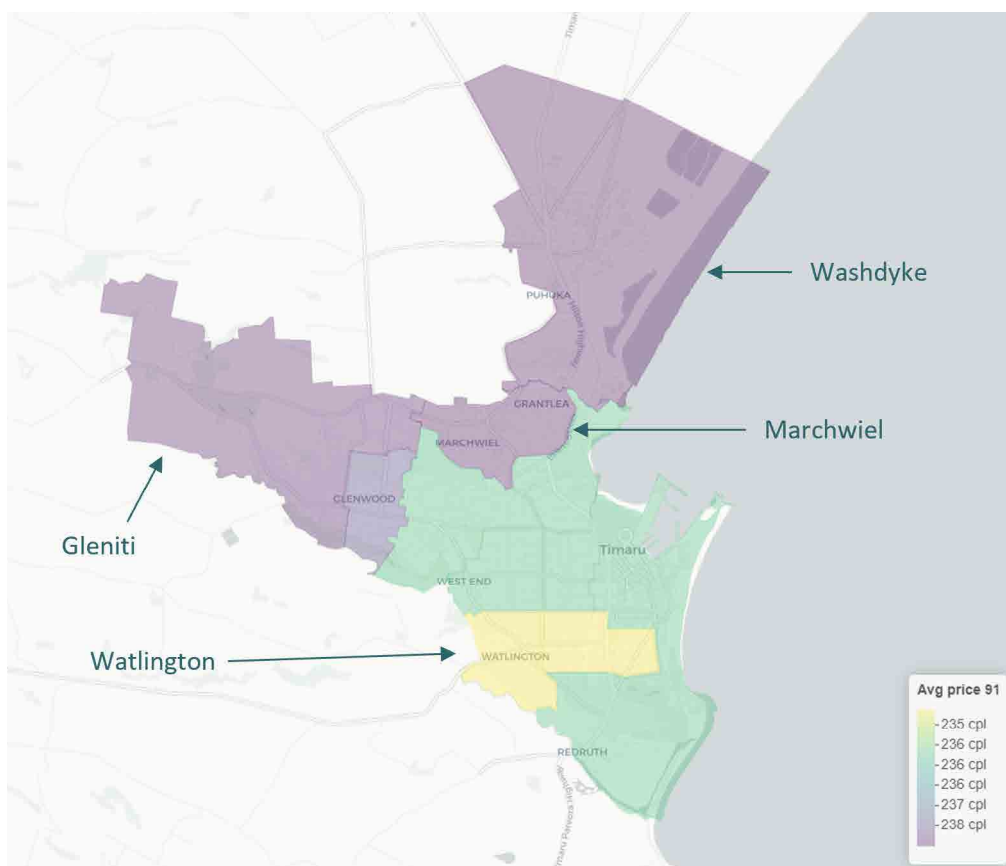
Washdyke, Marchwiell and Gleniti (238 cpl) were the most expensive areas for Regular 91 consumers in Timaru over the March 2023 quarter.

Watlington (235 cpl) in Timaru had the least expensive Regular 91 prices.

The average daily difference between the most expensive and least expensive Timaru site during the March 2023 quarter was 11 cpl. In addition, the average difference between the most expensive areas (Washdyke, Marchwiell and Gleniti) and the least expensive area (Watlington) was 3 cpl.

Figure 15 below shows the most expensive and least expensive suburbs in Timaru using averaged Regular 91 prices over the March 2023 quarter.

Figure 15: Average Regular 91 prices in Timaru, March 2023 quarter



Source: ID data.

## A closer look at retail price variations in New Zealand

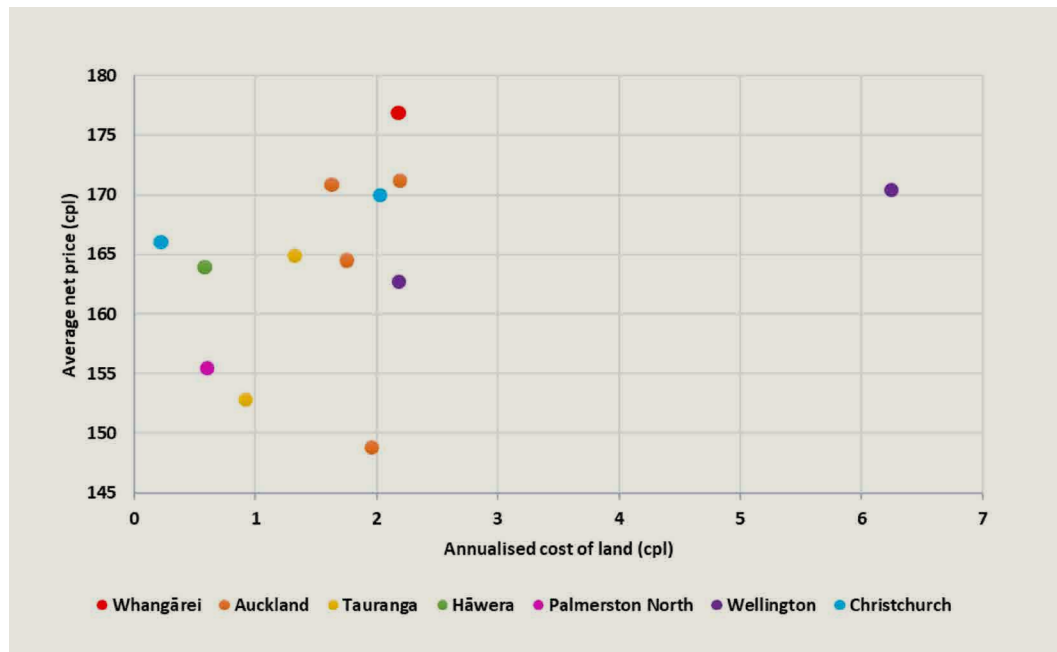
Variations in retail prices may be due to the associated costs of supplying fuel at various locations within a city, the difference in services at a site (eg, manned versus unmanned sites), or the local competitive conditions.

Differences in the cost of supply at different locations might be due to factors such as:

- **trucking costs:** the cost of delivering fuel from the import terminal to individual retail sites. However, the variation in retail prices may not be able to be explained solely by transport costs. Our updated estimate for a 100km trip is 2.2 cpl (see Table 10);<sup>33</sup>
- **retail site land costs:** a potential explanation for the variation in retail prices could be the cost of land. Retail sites with high retail prices generally tend to be located in areas where land is more expensive (eg, Ōrākei or Herne Bay);
- **other operating costs:** the variation in retail prices could also be due to operational or costs, including, for example, telecommunication and energy costs, salaries, and rates.

We have undertaken initial analysis to seek to understand the impact of trucking and land costs on fuel prices in certain cities for the quarter ended March 2023. To do this, we focused on unmanned sites under two brands in Whangārei, Auckland, Tauranga, Hāwera, Palmerston North, Wellington, and Christchurch.<sup>34</sup> We sourced information on land costs from council websites then annualised the land cost (using the upper bound WACC of 8.6% from the 2019 Market Study). We then divided this by fuel volumes at each site from information disclosed to us through the Regulations to give us the ‘annualised cost of land’ in cents per litre (cpl) and the average price of fuel (excluding taxes and delivery costs)—see Figure 16 below.

Figure 16: Relationship between cost of land and net prices—March 2023 quarter



Source: ID data and local authority property websites.

<sup>33</sup> The 2.2 cpl figure is updated from a base figure used in the Commerce Commission’s 2019 Market Study into Retail Fuel: Commerce Commission, ‘Market study into retail fuel’, published on 5 December 2019, <https://comcom.govt.nz/about-us/our-role/competition-studies/fuel-market-study> (viewed on 26 July 2023). We have updated the trucking cost estimates used in the market study, as explained in Attachment C.

<sup>34</sup> These areas were selected based on available data and geographical spread.

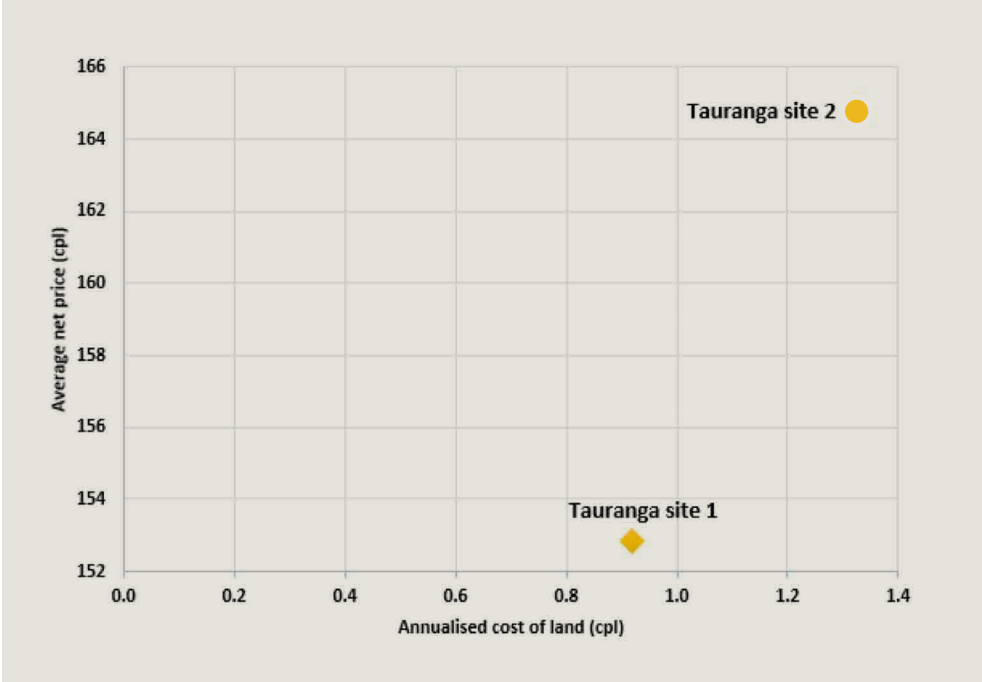
To highlight the relationship between cost of land and retail fuel price in an area, we have developed regional case studies. The two case studies below focus on Tauranga and Christchurch.

**Tauranga:** We compared land costs at two unmanned fuel sites of the same brand in Tauranga. These sites are 18 kilometres apart. As shown in Figure 17 below, our analysis of these two sites indicates that:

- the net price at Tauranga site 1 was 153 cpl and Tauranga site 2 was 165 cpl (a 12 cpl difference in prices); and
- the annualised cost of land per litre of fuel was 0.9 cpl for Tauranga site 1 and 1.3 cpl for Tauranga site 2 (a 0.4 cpl difference in land costs).

This suggests that, of the 12 cpl difference in retail prices between Tauranga site 1 and Tauranga site 2, only 0.4 cpl appears to be explained by the difference in retail site land costs. The remaining 11.6 cpl is not explained by trucking costs to deliver the fuel between each retail site and the Mount Maunganui terminal (trucking costs are estimated based on 2.2 cpl on average per 100km as set out in Table 10), or labour costs given that both retail sites are unmanned.

Figure 17: Tauranga case study—comparing two unmanned sites for the quarter ending March 2023



Source: ID data and local authority property websites.

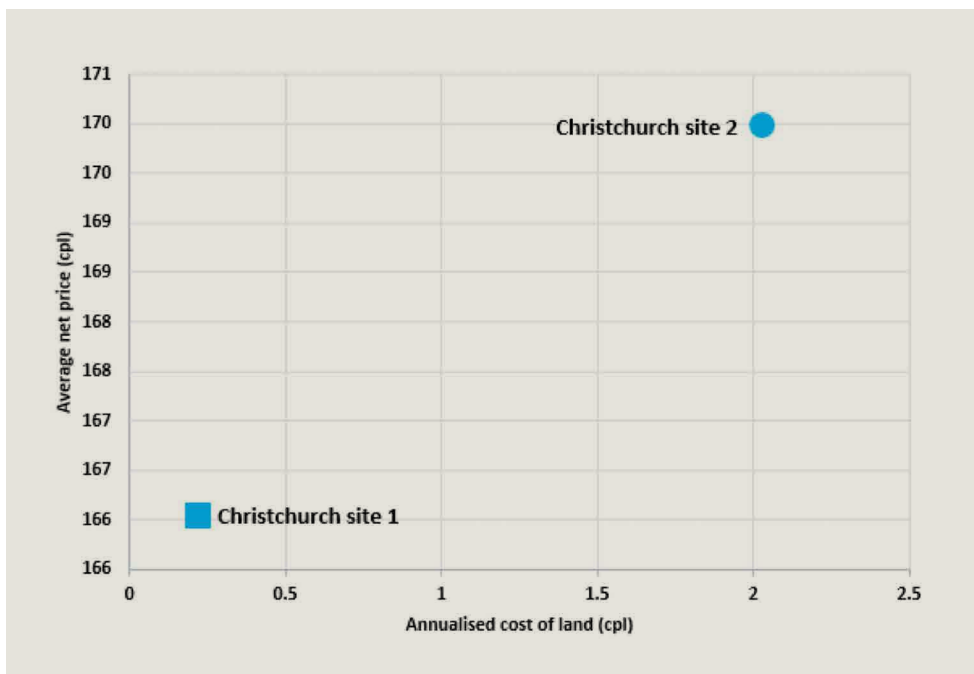
**Christchurch:** We also compared land costs at two unmanned fuel sites of the same brand in Christchurch. These sites are 7 kilometres apart. Trucking costs are estimated to be 2.2 cpl per 100km as set out in Table 10 in Attachment C.

As shown in Figure 18 below, our analysis of these two sites indicates that:

- the net price at Christchurch site 1 was 166 cpl and Christchurch site 2 was 170 cpl (a 4 cpl difference in net prices); and
- the annualised cost of land per litre of fuel was 0.2 cpl for Christchurch site 1 and 2.0 cpl for Christchurch site 2 (a 1.8 cpl difference in land costs).

The difference in land costs of 1.8 cpl appears to explain almost half of the 4 cpl difference in net prices. This Christchurch case study may be an example where the difference in land costs helps to explain much of the difference in fuel prices within a city or region (unlike the Tauranga case study).

**Figure 18: Christchurch case study—comparing two unmanned sites for the quarter ending March 2023**



Source: ID data and local authority property websites.

## Discounted retail prices reduced, even though importer discounts stable over the four quarters

A number of importers offer discounts at retail sites to consumers. Discounts can be offered through supermarket dockets and loyalty programmes (eg, fuel cards, AA Smartfuel, AirPoints, FlyBuys, Mobil Smiles, Z Pumped).<sup>35</sup>

Discount and loyalty programmes available in the retail fuel sector have become increasingly common. Many consumers are members of more than one loyalty programme. The Regulatory Impact Statement for the Fuel Industry Act (2018) set out that more than 41% of petrol and diesel sales were made at a discount to the advertised pump price and that this figure had almost doubled since 2011.<sup>36</sup>

Fuel importers are required to disclose certain information to us on a quarterly and annual basis related to discounts offered.<sup>37</sup> The information disclosed to us helps to calculate an average level of discount by fuel type. Our methodology for this calculation is shown in Table 4 below.

Table 4: Methodology for determining average retail discount levels

Average discount =	Calculation
Calculated revenue from ID	(retail board price * volume sold)
<b>Less</b>	-
Actual revenue from ID	(actual revenue received from volume sold)
<b>Divided by</b>	/
Total sales volume from ID	(actual total litres sold)

<sup>35</sup> AA Smartfuel, <https://aasmartfuel.co.nz/> Mobil Smiles, <https://www.mobilsmls.co.nz/> Z Pumped, <https://www.z.co.nz/products-and-services/rewards-promotions/pumped/>

<sup>36</sup> Hon Megan Woods, Regulatory Impact Statement: Fuel Industry Act 2020–Information Disclosure Regulations 2021, page 27, <https://www.mbie.govt.nz/dmsdocument/17499-regulatory-impact-statement-fuel-industry-act-2020-information-disclosure-regulations-proactiverelase-pdf>

<sup>37</sup> See clause 17L(4)(b) of the Regulations.

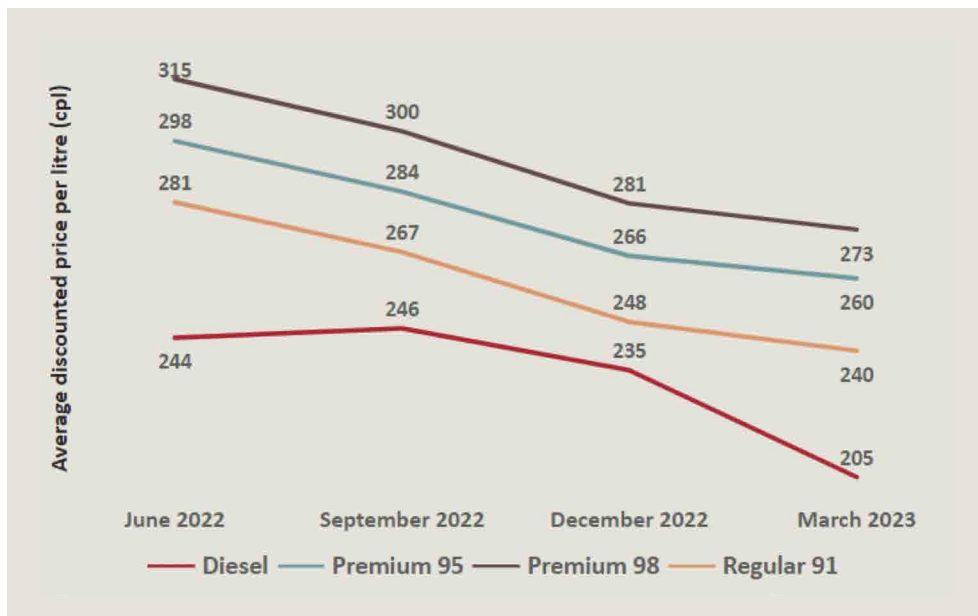
Our analysis of information disclosed to us on discounts shows that retail discounts remained at stable levels from the June 2022 to March 2023 quarters—see Figure 20 below.

The changes in average discounts by fuel type from the June 2022 quarter to the March 2023 quarter were as follows:

- **Diesel:** the average discount increased by 1 cpl from 16 cpl to 17 cpl. We note the discounted price for Diesel decreased by 39 cpl over the same period;
- **Premium 98:** discounts increased by 2 cpl, from 5 cpl to 7 cpl; and
- **Regular 91 and Premium 95:** discounts were unchanged at 6 cpl.

Figure 19 below shows the average discounted prices for all fuel types from June 2022 to March 2023. We note the higher average discount for Diesel over the period, compared to Regular 91 and Premium.

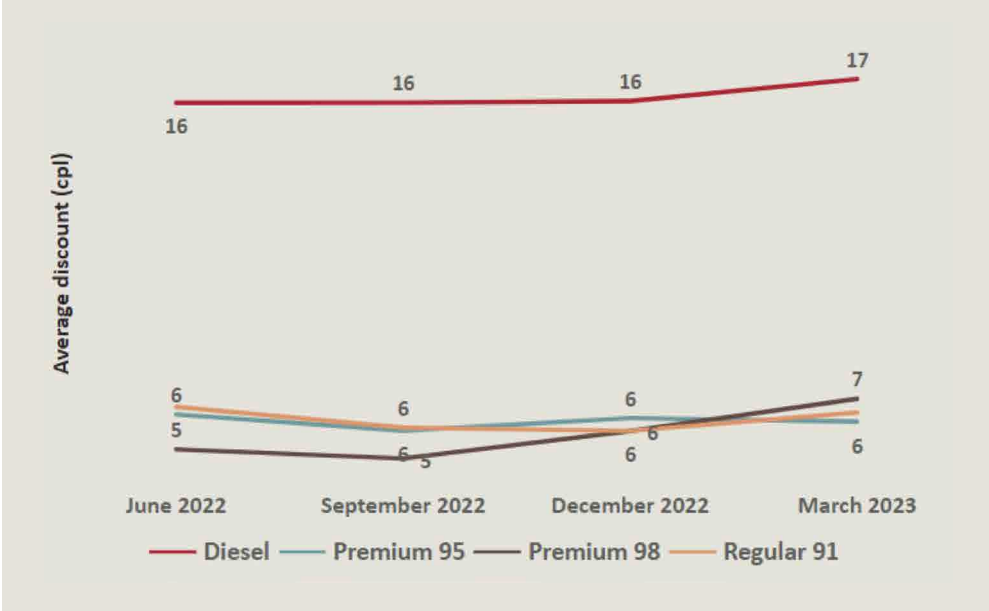
Figure 19: Discounted retail prices from June 2022 to March 2023



Source: ID data.

Estimated discounts offered were stable across the last four quarters, as shown in Figure 20 below (discounts only fluctuated by 1–2 cpl over that period). The reduction in prices from the June 2022 quarter to the March 2023 quarter therefore do not appear to be due to discounts offered by importers.

Figure 20: Discounts offered by fuel importers from June 2022 to March 2023



Source: ID data.

## Consumers will not always benefit from the cheapest price under discounting or loyalty programmes

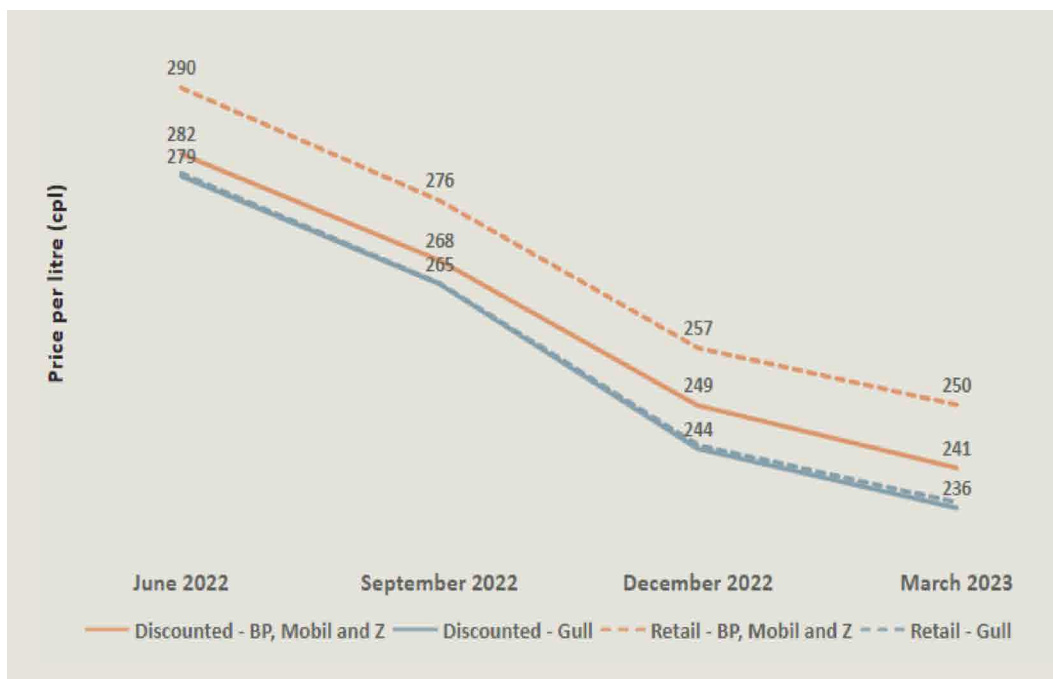
Our analysis of retail prices for Regular 91 across New Zealand continues to show that discounts or loyalty programmes offered by an importer do not always mean that consumers will pay the cheapest price.

Gull’s retail board price was lower over four quarters than the averaged discounted price of BP, Mobil and Z. The discounted retail prices of BP, Mobil and Z were (on average) higher in the quarter ending March 2023 compared to Gull. See Figure 21 below.

There is little difference between Gull’s retail and discounted prices as shown in Figure 21 below. This reflects that Gull does not have a loyalty programme (eg, a loyalty card) in the same way that BP, Mobil, and Z do. However, like other importers, Gull does have ‘discount days’ where it lowers its board prices, and these are included in the calculations.<sup>38</sup>

Consumer awareness and understanding is important to encourage where, and how, to shop around for the lowest nearby fuel price.

Figure 21: Retail and discounted prices from June 2022 to March 2023 for Regular 91



Source: ID data.

<sup>38</sup> When there is a Gull ‘discount day’, this retail board price is included in our analysis—see Table 4 for the methodology.



# Wholesale prices and volumes

## Key findings

- Fixed wholesale contract prices continued to decrease over the March 2023 quarter compared to the previous three quarters. Between the December 2022 and March 2023 quarters, fixed wholesale contract prices decreased by 34 cpl for Diesel; 7 cpl for Regular 91; 2 cpl for Premium 95 and 1 cpl for Premium 98.
- Total wholesale volumes decreased by 2ML (0.2%) compared to the December 2022 quarter. However, total volumes were higher in the March 2023 quarter compared to the June and September 2022 quarters by 183ML and 137ML respectively. There were no TGP sales recorded in information disclosed to us in the March 2023 quarter and fixed wholesale contract volumes decreased for the first time (by 12ML or 1%) since monitoring commenced.<sup>39</sup> Notably, volumes sold under ‘other’ contracts increased (by 11ML or 8%).
- TGP premiums (reflecting the difference between TGPs and wholesale contract prices) for all fuel types were stable across the March 2023 quarter compared to previous quarters. It is the first time TGP premiums remained around the same level throughout the quarter: 14 cpl for Regular 91, 20 cpl for Premium 95 and 15 cpl for Diesel.
- We observed greater diversification of supply in the wholesale market over the last four quarters. Fewer wholesale customers are sourcing from a single wholesaler now compared to when monitoring began (however, we note the slight increase in resellers sourcing from a single wholesaler between the December 2022 and March 2023 quarters).

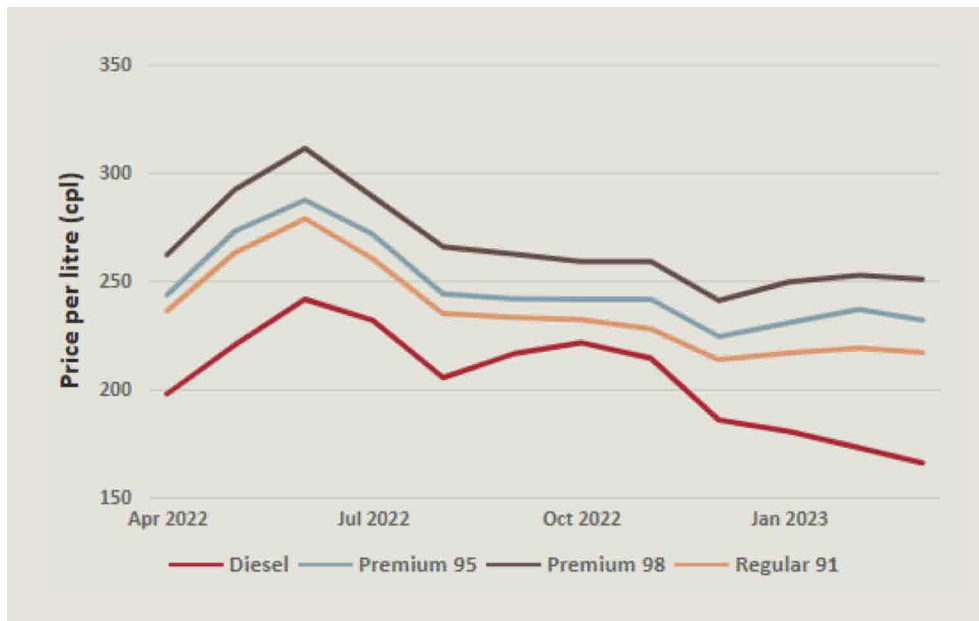
## Wholesale contract prices continued to decrease, compared to the previous three quarters

Similar to the retail market, prices in the wholesale market decreased over the March 2023 quarter (see Figure 22 below):

- **Fixed wholesale contract prices:** prices continued to decrease between the December 2022 quarter and the March 2023 quarter by 34 cpl for Diesel, by 7 cpl for Regular 91, by 2 cpl for Premium 95, and by 1 cpl for Premium 98;
- **Other contract prices:** prices continued to decrease between the December 2022 quarter and the March 2023 quarter by 33 cpl for Diesel, 2 cpl for Regular 91, and 5 cpl for Premium 95. Prices for Premium 98 were unchanged.

<sup>39</sup> ‘TGP sales’ means sales made that are based on a posted terminal gate price.

Figure 22: Average contracted prices (incl. taxes) from the June 2022 to March 2023 quarters



Source: ID data.

Table 5 below provides wholesale prices for all fuel types from the June 2022 to March 2023 quarters in the categories of ‘fixed wholesale contract’, ‘other contract’, and ‘terminal gate price’.

Table 5: Volume-weighted average wholesale prices (cpl) for all fuel types from June 2022 to March 2023 quarters

Type of sale	Fuel type	June 2022 quarter Price (inc. taxes)	September 2022 quarter Price (inc. taxes)	December 2022 quarter Price (inc. taxes)	March 2023 quarter Price (inc. taxes)
Fixed wholesale contract	Diesel	220	217	207	173
	Regular 91	259	242	224	217
	Premium 95	268	252	235	233
	Premium 98	288	272	252	251
Other Contract	Diesel	212	200	194	161
	Regular 91	284	223	209	207
	Premium 95	295	242	223	218
	Premium 98	253		203	203
Terminal Gate Price	Diesel	234	244		
	Regular 91	267	265	237	
	Premium 95	286	302		

Source: ID data; Note: ‘TGP sales’ are made on a posted TGP price. Prices for these sales do not align with the posted TGP prices where TGP discounts are applied. Wholesale suppliers are not required to post a TGP for Premium 98 under the Fuel Industry Act 2020.

## Total sales volumes decreased; fixed wholesale contract sales down, no TGP sales recorded in information disclosed to us

Total wholesale volumes decreased by 2ML (0.2%) in the March 2023 quarter compared to the December 2022 quarter (see Table 6 below). However, total volumes were higher in the March 2023 quarter when compared to the June and September 2022 quarters by 183ML and 137ML respectively.

We note the following changes in wholesale volumes compared to the previous quarter:

- volumes sold under ‘other contracts’ increased by 11ML (8%);
- no TGP sales were recorded in information disclosed to us in the March 2023 quarter;
- fixed wholesale contract volumes decreased by 12ML (1%).

‘Other contract’ sales have increased every quarter since monitoring began. This type of sale has increased by 113ML in total over the last four quarters. This type of sale represented 13% of total wholesale volumes during the March 2023 quarter, compared to 3% during the June 2022 quarter.<sup>40</sup>

Despite the drop in Diesel prices by 34 cpl (16%) the volume sold only increased by 1.5ML (0.2%).<sup>41</sup>

Table 6: Wholesale volumes by type of sale from the June 2022 to March 2023 quarters

	June 2022 quarter (ML)	September 2022 quarter (ML)	December 2022 quarter (ML)	March 2023 quarter (ML)	Total (ML)
<b>Type of sale</b>					
<b>Fixed wholesale contract</b>	890.8	871.7	974.3	961.7	<b>3698.4</b>
<b>Other Contract</b>	30.3	95.2	132.2	142.7	<b>400.4</b>
<b>Terminal Gate Price</b>	0.1	0.0	0.0	0.0	<b>0.2</b>
<b>Total</b>	<b>921.2</b>	<b>966.9</b>	<b>1106.5</b>	<b>1104.4</b>	<b>4099.0</b>

Source: ID data; Note that ‘TGP sales’ are sales made based on a posted TGP price.

Table 7: Wholesale volumes by fuel grade from June 2022 quarter to March 2023 quarter

	June 2022 quarter (ML)	September 2022 quarter (ML)	December 2022 quarter (ML)	March 2023 quarter (ML)	Total (ML)
<b>Fuel type</b>					
<b>Diesel</b>	580.2	597.0	672.3	673.8	<b>2523.3</b>
<b>91</b>	261.8	288.0	334.8	329.1	<b>1213.7</b>
<b>95</b>	71.4	75.0	90.2	92.6	<b>329.2</b>
<b>98</b>	7.8	6.9	9.2	8.9	<b>32.8</b>
<b>Total</b>	<b>921.2</b>	<b>966.9</b>	<b>1106.5</b>	<b>1104.4</b>	<b>4099.0</b>

Source: ID data.

<sup>40</sup> The calculation used is as follows: 142.7ML/1104.4ML=13%.

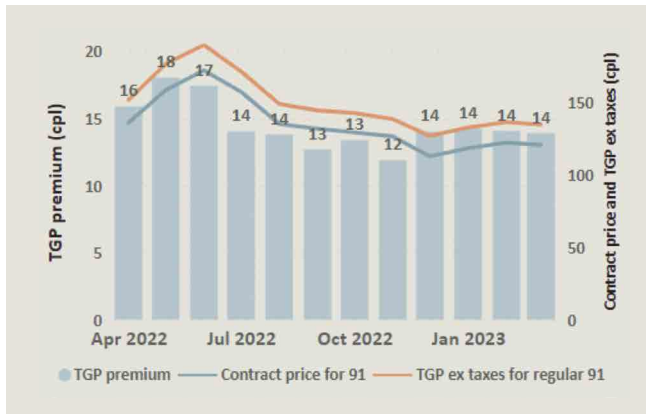
<sup>41</sup> The calculation used is as follows: (673.8-672.3)/672.3=0.2%.

## TGP premiums increased between the December 2022 and March 2023 quarters for all fuel grades

TGPs continued to be high in the March 2023 quarter compared to fixed wholesale contract prices—this is shown by the ‘TGP premium’ (the difference between TGPs and wholesale contract prices).

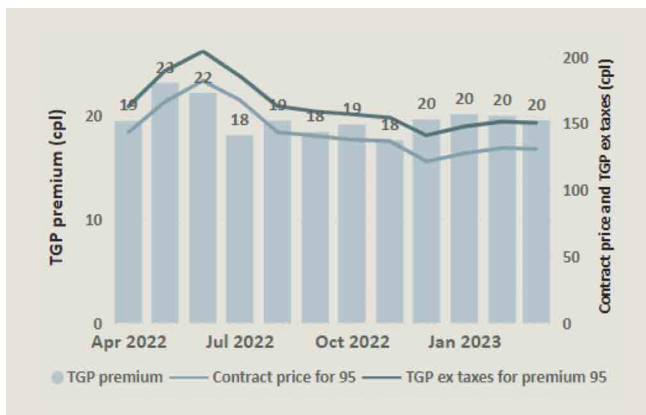
Between the December 2022 and March 2023 quarters, the TGP premium increased for Regular 91 (up 1–2 cpl), Premium 95 (up 1–2 cpl) and Diesel (up 1–3 cpl)—see Figure 23, Figure 24 and Figure 25 below.

Figure 23: TGP offer price, contracted price and TGP premium for Regular 91 from June 2022 to March 2023 quarters



Source: ID data.

Figure 24: TGP offer price, contracted price and TGP premium for Premium 95 from June 2022 to March 2023 quarters



Source: ID data.

Figure 25: TGP offer price, contracted price and TGP premium for Diesel from June 2022 to March 2023 quarters



Source: ID data.

## Increased diversification of suppliers in wholesale market transactions over the last four quarters

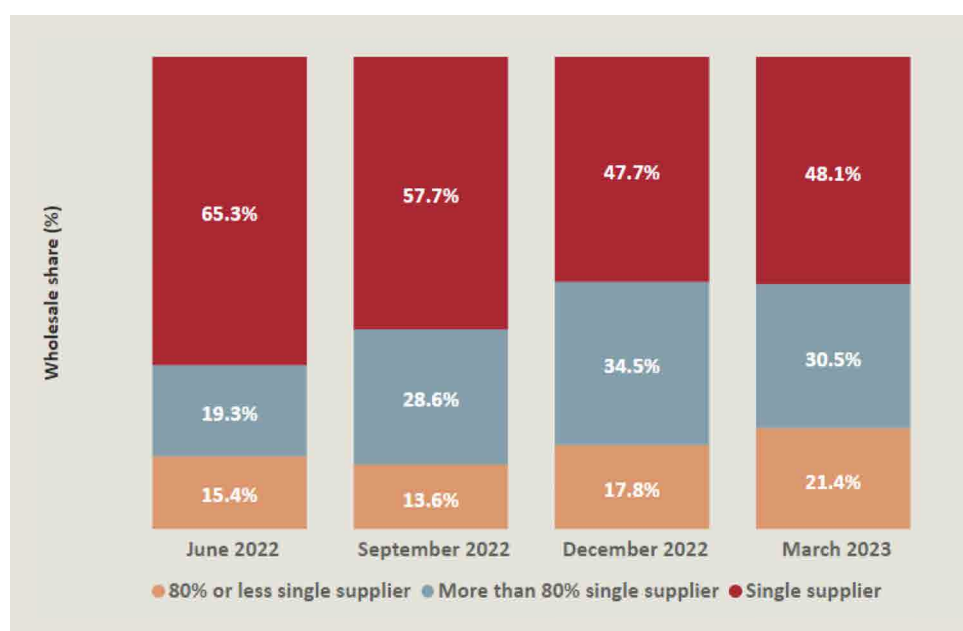
Monitoring the switching and multi-sourcing that is taking place over time provides insight on the impact of the Act and Regulations on the wholesale market.<sup>42</sup>

The Act sets out the maximum percentage of engine fuel that may be subject to exclusivity.<sup>43</sup> It provides that a provision in a fixed wholesale contract is of no effect to the extent that it requires the distributor to purchase from the wholesale supplier more than the maximum percentage. This ‘maximum percentage’ is 80%.<sup>44</sup> Distributors have the option of sourcing fuel from multiple suppliers.

We have observed greater diversification of supply in the wholesale market over the last four quarters (see Figure 26 below):

- **single supplier:** the proportion of wholesale volumes transacted with a single supplier appears to have decreased (from 65.3% in the June 2022 quarter to 48.1% in the March 2023 quarter);<sup>45</sup>
- **multiple suppliers:** the proportion of wholesale volumes bought from multiple importers appears to have increased. In the March 2023 quarter, 51.9% of the wholesale volume of fuel sold was sourced from more than one supplier (an increase from 34.7% in the June 2022 quarter).

Figure 26: Wholesale share of volumes by supplier relationship—all wholesale customers for June 2022 quarter to March 2023 quarter



Source: ID data.

<sup>42</sup> Hon Megan Woods, Regulatory Impact Statement: Fuel Industry Act 2020 – Information Disclosure Regulations 2021, page 27, <https://www.mbie.govt.nz/dmsdocument/17499-regulatory-impact-statement-fuel-industry-act-2020-information-disclosure-regulations-proactiverelease-pdf>

<sup>43</sup> Section 18 of the Act.

<sup>44</sup> See clause 15 of the Regulations.

<sup>45</sup> We note that the percentage numbers in Figure 26 are different from previous published report figures. This is due to distributor name duplicates now being removed to avoid double counting as two different entities (eg, McKeown spelt ‘McK Group’ in Z’s terminal sales and ‘McKeown’ in Mobil’s terminal sales).

# Terminal Gate Price analysis

## Key findings

- We are still building a picture of performance for our terminal gate price analysis but New Zealand TGPs continued to appear high during the March 2023 quarter compared to a number of reference points described in this chapter. By way of example, the difference between average TGPs and average wholesale contract prices during the latest quarter was 14 cpl for Regular 91, 20 cpl for Premium 95, and 15 cpl for Diesel (excluding taxes).
- Based on MBIE's data, importer costs for Diesel were lower during the March 2023 quarter compared to previous quarters. The average TGPs for Regular 91 and Diesel were lower than previous quarters. However, the average Diesel TGP decreased more in the March 2023 quarter (-16 cpl) compared to Regular 91 (-1 cpl). We will continue to monitor whether, and how, changes in costs are reflected in posted TGP levels.
- Mobil continued to offer the highest average posted TGPs over the last four quarters. Tasman Fuels consistently had the lowest TGPs for Premium 95 and Diesel. However, during the March 2023 quarter, Tasman Fuels' average TGP for Regular 91 was higher than that for Z Energy.
- There were no TGP sales recorded in information disclosed to us in March 2023 quarter. TGP sales have remained at low levels over the four quarters since our monitoring and analysis work commenced.

## The new Terminal Gate Pricing regime

One of the key interventions introduced under the Act was a terminal gate pricing regime. This regime requires wholesale suppliers to post a TGP for each fuel that it has the right to draw at a bulk storage facility to achieve more transparent wholesale prices.<sup>46</sup>

The TGP regime was introduced to:

- allow the potential for a liquid wholesale spot market to develop;
- reduce barriers to entry and expansion for both importers and distributors;
- provide greater pricing transparency for distributors and dealers, to rebalance bargaining power and increase the likelihood of switching; and
- provide transparent benchmark information for industry and government to reveal any use of market power in regions where importer competition is weak.<sup>47</sup>

The wholesale supplier must supply the reseller with the requested amount at its TGP, unless the wholesale supplier has reasonable grounds to refuse to supply.<sup>48</sup> The price payable by the reseller must not exceed the TGP posted at the time of the request. Terminal gate pricing currently only applies to regular grade petrol (Regular 91), premium grade petrol (Premium 95) and Diesel.<sup>49</sup>

<sup>46</sup> See section 9 of the Act; MBIE, 'Market study into retail fuel', [www.mbie.govt.nz](http://www.mbie.govt.nz)  
<sup>47</sup> Ministry of Business, Innovation and Employment 'Response to the Commerce Commission's Retail Fuel Market Study' Fuel Industry Bill' (27 February 2020).

<sup>48</sup> Section 11 of the Act.

<sup>49</sup> See section 8(2) of the Act; Premium 98 is excluded under clause 4 of the Regulations, as well as any Diesel or Petrol that contains more than 1.0% biofuel volume.

## Our approach to monitoring TGPs

Over the last quarter, we have continued to monitor and compare the TGPs offered by each importer at the different terminal locations around New Zealand. We are building a picture of performance as more data becomes available over time.

In our analysis of TGP levels in New Zealand, we currently use several reference points to provide an indication of whether TGPs are at a level we would expect to see in a workably competitive market. These include:

- importer costs (the cost of importing fuel into New Zealand);
- fixed wholesale contract prices;
- retail prices; and
- TGPs in Australia (noting that Australia has a more mature regime with greater terminal competition).

In our view, these provide useful and relevant points of reference and shed light on the progress of New Zealand's TGP regime for the following reasons:

- **Importer costs:** the costs of supplying fuel at the terminal gate are comprised of a number of components, including the cost of importing fuel into the port at which the terminal is located, as well as the costs associated with building and operating the terminal facility. For the purposes of our monitoring, we have used MBIE's importer cost series as a reference point,<sup>50</sup> although we note that terminal-related costs are not included.
- **Fixed wholesale contract prices:** wholesale contract prices are another reference point for TGP analysis. While these prices are based on similar costs to TGPs for the importers, wholesale contracts assure supply and, therefore, wholesale contract prices are lower than TGPs on average, as we would expect. However, the difference between wholesale contract prices and TGPs (the TGP premium) in New Zealand is larger than what is observed in Australia. Australian wholesale contract prices and TGPs are much closer than in New Zealand.
- **Retail prices:** a comparison of TGPs with retail prices may reveal whether TGPs leave sufficient margin from retail board prices for an efficient competitor to compete.
- **TGPs in Australia:** we have also compared TGPs in New Zealand with TGPs in Australia, where there is a more mature TGP regime and greater terminal competition. As discussed below, we have made a number of adjustments when comparing TGPs in Australia and New Zealand, to take into account differences in taxes in each country.<sup>51</sup>

TGPs that are closer to importer costs and wholesale contract prices in New Zealand, as well as Australian TGPs, are likely to enable TGPs in New Zealand to be a more viable option for potential purchasers of fuel. Our analytical focus in this chapter centres on the TGP comparisons with importer costs, wholesale contract prices and Australian TGPs rather than retail prices for these reasons, as any movement toward these reference points would help improve retail price competition.<sup>52</sup>

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<sup>50</sup> MBIE, Weekly table; <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/>

<sup>51</sup> We also discuss below that we are interested in any evidence of other cost-related differences which could explain some of the differences in TGPs between the two countries.

<sup>52</sup> In future, we may look further into the estimated delivered margins available to a new entrant into the retail market, in light of the costs that we can estimate and the range of prices that we are observing.

## Tracking TGP sales volumes over four quarters

According to information disclosed to us, the volume of TGP sales has been low over the last four quarters:

- during the June 2022 quarter, TGP sales amounted to 122,000 litres (0.014% of total wholesale sales);
- during the September 2022 quarter, TGP sales amounted to 41,000 litres (0.004% of the total);
- during the December 2022 quarter, TGP sales amounted to 300 litres;
- during the March 2023 quarter, there were no TGP sales recorded in information disclosed to us.

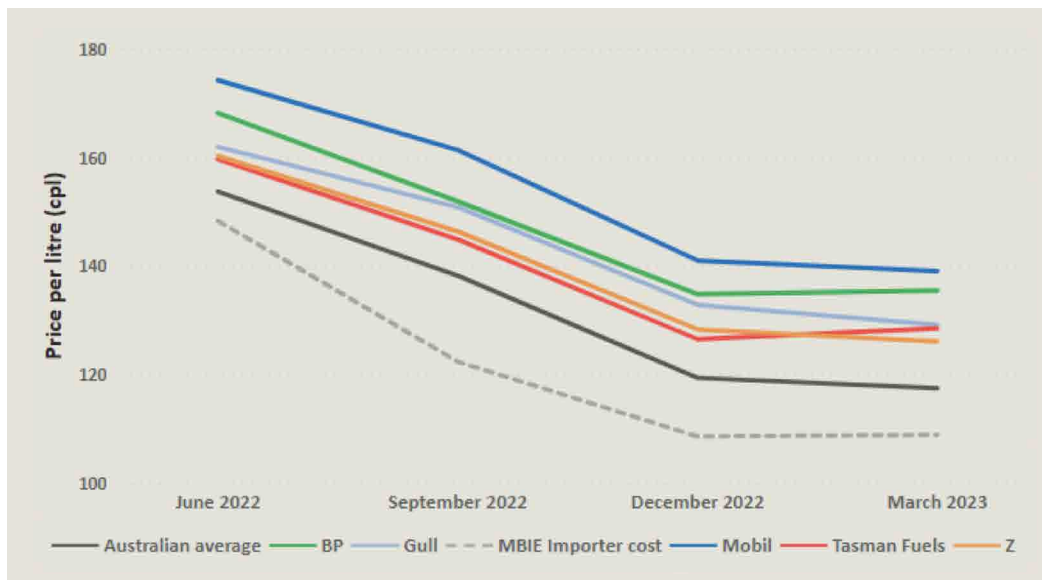
## New Zealand TGPs continued to appear high relative to importer costs

### Importer costs were similar, but average TGPs for Regular 91 continued to appear high over the March 2023 quarter relative to such costs

Despite a continued, albeit slower, downward trend over the March 2023 quarter, TGPs appear to remain high relative to importer costs.

Mobil's average TGPs were the highest over the last four quarters for all fuel types. Tasman Fuels' TGPs had consistently been the lowest for all fuel types (from its single Timaru terminal) for the three quarters monitored in 2022 (June, September, December). However, Tasman Fuels' average TGP for Regular 91 increased during the March 2023 quarter, making it higher than Z's average TGP. Z's average TGP was consequently the lowest for Regular 91. See Figure 27 below.

Figure 27: Quarterly Regular 91 TGP average by supplier (excl. taxes) from June 2022 quarter to March 2023 quarter

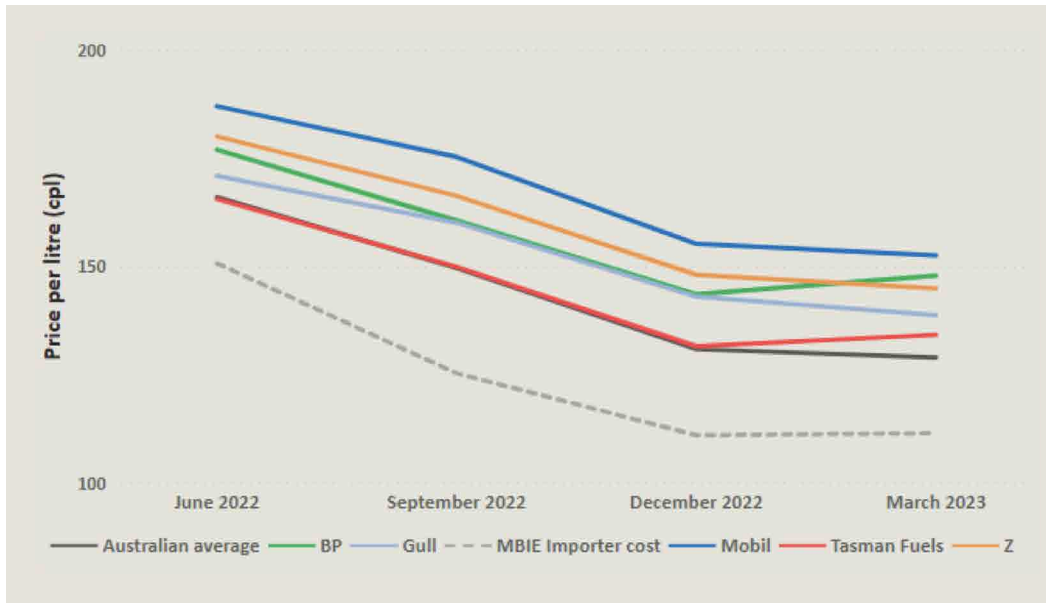


Source: ID data; MBIE; Australian importer websites; Australian Institute of Petroleum (the Australian TGP data covers the 7 main port locations in Australia).



Also of note was that BP’s average TGP’s increased for Regular 91 and Premium 95 during the March 2023 quarter. This moved BP’s average TGP to second highest for Premium 95 and moved its average TGP for Regular 91 closer to that of Mobil during the quarter. Tasman Fuels’ average TGP’s for Regular 91 and Premium 95 similarly increased during the March 2023 quarter. In contrast, Gull, Mobil and Z saw their TGP’s for Regular 91 and Premium 95 decrease.

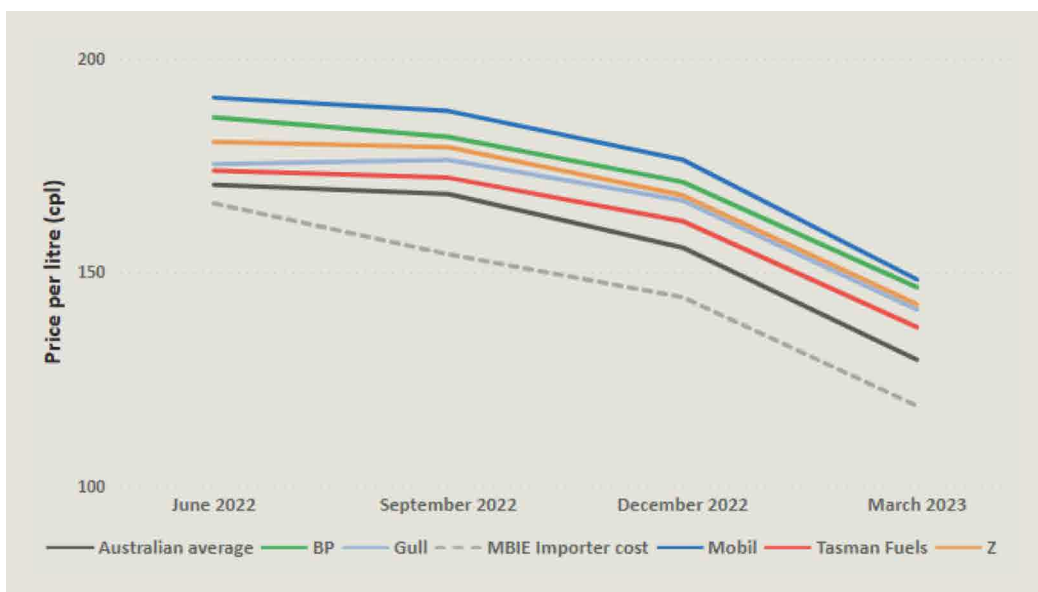
Figure 28: Quarterly Premium 95 TGP average by supplier (excl. taxes) from June 2022 quarter to March 2023 quarter



Source: ID data; MBIE; Australian importer websites; Australian Institute of Petroleum (the Australian TGP data covers the 7 main port locations in Australia).

The relative TGP’s offered by importers for Diesel remained the same during the March 2023 quarter as for the previous quarter. Importers’ TGP’s have mirrored the fall in importer costs, however, the difference between the lowest Diesel TGP, provided by Tasman Fuels, and the importer cost has widened since the June 2022 quarter.

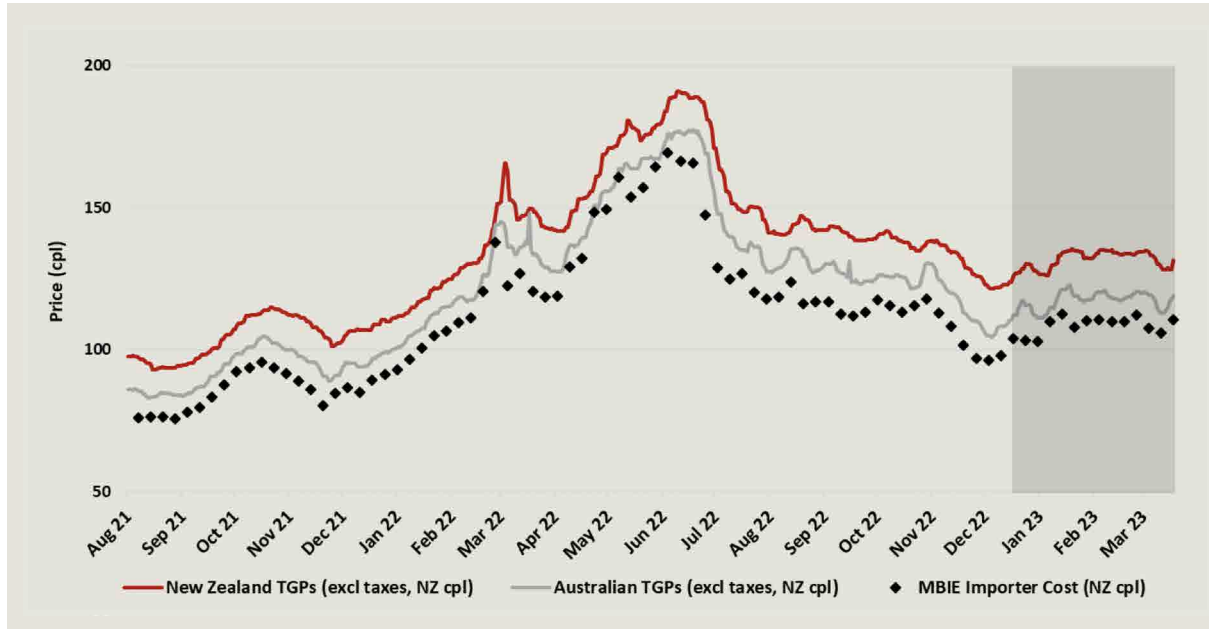
Figure 29: Quarterly Diesel TGP average by supplier (excl. taxes)—June 2022 quarter to March 2023 quarter



Source: ID data; MBIE; Australian importer websites; Australian Institute of Petroleum (the Australian TGP data covers the 7 main port locations in Australia).

Average TGPs for Regular 91 appear high relative to importer costs (see Figure 30). The difference between importer costs and TGPs for Regular 91 was 23 cpl during the March 2023 quarter, similar to levels during the December 2022 quarter.

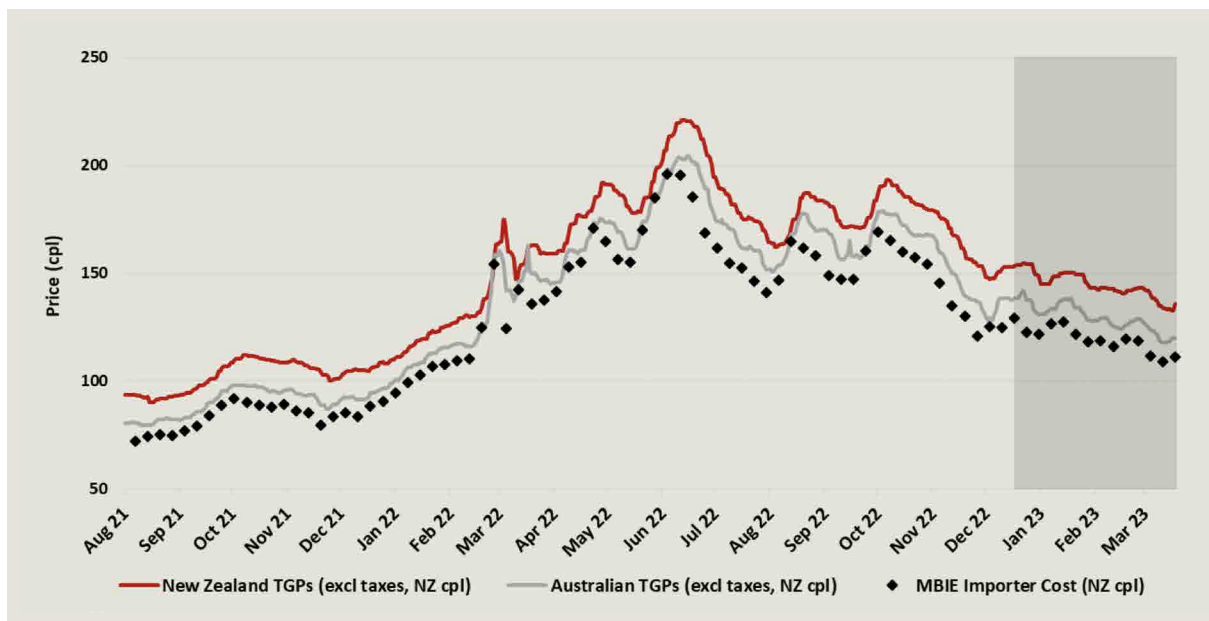
Figure 30: Average Regular 91 TGPs (excluding taxes) New Zealand and Australia—August 2021 to March 2023



Source: ID data; Australian Institute of Petroleum; MBIE.

Average Diesel TGPs remained higher than we would expect relative to importer costs, with the difference between importer costs and TGPs remaining at levels seen during the December 2022 quarter. This was despite Diesel TGPs decreasing along with importer costs throughout the December 2023 quarter (see Figure 31).

Figure 31: Average Diesel TGPs (excluding taxes) New Zealand and Australia—August 2021 to March 2023



Source: ID data; Australian Institute of Petroleum; MBIE.

## TGPs continued to appear high compared to New Zealand wholesale contract prices

TGPs remained above New Zealand wholesale contract prices (see Figure 23, Figure 24, and Figure 25 above).<sup>53</sup>

During the March 2023 quarter:

- **Regular 91:** the average TGP was approximately 14 cpl higher than the average wholesale contract price;
- **Premium 95:** the average TGP was approximately 20 cpl higher than the average wholesale contract price; and
- **Diesel:** the average TGP was approximately 15 cpl higher than the average wholesale contract price.

These differences between wholesale contract prices and TGPs are significantly higher than what is observed in Australia.

## New Zealand TGPs continued to appear high compared to Australian TGPs

As noted above, we use the Australian TGPs as one reference point for what we might expect workably competitive TGPs to look like.

For our Australian comparison, we take a quarterly average of TGPs from the Australian Institute of Petroleum (AIP) for Regular 91 and Diesel.<sup>54</sup> For Premium 95, we calculate the quarterly average TGP from four Australian importer websites at the same seven terminal locations used by the AIP (Sydney, Melbourne, Brisbane, Adelaide, Darwin, Perth and Hobart).

When comparing TGPs in Australia and New Zealand, we have removed the taxes that apply in each country to ensure a consistent comparison.<sup>55</sup> We have also converted the Australian TGPs into New Zealand dollars.

Over the last four quarters, the gap between New Zealand and Australian TGPs has gradually increased. Between the December 2022 quarter and the March 2023 quarter, the gap between New Zealand and Australian TGPs increased as follows:<sup>56</sup>

- **Diesel:** from 15.0 cpl to 15.1 cpl;
- **Regular 91:** from 14.2 cpl to 14.6 cpl; and
- **Premium 95:** from 17.2 cpl to 17.7 cpl.

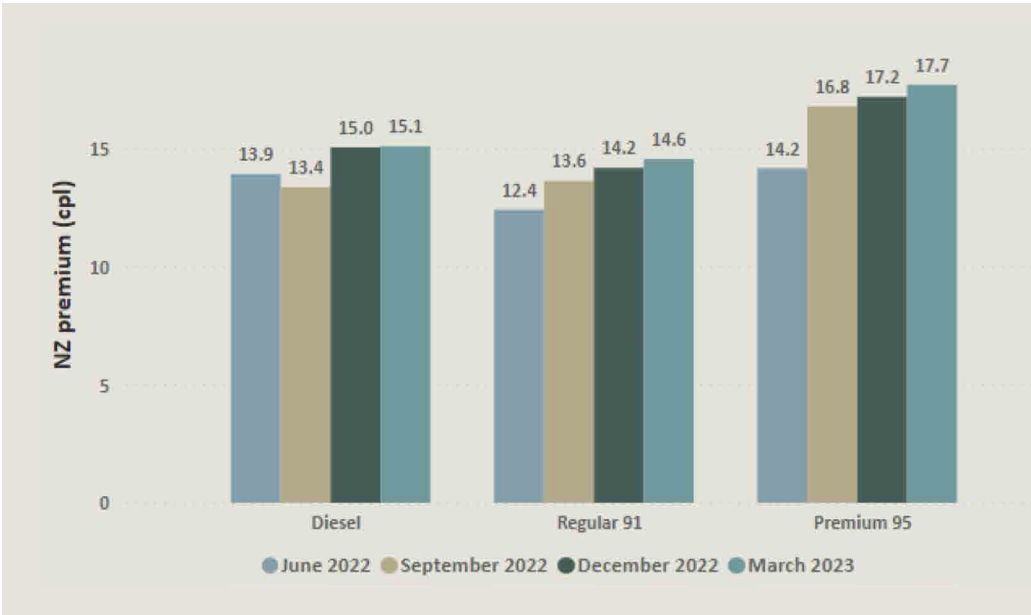
<sup>53</sup> Due to costs associated with providing a TGP service, we do expect TGPs to be higher than wholesale contract prices. However, we view the current difference between TGPs and wholesale contract prices to be higher than what can be explained by the difference in costs. We are interested in further understanding the costs associated with TGPs.

<sup>54</sup> Australian Institute of Petroleum, <https://www.aip.com.au/>

<sup>55</sup> For further details of the tax adjustments, see Attachment E.

<sup>56</sup> Because Australian TGPs are subject to exchange rate conversion, exchange rate volatility may influence comparison between quarters.

Figure 32: Average difference between New Zealand TGPs and Australian TGPs—June 2022 quarter to March 2023 quarter



Source: MBIE; ID data; Australian importer websites; Australian Institute of Petroleum (the Australian TGP data covers the 7 main port locations in Australia).

All importers in New Zealand had TGPs higher than the Australian average TGPs for all fuel grades during the March 2023 quarter—see Figure 27, Figure 28, and Figure 29 above. Tasman Fuels’ TGP for Premium 95 increased during the quarter, departing from the level of Australian TGPs with which it was closely aligned for the previous three quarters.

We are interested in better understanding the reasons for the differences between TGPs observed in New Zealand and Australia. For example, there may be differences associated with quality standards, scale or freight costs between the two countries. However, as we have noted in our previous quarterly reports, some of the lowest TGPs in New Zealand have been offered by the smaller fuel importers.<sup>57</sup> This may indicate that factors other than scale influence pricing levels.

<sup>57</sup> For example, ‘Quarterly Fuel Monitoring Report’ (quarter ending 30 September 2022), page 34, <https://comcom.govt.nz/regulated-industries/fuel/quarterly-monitoring-reports>

## TGPs continued to vary in different locations across New Zealand

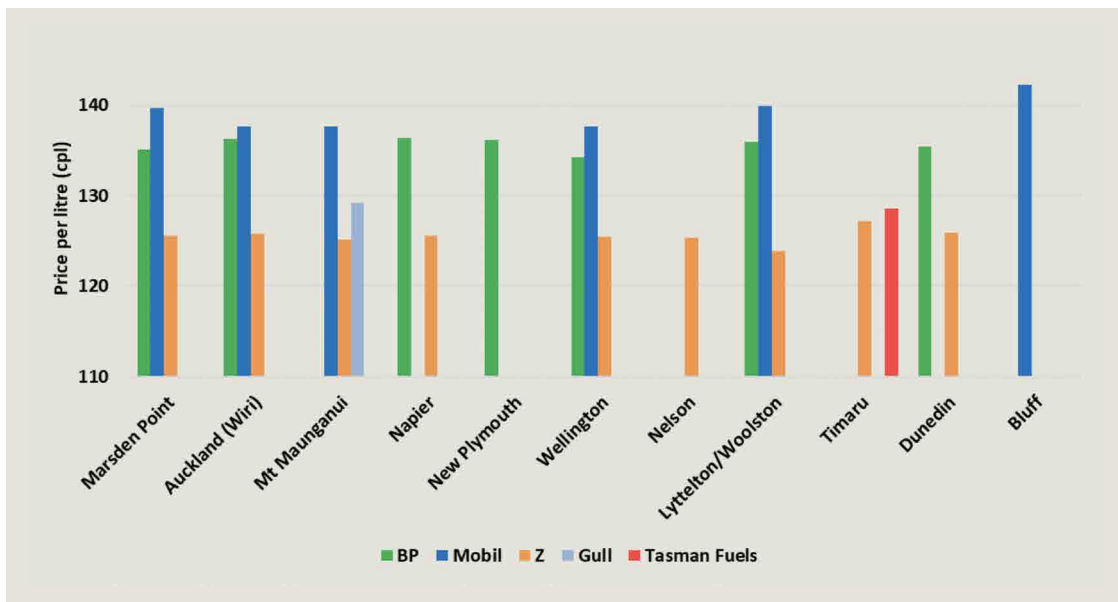
During the March 2023 quarter, fuel importers continued to offer varied TGPs at different terminals around New Zealand:

- Mobil had the largest spread in TGPs for all fuel types during the quarter (approximately 4.3–4.6 cpl);
- the spread in BP’s TGPs during the quarter was approximately 2.1–4.3 cpl;
- the spread in Z Energy’s TGPs during the quarter was approximately 2.1–3.5 cpl.

BP, Mobil, and Z have multiple terminals around New Zealand. Of these importers with multiple terminals:

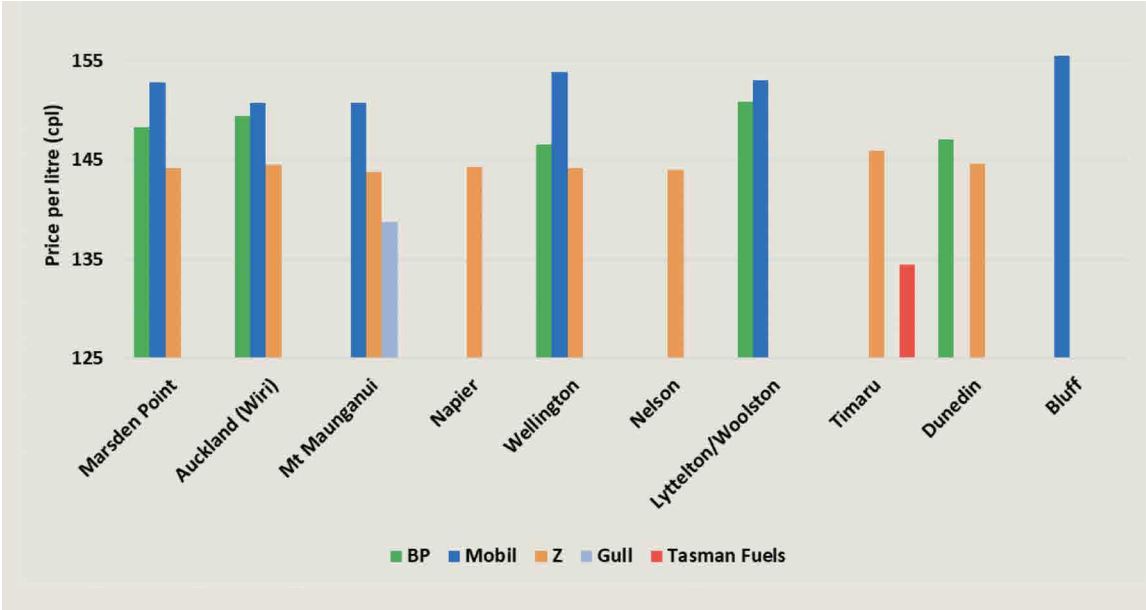
- Mobil typically had the highest TGPs at each location for Regular 91 and Premium 95;
- Both BP and Mobil had high TGPs for Diesel relative to other importers; and
- Z Energy had the lowest TGPs across all three fuel grades.

Figure 33: Average TGPs (excluding taxes, levies, ETS costs) for Regular 91 from June 2022 quarter to March 2023 quarter



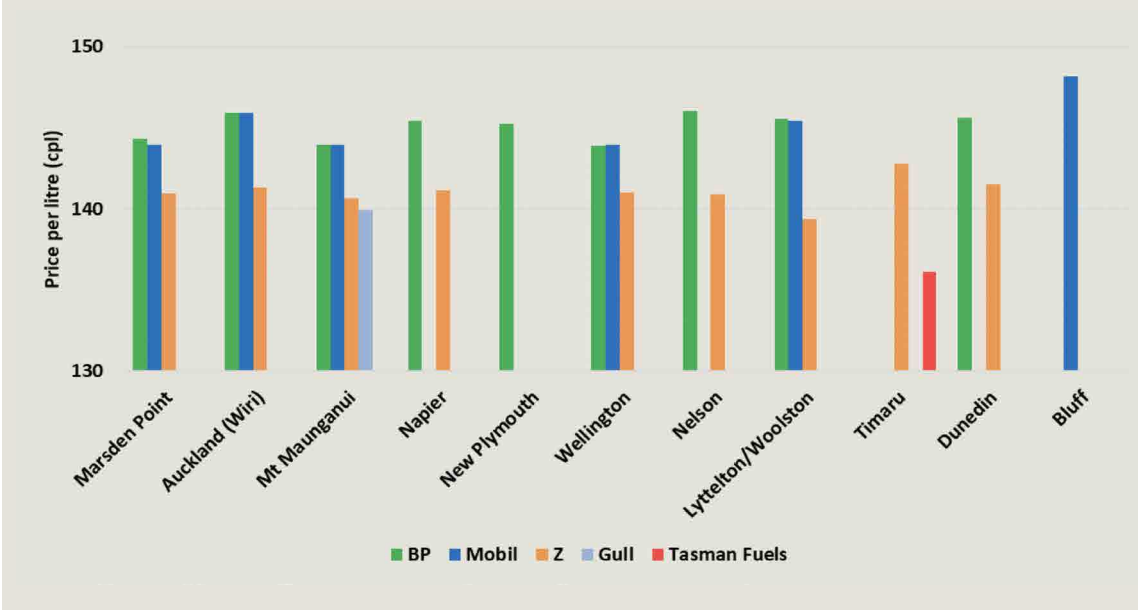
Source: ID data; MBIE weekly fuel monitoring data and ETS costs.

Figure 34: Average TGPs (excluding taxes, levies, ETS costs) for Premium 95 from June 2022 quarter to March 2023 quarter



Source: ID data; MBIE weekly fuel monitoring data and ETS costs.

Figure 35: Average TGPs (excluding taxes, levies, ETS costs) for Diesel from June 2022 quarter to March 2023 quarter



Source: ID data; MBIE weekly fuel monitoring data and ETS costs.

## Terminal-specific TGP reviews and comparisons

We have taken a closer look at the average TGPs during the March 2023 quarter at the following selected terminal locations:<sup>58</sup>

- **Wiri:** three fuel importers in operation;
- **Wellington:** three fuel importers in operation;
- **Nelson:** two fuel importers in operation; and
- **Timaru:** two fuel importers in operation.

We have compared the average TGPs offered by the fuel importers at each of the above locations with the TGPs observed in Australia, adjusting for taxes and exchange rates.

### Wiri

Wiri is the country's largest terminal by volumes sold. It is jointly owned and operated by three fuel importers, BP, Mobil and Z Energy. As Auckland's sole terminal, Wiri is the only terminal where TGPs are subject to the 10 cpl Auckland Regional Fuel Tax (ARFT). We have taken account of this in our comparisons with TGPs at other terminal locations.

Z had the lowest average TGPs across all fuel types, and its average TGPs were higher than the average Australian TGP as follows:

- **Regular 91:** Z's average TGP was approximately 9 cpl higher than the average Australian TGP;
- **Premium 95:** Z's average TGP was approximately 16 cpl higher than the average Australian TGP;
- **Diesel:** Z's average TGP was approximately 13 cpl higher than the average Australian TGP.

### Wellington

In Wellington, three fuel importers (BP, Mobil and Z Energy) operate at the Seaview terminal. BP also operates from its adjacent Hutt City terminal. These medium-large terminal facilities supply fuel to the Wellington region and the lower North Island.

Z had the lowest average TGPs across all fuel types, and its average TGPs were higher than the average Australian TGP as follows:

- **Regular 91:** Z's average TGP was approximately 8 cpl higher than the average Australian TGP;
- **Premium 95:** Z's average TGP was approximately 15 cpl higher than the average Australian TGP;
- **Diesel:** Z's average TGP was approximately 13 cpl higher than the average Australian TGP.

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<sup>58</sup> These four terminals were selected at random as a continuation of our terminal-specific TGP reviews and comparisons.

## Nelson

Two fuel importers (BP and Z Energy) operate in Nelson; however, BP only provides a TGP for Diesel. The small terminal in Nelson supplies fuel to the upper South Island.

- **Regular 91:** Z was the only importer that provided a TGP, the average of which was approximately 8 cpl higher than the average Australian TGP;
- **Premium 95:** Z was also the sole TGP provider. Z's average TGP was approximately 15 cpl higher than the average Australian TGP;
- **Diesel:** Z had the lowest average TGP, which was approximately 12 cpl higher than the average Australian TGP.

## Timaru

In Timaru, two terminal operators (Tasman Fuels and Z Energy) are present. Situated between the Christchurch and Dunedin terminals, the medium-small terminal facilities in Timaru supply the South Canterbury and surrounding central South Island regions.

- **Regular 91:** Z's average TGP was narrowly the lowest and was approximately 10 cpl higher than the average Australian TGP;
- **Premium 95:** Tasman Fuels' average TGP was the lowest and was approximately 5 cpl higher than the average Australian TGP;
- **Diesel:** Tasman Fuels' average TGP was the lowest and was approximately 7 cpl higher than the average Australian TGP.

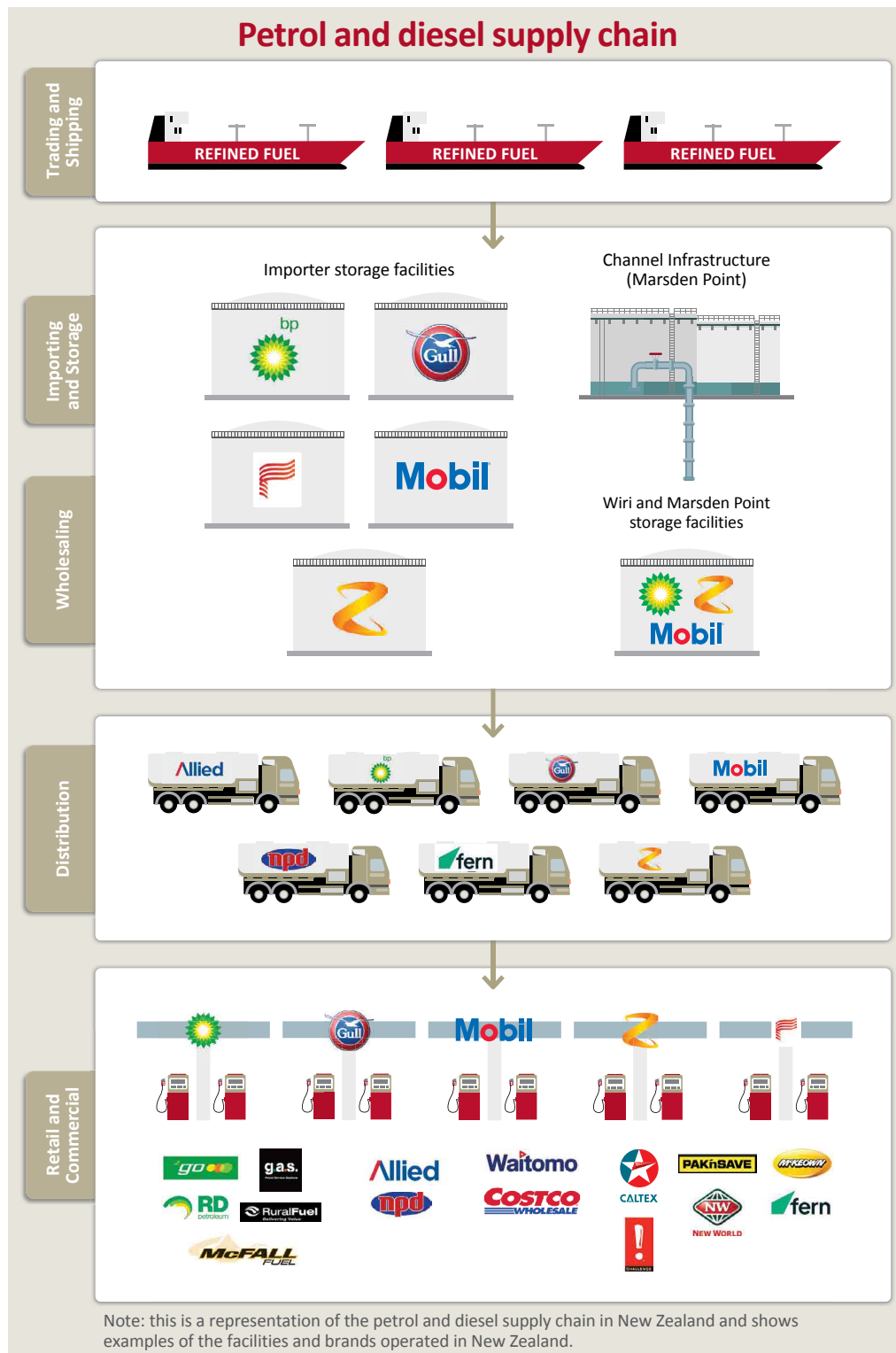
Since the June 2022 quarter, when we last looked specifically at Timaru, Z has moved to provide the lowest TGP for Regular 91 at Timaru, whereas Tasman Fuels had previously supplied the lowest TGPs for all fuel grades.



# Attachment A: New Zealand’s fuel supply chain

Figure 36 below shows New Zealand’s fuel supply chain and fuel industry participants—from transporting and importing the fuel into New Zealand to the wholesale, distribution and retail stages.

Figure 36: New Zealand’s Petrol and Diesel supply chain

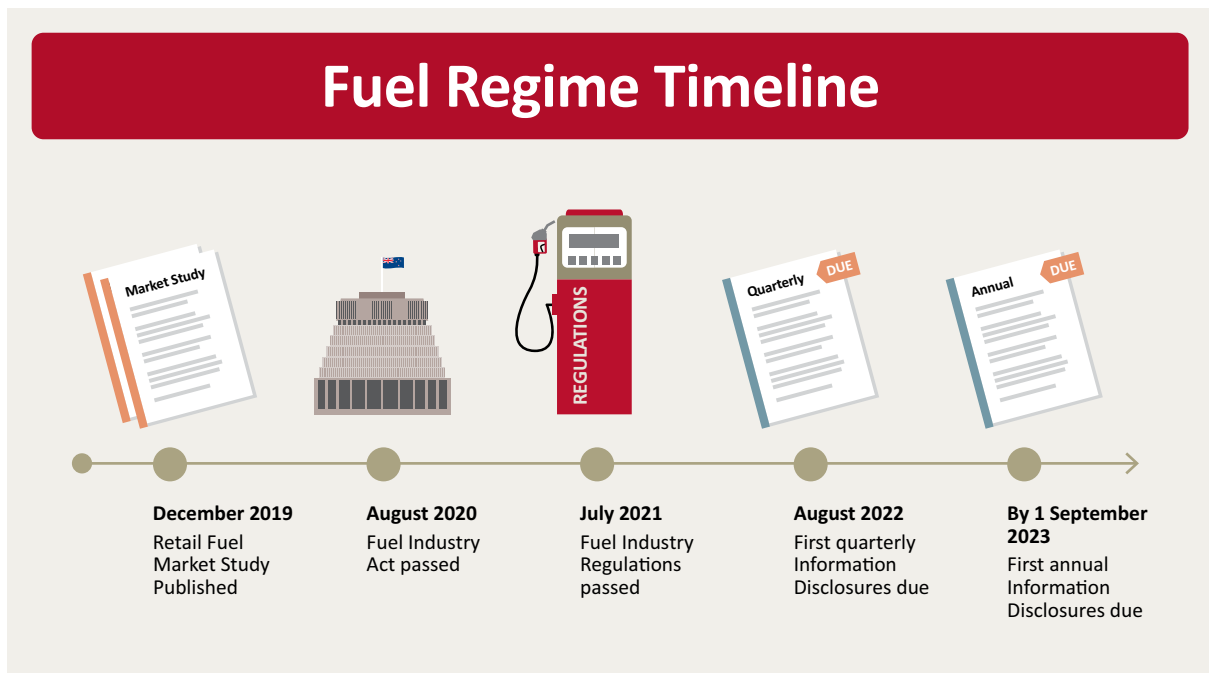


Source: Commerce Commission

# Attachment B: Fuel regime key dates

Figure 37 below provides a timeline of the key dates for New Zealand’s fuel regime, including the 2019 Market Study, the passage of the Act and Regulations, and the first disclosure of quarterly and annual information by fuel industry participants.

Figure 37: Key dates of New Zealand’s fuel regime 2019–2023



Source: Commerce Commission

# Attachment C: Additional information for Retail Market section

## Retail prices for all fuel types over four quarters to March 2023

Table 8 below sets out average retail prices for all fuel types for the quarters ending June 2022, September 2022, December 2022, and March 2023.

Table 8: Average retail prices for all fuel types for the quarters ending June 2022 to March 2023

	June 2022 quarter	September 2022 quarter	December 2022 quarter	March 2023 quarter
Diesel	260	262	251	222
Regular 91	287	273	254	246
Premium 95	304	289	272	266
Premium 98	320	305	286	280
<b>Average</b>	<b>293</b>	<b>282</b>	<b>266</b>	<b>254</b>

Source: ID data.

Figure 38 below sets out the retail board price and components, including importer margins, importer costs and taxes.

Figure 38: Retail board price and components for Diesel, Regular 91 and Premium 95 for March 2023 quarter



Source: ID data, MBIE.

## Complementary price variation calculations

For our price variation calculations, we carried out complementary analysis to that set out in the Retail chapter in this report. Our analysis shows that, even those consumers who purchase fuel at the average price can make savings if they shop around.

Figure 39 below shows the average difference each quarter between the average daily price and single lowest price on each day at all retail sites in a city.

By carrying out the complementary analysis, we observed:

- Nelson shows the narrowest range between the average price and the lowest price for all quarters;
- Auckland still had the widest average daily price difference over all four quarters and fuel types.

**Figure 39: Price variation within nine cities analysed for retail prices using the average daily price and single lowest price on each day at all retail sites in cities averaged over the quarter**

	Regular 91				Premium				Diesel			
Whangārei	8	8	9	8	9	7	8	9	14	11	15	22
Auckland	17	22	36	29	30	31	42	34	33	28	31	36
Hamilton	22	14	21	13	30	23	28	25	28	19	22	20
Tauranga	8	14	17	15	16	24	28	26	17	16	20	23
Napier	9	9	15	15	14	14	20	19	14	13	14	15
Wellington	17	15	23	17	22	21	24	25	27	22	24	20
Nelson	2	2	1	1	6	6	5	6	8	6	8	14
Christchurch	13	11	13	15	22	19	22	26	17	10	16	18
Timaru	4	4	5	7	7	8	8	11	8	7	9	9
	Jun-2022	Sep-2022	Dec-2022	Mar-2023	Jun-2022	Sep-2022	Dec-2022	Mar-2023	Jun-2022	Sep-2022	Dec-2022	Mar-2023

Source: ID data.

We also calculated the maximum price variation on any one day in each city analysed during the March 2023 quarter. See Table 9 below.

For example, in Auckland, the maximum variation in Regular 91 prices was 69.2 cpl on 23 March 2023. This is different from the variation between the average and lowest prices in each city. The difference was between Mobil Quay St (280 cpl) and Gull Henderson Valley (210.7 cpl).

The maximum range of Diesel prices in Auckland on 31 March 2023 was 111.2 cpl.

Nelson had the narrowest maximum range for all fuel types: 9.0 cpl for Regular 91, 24.0 cpl for Premium and 28.0 cpl for Diesel.<sup>59</sup>

Table 9: Maximum daily regional price variation between the highest and lowest prices in the nine cities analysed

City	Regular 91 (cpl)	Premium 95 and 98 (cpl)	Diesel (cpl)
Whangārei	31.2	32.2	46.0
Auckland	69.2	78.2	111.2
Hamilton	42.2	70.0	76.2
Tauranga	40.0	58.2	65.2
Napier	42.2	56.2	40.2
Wellington	53.2	59.2	87.2
Nelson	9.0	24.0	28.0
Christchurch	39.2	61.2	46.2
Timaru	24.2	37.2	35.2

Source: ID data.

## Relationship between retail price and retail land cost

To understand the relationship between price and retail site land costs (see Figure 16), we used the following metrics:

- **Net price:** the volume-weighted average price charged by the station (all fuel types included), minus taxes and estimated trucking costs.<sup>60</sup>

$$\text{net price} = \text{volume weighted average price} - \text{taxes} - \text{trucking costs}$$

- **Annualised cost of land:** the estimated land value according to the relevant council, multiplied by the weighted average cost of capital (WACC), divided by total volume sold over 4 quarters.<sup>61</sup>

$$\text{cost of land} = \frac{\text{land value} * \text{WACC}}{\text{total volume sold}}$$

<sup>59</sup> Our analysis is based on information disclosed to us from importers under the Regulations relating to retail fuel sites owned or operated by the fuel importer (BP, Mobil, Z Energy, Gull and TOSL). This means that retail fuel sites owned or operated by other fuel industry participants (for example Waitomo, NPD or Allied) are not included in this analysis.

<sup>60</sup> See Table 10 for trucking estimates. We used the average updated trucking cost estimates for this piece.

<sup>61</sup> The WACC that we have used is the upper bound estimate (8.6%) from the 'Market study into retail fuel'.

## Trucking cost estimates used in retail price variation analysis

In our analysis of retail price variations, we have used trucking estimates from the 2019 Market Study.<sup>62</sup> We then updated those estimates using the Stats NZ Producer Price Index (PPI Outputs) for the road transport sector. Those estimates based on the Market Study and the updated trucking cost estimates are set out below in Table 10.

Table 10: Trucking estimates used in our analysis of retail price variations updated from 2019 Market Study figures

Distance, one-way (km)	Retail Fuel Market Study estimates (2019)		2022 updated using Stats NZ PPI (Outputs) index		
	Low estimate	High estimate	Low estimate	High estimate	Average
100	1.5	2.5	1.7	2.8	2.2
200	3.0	4.0	3.4	4.5	3.9
300	4.5	5.5	5.0	6.1	5.6
400	6.0	7.0	6.7	7.8	7.3
500	7.5	8.5	8.4	9.5	8.9

Source: 'Market study into retail fuel' (2019).

<sup>62</sup> Commerce Commission, 'Market study into retail fuel', published on 5 December 2019, <https://comcom.govt.nz/about-us/our-role/competition-studies/fuel-market-study> (viewed on 26 July 2023).

# Attachment D: Summary of information disclosed to Commission under Fuel Industry Regulations 2021

Industry participants disclose information to the Commission under Part 3A of the Regulations.

Table 11 below sets out the relevant information disclosure (ID) requirements of fuel importers, wholesale suppliers and distributors under the Regulations.

**Table 11: Information disclosure requirements as set out in the Regulations**

Participant	Reg	Disclosure	Frequency	Deadline <sup>63</sup>	First period for which information must be disclosed	First disclosure date
Fuel importer	17D	Fixed wholesale contracts	Annual	By 1 September each year	Contracts in force as at 11 August 2022 <sup>64</sup>	1 September 2022
	17F	Certain formulas and volumes	Annual	By 1 September each year	1 April 2022–31 March 2023	1 September 2023
	17H	Certain discounting or loyalty programmes	Annual	By 1 September each year	1 April 2022–31 March 2023	1 September 2023
	17I	Storage capacity	Annual	By 1 September each year	1 April 2022–31 March 2023	1 September 2023
	17K	Fuel supply	Quarterly	By no later than 30 days after end of each financial quarter	1 April 2022–30 June 2022	1 August 2022
	17G	Certain travel distances	Annual	By 1 September each year	1 April 2022–31 March 2023	1 September 2023
	17L	Retail fuel sites	Quarterly	By no later than 30 days after end of each financial quarter	1 April 2022–30 June 2022	1 August 2022
Wholesale supplier or distributor	17E	Certain financial statements	Annual	By 5 months after wholesale supplier/distributor's balance date	First balance date after 1 April 2022	Varies according to balance date
	17J	Retail supply	Annual	By 1 September each year	1 April 2022–31 March 2023	1 September 2023

<sup>63</sup> If a deadline falls on a weekend or public holiday, industry participants can submit on the next working day.

<sup>64</sup> Schedule 1 of the Regulations.

## Attachment E: Relevant taxes, costs and levies

To ensure TGP comparisons are consistent between New Zealand and Australia and within New Zealand, we have adjusted TGPs to exclude taxes and levies in all fuel types.

Table 12 and Table 13 below summarise the taxes, levies, and ETS costs that we have used to adjust TGPs in both countries.

**Table 12: New Zealand taxes, levies and ETS costs applicable to fuel types for the quarter ending March 2023**

New Zealand (cpl)			
	Regular 91	Premium 95	Diesel
National Land Transport Fund (NLTF) <sup>65</sup>	45.02	45.02	-
ACC Levy <sup>66</sup>	6.00	6.00	-
Petroleum Engine Fuels Monitoring Levy <sup>67</sup>	0.65	0.65	0.65
Local Authority Fuels Tax <sup>68</sup>	0.66	0.66	0.33
Regional Fuels Tax (Auckland) <sup>69</sup>	10.00	10.00	10.00
ETS costs	MBIE estimates	MBIE estimates	MBIE estimates
GST	15%	15%	15%

Source: MBIE <https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-generation-and-markets/liquid-fuel-market/duties-taxes-and-direct-levies-on-motor-fuels-in-new-zealand/>; <https://www.mbie.govt.nz/assets/Data-Files/Energy/Weekly-fuel-price-monitoring/weekly-table.csv>; and Inland Revenue <https://www.ird.govt.nz/gst>.

**Table 13: Australian taxes applicable to fuel types**

Australia (Australian cpl)			
	Regular 91	Premium 95	Diesel
Excise tax (up to 31 January 2023)	46	46	46
Excise tax (from 1 February 2023)	47.7	47.7	47.7
GST	10%	10%	10%

Source: Australian Taxation Office <https://data.gov.au/data/dataset/0aa77454-d0f6-4499-b0a4-88dbdeee95d1/resource/b9227cdf-4c04-492d-bd84-65031adc408e/download/historicalexciserates-29-sep-22.xlsx>; and <https://www.ato.gov.au/business/gst/>

We have used daily exchange rates from the Reserve Bank of New Zealand to convert Australian TGPs into New Zealand currency.<sup>70</sup>

<sup>65</sup> The NLTF rate was reduced from 70.02 cpl to 45.02 cpl on 15 March 2022.

<sup>66</sup> ACC, 'Paying levies if you own or drive a vehicle', <https://www.acc.co.nz/about-us/our-levies/paying-levies-if-you-own-or-drive-a-vehicle/>

<sup>67</sup> NZ Gazette, 'Notification of Levy Rates Under the Energy (Petrol, Engine Fuel, and Gas) Levy Regulations 2017 Notice 2022', <https://gazette.govt.nz/notice/id/2022-go2277>

<sup>68</sup> Auckland Transport, <https://at.govt.nz/about-us/reports-publications/local-authority-fuel-tax/>

<sup>69</sup> NZTA, Regional fuel tax, <https://www.nzta.govt.nz/vehicles/regional-fuel-tax/>

<sup>70</sup> Reserve Bank of New Zealand, 'Exchange Rates and Trade Weighted Index' (6 July 2023).



## Attachment F: Glossary

Term	Explanation
<b>the Act</b>	Fuel Industry Act 2020
<b>ARFT</b>	Auckland Regional Fuel Tax
<b>BP</b>	BP Oil New Zealand Limited
<b>Bulk storage facility</b>	As defined in the Act, means a facility for the storage of 5 million litres or more of engine fuel <sup>71</sup>
<b>cpl</b>	cents per litre
<b>(the) Commission</b>	New Zealand Commerce Commission
<b>Dealer</b>	As defined in the Act, means a reseller that sells and supplies engine fuel through its own retail fuel sites using a brand owned by another person that is not an interconnected body corporate of the reseller
<b>Diesel</b>	As set out in the Regulations, means <ul style="list-style-type: none"> <li>(a) a refined petroleum distillate, or other liquid hydrocarbon fuel, having a viscosity and distillation range that is intermediate between those of kerosene and light lubricating oil, whether or not it contains additives, and that is intended for use as fuel in compression-ignition internal combustion engines; and</li> <li>(b) includes diesel containing up to 5% bio-diesel by volume<sup>72</sup></li> </ul>
<b>Discount and loyalty programmes</b>	As defined in the Regulations, means a recurring or ongoing programme that provides retail customers with discounts off the standard retail price, or non-fuel related benefits provided by the fuel importer or another entity, or both
<b>Distributor</b>	As defined in the Regulations, means a reseller that is not a dealer
<b>ETS costs</b>	As defined in the Regulations, means New Zealand emissions trading scheme costs under the Climate Change Response Act 2002
<b>Fixed wholesale contract</b>	As defined in the Act, means a wholesale contract that governs,— <ul style="list-style-type: none"> <li>(a) (i) for a fixed period, the wholesale price and other conditions of sale and supply of engine fuel during the period; or</li> <li>(ii) for a fixed amount of engine fuel, the wholesale price and other conditions of sale and supply for that engine fuel;</li> <li>(b) does not include a wholesale contract for the sale and supply of engine fuel under the terminal gate pricing regime in subpart 1 of Part 2 of the Regulations</li> </ul>
<b>Fuel</b>	Petrol and diesel fuels (unless specified otherwise)
<b>Fuel industry participant</b>	As defined in the Act, means a person that purchases, or sells and supplies, engine fuel other than as— <ul style="list-style-type: none"> <li>(a) an end user; or</li> <li>(b) an incidental part of the hiring, leasing, or selling of motor vehicles</li> </ul>

<sup>71</sup> Terms are defined in the 'Interpretation' section of the Act; see section 4.

<sup>72</sup> Terms are defined under regulation 3 (interpretation).

<b>Term</b>	<b>Explanation</b>
<b>GST</b>	Goods and Services Tax
<b>Gull</b>	Gull New Zealand (NZ) Limited
<b>Importer</b>	Refers to 'fuel importer' as defined in regulation 3 of the Regulations: a fuel industry participant that imports fuel into New Zealand. We use this term throughout the report to refer collectively to BP, Mobil, Z, Gull, and TOSL
<b>ID</b>	Information disclosure (pursuant to the Regulations)
<b>Market study</b>	Commerce Commission's Retail Fuel Market Study (2019). A market study looking into the factors that may affect competition for the supply of retail petrol and diesel used for land transport throughout New Zealand
<b>MBIE</b>	Ministry of Business, Innovation and Employment
<b>Mobil</b>	Mobil New Zealand Limited
<b>NLTF</b>	National Land Transport Fund
<b>Premium (grade petrol) 95</b>	As defined in the Act and Regulations, petrol supplied as having a research octane number of 95.0 or higher
<b>Premium (grade petrol) 98</b>	Petrol supplied as having a research octane number of 98.0
<b>Price board</b>	As defined in the Regulations, means a board, sign, or notice at a retail fuel site that displays the prices of types of engine fuel for retail sale at the site
<b>(the) Regulations</b>	Fuel Industry Regulations 2021
<b>Regular (grade petrol) 91</b>	Petrol supplied as having a research octane number of at least 91.0 but less than 95.0
<b>Reseller</b>	As defined in the Act, means <ul style="list-style-type: none"> <li>(a) a person that purchases, or intends to purchase, engine fuel from a wholesale supplier to sell and supply to another person; but</li> <li>(b) does not include a person that does so, or intends to do so, only as an incidental part of their business</li> </ul>
<b>Retail fuel site</b>	As defined in the Act, <ul style="list-style-type: none"> <li>(a) means a place at which engine fuel is sold and supplied to an end user (eg, a petrol station or a truck stop); but</li> <li>(b) does not include a place at which the primary business is the hiring, leasing, or selling of motor vehicles, and</li> <li>(c) does not include a bulk storage facility</li> </ul>
<b>Tasman Fuels</b>	Tasman Fuels Limited
<b>Terminal gate price (TGP)</b>	As per s 9 of the Act, a wholesale supplier must publicly post a price (terminal gate price) for each specified engine fuel that it has the right to draw at a bulk storage facility for the specified engine fuel
<b>TGP premium</b>	The premium that a customer may pay to buy the TGP at a port against the average wholesale contract price at that port
<b>TOSL</b>	Timaru Oil Services Limited
<b>Wholesale contract</b>	As defined in the Act, a contract between a wholesale supplier and a reseller for the sale and supply of engine fuel
<b>Wholesale supplier</b>	As defined in the Act, a person that sells and supplies engine fuel, as the whole or part of its business, to persons other than end users
<b>Z</b>	Z Energy Limited

This is a guideline only and reflects the Commission's view. It is not intended to be definitive and should not be used in place of legal advice. You are responsible for staying up to date with legislative changes.

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