



6 December 2017

Z will welcome Commerce Commission market study

The Minister for Energy and Resources, Hon Megan Woods, has today released the MBIE report following the original NZIER Fuel Market Financial Performance Study.

Z Energy has disclosed the report to the markets and will now take time to read and digest it.

The report back was requested by the previous Energy Minister and was charged with looking at two key areas: removing market share visibility from the industry borrow and loan fuel supply system and investigating a more liquid wholesale supply chain.

Z spokesperson, Jonathan Hill, said consumers deserved to have questions answered with facts so the company has enabled the release of its submission to MBIE for this stage of the process with minimal redactions.

"Z's submission to MBIE ahead of the release of the report was that seeking to remove market share data from the borrow and loan scheme would achieve nothing, and that there were no barriers to new entrants entering the market.

"This has proven to be the case with a new international participant recently securing resource consents for a new 44 million litre petrol and diesel storage terminal in the South Island.

"Z understands the public interest in all aspects of energy pricing and will welcome and participate fully in any independent study into the operation of the industry.

"We need to categorically and once-and-for-all get to the bottom of this issue and provide the facts and assurance that consumers and stakeholders want and deserve. The reviews so far have been inconclusive and a Commerce Commission market study seems a sensible way to go about it," he said.

Jonathan Hill said the industry has changed markedly over the last decade, moving from four multinational companies selling the same products at the same prices, to having 21 brands in the market with different cost structures and operating models. Now 70 per cent of retail service stations are owned and operated by independent business people who set their own prices.

"Z's submissions to all stages of this process so far have demonstrated that Z's returns are fair and reasonable by domestic and international comparisons, the level of competition in the market has never been higher and that there are no barriers to entry.

"We look forward to this issue moving into a comprehensive and independent review of the facts."

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