Dear

I refer to your request under the Official Information Act 1982 (OIA) on 17 May 2019 and clarified on 21 May 2019.

On 11 June 2019, we notified you additional time was required to respond to your request.

You asked for:

- "Any reports since April 2018 that substantially detail any analysis of regional fuel prices, both prior to the tax being implemented, and since the tax has been in place. [part one]
- Any correspondence from fuel companies since April 2018 which reference the regional fuel tax. [part two]
- Any reports prepared by NZTA or MOT about the potential for additional Regional Fuel Taxes outside of Auckland. [part three]
- Any reports or data which shows where the regional fuel tax was taken from at a sub-Auckland level, including, but not limited to, Ward, Local Board, or petrol station level." [part four]

Please see the schedule attached to this letter that outlines the information we are releasing to you. The following provides an explanation for our response to each part of your request, including your clarification of part two.

Part one: regional fuel prices

Under the Land Transport Management Act 2003, the NZ Transport Agency monitors and reports on fuel prices and volumes, both inside and outside the regional fuel tax scheme's region, on a quarterly basis. The reports may be found at:


We understand there has been a delay in making available some of the reports online. If you have questions about the reports (or the underlying data), the NZ Transport Agency is better placed to respond.
Part two: correspondence from fuel companies

On 21 May 2019, you clarified this part of your request. You stated, in terms of fuel company communication, you were seeking:

"...any views expressed by fuel companies about the introduction of the RFT [regional fuel tax in Auckland], and also how fuel companies were looking to fund the RFT payments, and also, how they would collect the funds for the RFT."

The schedule attached sets out the list of communication in scope. You may note:

- document 2 (email of 5 February 2018) refers to the Local Authorities Fuel Taxes (LAFT) methodology as being "pretty lightweight in some areas". The Local Authorities Fuel Tax dates back to 1974. In designing the regional fuel tax framework, we considered the LAFT but sought to strengthen areas of weakness to ensure the regional fuel tax legislation was fit for purpose for today.

- document 5 (email of 23 April 2018) refers to situations where a person buys fuel from outside the regional fuel tax region. The legislation places the liability on the person who distributes or supplies fuel in a regional fuel tax region to pay regional fuel tax. In situations where fuel is supplied inside the Auckland region but taken outside for commercial distribution the person is entitled to claim a rebate for the regional fuel tax paid on that fuel.

The Finance and Expenditure Select Committee received submissions on the Land Transport Management (Regional Fuel Tax) Amendment Bill 2018 including from a fuel company. All submissions received may be found at:


Part three: regional fuel taxes outside Auckland

Information on regional fuel taxes outside Auckland is available at:


You may be aware the Prime Minister has committed to not implement any further regional fuel taxes outside Auckland.

Part four: information on fuel distribution

Apart from the data contained in the Ministry of Transport’s aide memoire (document 1), no further information is held on fuel distribution or that "shows where the regional fuel tax was taken from at a sub-Auckland level, including, but not limited to, Ward, Local Board, or petrol station level." The data in the aide memoire was drawn from a publicly available source.

The NZ Transport Agency is responsible for the collection of regional fuel tax, including auditing returns from fuel companies, and for monitoring and reporting on prices and volumes. Some data is published in the NZ Transport Agency’s quarterly reports, which are available online (please see response to part one). If you wanted access to further data (or data in a particular format), such a request would need to be handled by the NZ Transport Agency.
Summary of information withheld

As set out in the schedule, some information is being withheld/refused under the OIA:

- to protect the privacy of natural persons — section 9(2)(a) of the OIA
- to protect information where the making available of the information would likely unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information — section 9(2)(b)(ii) of the OIA
- as the information requested is publicly available — section 18(d) of the OIA.

In regard to the information that has been withheld under section 9 of the OIA, I am of the opinion that there are no countervailing considerations that make it desirable, in the public interest, to make the information available.

You have the right under section 28(3) of the OIA to make a complaint about the withholding of information to the Ombudsman.

We will also make this response available on our website

We make available copies of OIA responses (and the information contained in this letter) on our website one week after it has been released to you. We will remove any identifiable information before making the information available.

Yours sincerely

Bryn Gandy
Deputy Chief Executive, Strategy and Investment
<table>
<thead>
<tr>
<th>Document number</th>
<th>Document description</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ministry of Transport: Aide memoire: Is regional fuel tax being spread outside Auckland?</td>
<td>Names/phone numbers withheld under section 9(2)(a) of the OIA. Some information withheld under section 9(2)(b)(ii) of the OIA to protect information where the making available of the information would likely unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</td>
</tr>
<tr>
<td>2</td>
<td>Email communication with Mobil Oil New Zealand Limited</td>
<td>Names/email addresses/phone numbers withheld under section 9(2)(a) of the OIA.</td>
</tr>
<tr>
<td>3</td>
<td>Email communication with Gull NZ Limited</td>
<td>Names/email addresses/phone numbers withheld under section 9(2)(a) of the OIA.</td>
</tr>
<tr>
<td>4</td>
<td>Email communication with Z Energy</td>
<td>Names/email addresses/phone numbers withheld under section 9(2)(a) of the OIA.</td>
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<td>5</td>
<td>Email communication with Z Energy</td>
<td>Names/email addresses/phone numbers withheld under section 9(2)(a) of the OIA.</td>
</tr>
<tr>
<td>6</td>
<td>Email communication with Waitomo Group</td>
<td>Names/email addresses/phone numbers withheld under section 9(2)(a) of the OIA.</td>
</tr>
<tr>
<td>7</td>
<td>Email communication with BP Oil New Zealand Limited</td>
<td>Names/phone numbers withheld under section 9(2)(a) of the OIA. Some information withheld under section 9(2)(b)(ii) of the OIA to protect information where the making available of the information would likely unreasonably prejudice the commercial position of the person who supplied or who is the subject of the information.</td>
</tr>
<tr>
<td>8</td>
<td>Email communication with Mobil Oil New Zealand Limited</td>
<td>Names/email addresses/phone numbers withheld under section 9(2)(a) of the OIA. We have searched our system and have not been able to locate the additional communication referred to in the email of 24 September 2018.</td>
</tr>
</tbody>
</table>
Ministry of Transport: Aide Memoire

To: Minister of Transport, Hon Phil Twyford
From: [Redacted] Principal Adviser, Demand Management and Revenue
Date: 17 August 2018
Subject: Is regional fuel tax being spread outside Auckland?
OC Number: OC180720

Purpose of this aide memoire

1. You have asked for our advice on whether regional fuel tax (RFT) is being spread outside Auckland.

Background to RFT and fuel pricing generally

2. Recent amendments to the Land Transport Management Act 2003, and the Land Transport Management (Regional Fuel Tax) Regulations 2018 require fuel distributors to pay RFT on fuel which they deliver to retail sites and commercial end-users inside the Auckland region.

3. This legislation does not impose any obligation on fuel distributors to pass the additional cost of RFT on to the retail site operators, nor any obligation on retail site operators to pass any additional cost on to end users.

4. The retail price of fuel is determined by retail site operators without any constraints other than their likely wish to be profitable, albeit potentially over the long term and across their wider business operations. Retailers, particularly in areas where there are a number of other retailers, typically have a strong focus on competing on price in their local market. This means that the retail price of fuel will vary by location and by time, and will reflect a range of margins. In some instances it is possible that fuel is sold for a loss.

Background to tax spreading

5. In light of the points made above, it is possible for fuel businesses – particularly those which are vertically integrated – to treat RFT as a cost which applies to their business at a national level, rather than a local level. As a result, they may seek to recover it across their national business operation over the long term. They may be motivated to do this if they identify some local markets as more competitive than others, and so less willing to pay a higher price. They may also be motivated to do this if some of their competitors
are selling fuel at a lower price — perhaps because they are recovering the cost of RFT on a national, rather than regional basis.

6 Since RFT was put in place on 1 July 2018, we have found a letter which dates from the RFT scheme in operation in the mid-1990s. In the letter, one of the fuel companies stated that they were spreading the impact of RFT outside of the RFT region, and considered it had been forced into doing so to retain price competitiveness against one of its competitors, which was also spreading the impact of RFT.

Legislative response to price spreading

7 The RFT legislation includes a provision requiring the NZ Transport Agency to report on fuel prices and volumes, both inside and outside the RFT region, on a quarterly basis. This information is intended to support consideration of whether tax spreading is occurring or not. This provision was added into the legislation at the Select Committee stage at the request of the Automobile Association (AA). This addition was supported by officials in their report to the Select Committee.

8 The NZ Transport Agency expect to issue the report for the July – September period in October.

Is RFT being spread currently?

9 The Ministry is not in a position to give definitive advice on whether RFT is being spread currently. The Ministry has not had time to consider this issue in detail, and in any event, for the reasons set out in the Background sections above, it is extremely difficult to isolate different influences on fuel pricing.

10 However, the Ministry has spoken to a number of trusted industry participants, including Z Energy, BP Oil New Zealand Limited (BP), and the AA, and has reviewed material published by Peter Ellis, a data scientist. The views of each of these industry participants is set out in detail below. The Ministry’s distillation of those views is; if RFT is being spread outside Auckland at all, it is unlikely to be happening on a widespread basis. This view is supported by:

- Z Energy and BP, who between them make up more than 50 percent of retail fuel sales, are prepared to publicly stand behind statements that they are not spreading RFT
- the AA (while sharing the Ministry’s level of uncertainty) has not given any direct evidence that tax spreading is occurring
- an industry participant advised the Ministry that in its view tax price spreading is not taking place across Auckland, with the possible exception of two sites operated by the same distributor
- Peter Ellis’ price monitoring suggests that the increase in Auckland fuel prices on 1 July 2018 has not been eroded away as might be expected if tax spreading was widespread.
Peter Ellis’ analysis does suggest that prices have increased in Wellington and the South Island in a way which is not matched in the rest of the country. Those prices typically remain higher than Auckland, despite imposition of RFT in Auckland. His view is that these price trends could reflect tax spreading. An alternative argument is that these price trends could reflect fuel companies continuing to exploit the ability to set higher prices in parts of the country in which Gull does not operate.

The monitoring proposal included in the RFT legislation should enable a greater degree of analysis of this issue. This view is supported by the AA. The first report is expected in October. We will provide you with information about this report and its potential implications as soon as the information becomes available.

The AA’s view

The AA sees monitoring fuel prices as a key part of its role in advocating for the motoring public. It monitors and regularly comments on fuel price movements. As noted above, it is concerned about the risk of tax spreading, and was behind the inclusion in the RFT legislation of the requirement for the NZ Transport Agency to report on fuel prices across the country.

The AA advises that it has done no analysis to identify whether tax spreading is occurring. The AA notes that, given the competitive nature of the fuel price sector and that the large fuel distributors appear to be focused on achieving profitability on a national level, rather than a site-by-site level, it will be very difficult to determine whether fuel price spreading is occurring.

The AA gives the example of a site inside an RFT region which is selling fuel at a price which is below cost (which happens in different places around the country, and happened before the introduction of RFT). It is impossible to say whether that site is not passing on all of the RFT, or all of its rent, wages, wholesale cost of fuel, delivery charges, or return on capital.

The AA expects that it will be possible to make a clearer assessment of the likelihood of price spreading when the NZ Transport Agency’s report information becomes available.

The AA has advised that it is happy for these statements to be quoted.

Z Energy

Z Energy advises that it increased the prices at all of its Auckland sites on 4 July 2018 by 11.5 cents per litre. Since then, on average it has maintained at least an 11.5 cents per litre differential, noting that there have been other price changes as a result of changes to the price of crude and refined products and changes to the NZD-USD exchange rate.

Z Energy has advised that it is happy for these statements to be quoted.
BP

20 BP provided the following comment:

"On 1 July 11.5cpl was added to the price of all BP Connect sites within the RFT region. It's important to note that pricing throughout the country varies based on a number of factors, including local market competitiveness. BP is not actively recovering, or 'spreading' the regional fuel tax into other parts of the country.

Prices fluctuate regularly, often on a daily basis, [Information withheld under section 9(2)(b)(i) of the OIA.] This means a direct comparison between the absolute price across regions is not indicative of the inclusion of Regional Fuel Tax.

Pricing continues to vary due to competitive forces for 91 and diesel as it always has. We do not discount our premium fuels so the 11.5cpl Auckland Regional Fuel Tax can be more clearly identified between Auckland and other regions."

21 BP has advised that it is happy for these statements to be quoted.

Another industry source

22 Another industry source (which did not wish to be identified) closely follows the behavior of its competitors, and said that it believed that the price differential created by RFT had been largely maintained since its introduction. It did consider that there were two sites, belonging to the same fuel distributor, where it thought tax spreading may be occurring. However, as noted above, these could simply be sites where the distributor had decided to accept a very low, or negative, margin.

Peter Ellis

23 Peter Ellis is a professional data scientist. He has used fuel price data collected by Sam Warburton from pricewatch.co.nz and carried out further analysis. He has published the following graphs on his blog which compare prices in Auckland (grey shaded area) with prices in other parts of the country (red / blue lines).
24 These graphs suggest:

- there was a clear increase in the price of fuel in Auckland on the date RFT was introduced, which has not "eroded away" since a relatively consistent differential has been maintained between the Auckland price and North Island prices, with the probable exception of Wellington, since RFT was introduced.
- Wellington and South Island regions seem to have had a general increase in prices, compared with the Auckland price, and the price in other regions, since the introduction of RFT.

25 There are a number of reasons that the trend in Wellington and South Island prices may not represent tax spreading:

- the increase in prices in those regions is not matched by an equivalent decrease in the Auckland region (ie, the RFT margin in Auckland does not appear to be being eroded)
- the regions that have seen price increases may reflect fuel companies identifying scope, in those regions (which are not served by Gull), to increase profits.
Pricewatch data is not necessarily reliable. The following issues arise:

- the supplier itself notes that it accepts no responsibility for the accuracy, integrity or timeliness of its data
- Cardlink runs the BP fuelcard, so data has a bias towards BP sites
- data is only sourced from those that use fuel cards administered by Cardlink
- data collection is not consistent across locations, brands or fuel types
- data is likely to relate to a small number of transactions, particularly in less well populated areas. This is likely to be the reason behind the price spikes in some regions.

Contact:
Name, [information withheld under section 9(2)(a) of the OIA]
Principal Adviser, Demand Management and Revenue
Phone: [information withheld under section 9(2)(a) of the OIA]
Andrew de Montalk

From: a®<xxonmobil.com>
Sent: Wednesday, 7 February 2018 2:23 PM
To: action 9(2){a) c
Subject: RE: Regional Fuel Tax

Follow Up Flag: Follow up
Flag Status: Flagged

Response is consistent with the viewpoint we have shared during all our discussions. MONZ will comply with the legislation but we are not in a position (resourcing, systems etc) to be policing this.

Retail Sales Manager / Lead Country Manager
Mobil Oil New Zealand Limited
Building B, 8 Nugent Street, Grafton
Auckland 1023, New Zealand
Tel Mobile

Attention: This message and any attachments may contain proprietary or confidential information. If you are not the intended recipient or you received the message in error, you must not use or distribute the message. Please notify the sender immediately and destroy the original message. Thank You.

The supplying oil company should not be put into the position where they are trying to ascertain what sort of tank it is. This would be unreasonable and essentially turn the supplying company into role of administrator/policeman. It would make the scheme simpler and more logical if the oil company charged the LAFT rate to all customers (in the designated geographic area). For customers who believed they are entitled to some sort of relief (wholly or partially) then they should apply directly to the department concerned.

Commercial Manager
Australia & New Zealand
Mobil Oil Australia Pty Ltd
12 Riverside Quay
Southbank, Vic 3006

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Your privacy is important to ExxonMobil. Please see our privacy policy for more information here: http://corporate.exxonmobil.com/en/privacy-policy.
Sorry, I should also have added that we propose to add fuel supplied for use in railway locomotives to this exclusion. Given the possibility of some client site tanks being used to supply both locomotives and road vehicles, I think you could only reasonably asked to exclude supplies to tanks used solely for locomotives.

So one way of looking at the question is to ask – how do you want to be able to ascertain what kind of tank it is?

---

Hi all

Another quick question if I may.

While we're generally following the Local Authority Fuel Tax methodology it's pretty lightweight in some areas.

LAFT currently has an exclusion for fuel supplied for electricity generation, commercial marine purposes, and on-refining. There doesn't seem to be any formal mechanism or structure in place around this, so presumably as a fuel supplier subject to LAFT you just “take a view” on what fuel is supplied for the use of, and either pay or don't pay LAFT accordingly.

Is this satisfactory; or to put it another way, is this something you're happy for us to continue with, or would you like some greater structure put around it? Options could include some kind of register or log for customers entitled to an exclusion, but if you've got any other ideas I'd be pleased to hear them!

Regards,
Andrew de Montalk

From: David Bodger <gull.nz>
Sent: Tuesday, 22 May 2018 4:10 PM
To: (Information withheld under section 9(2)(a) of the OIA)
Cc: (Information withheld under section 9(2)(a) of the OIA)
Subject: RE: Regional Fuels Tax - Exempted areas and notice period

Follow Up Flag: Follow up
Flag Status: Flagged

Have read this morning the detail released following the select committee review.

One major issue leaps into view.

The Bill and discussion of the Bill to date has been that the legislation will replicate the same boundaries as the LAPT thus Gulls (and | assume our competitors) accounting systems are tuned to calculate the correct tax area for any delivery point. WE DO NOT NEED TO CHANGE SYSTEMS. However the updated Bill – clause 65D now has the ability for councils to exempt some (undefined parts) of their region from the tax. Thus we have basically undefined tax areas that each fuel distributor will need to update their system for. This has effectively undone our ability to “simply” introduce this tax.

I won’t write paragraphs as to how this move places compliance costs on Industry, trust me I could, and in this case it will be significant and it is very disappointing to have this change after one of the basic tenants of discussion has always been – use the LAPT boundaries. Quite irate about this.

That said the key issue that needs addressing is the notice period in the Bill. As I read clause 65Kb – basically there is no prescribed notice period. So a council can consult and propose the introduction of a RF tax... industry will see this coming but have no idea if central government will approve all none or part of a tax for the specific region... so if it is approved with an exempted area industry then needs to magic up a system to account for this... potentially ASAP. I am sure the council will be pressing for an immediate implementation.

Please advise how/if notice period of (6 months as a minimum – I suspect my multinational opposition would struggle with this short a time frame) be included in Clause 65K so Industry has an ability to reprogram accounting systems to account for the undefined region.

Thanks

Dave

From: [mailto: transport.govt.nz] (Information withheld under section 9(2)(a) of the OIA)
Sent: Monday, 19 March 2018 9:46 a.m.
To: David Bodger; nzta.govt.nz
Subject: RE: Regional Fuels Tax - Scenario

Thanks Dave – I talk to the CE at Civil Contractors NZ, which I think is what the Contractors Federation turned into. Plus at RTF. I’ll check in with them.
Sorry  [ Information withheld under section 9(2)(a) of the OIA ]

Well out of my area of expertise

You would be best to contact the likes of Contractors federation / Road Transport Forum / Owner Drivers Assn etc. to get indicative numbers for that

I expect it will vary significantly by workplace vehicle type etc.

Dave

Thanks Dave

If you are able to find out the relative %s of fuel used on-road and off-road in that kind of scenario, then that would be very useful.

Dave

We will be asked into the future I expect so a reference point for affected parties will be great

Dave

Dave, thanks for this. We’re about to get into the detail of these rules, but we don’t expect to follow the RUC system, because that is kilometre based rather than litre based. And if we start going down that path we quickly get into the asymetry of someone who fuels their truck in the Auckland region before driving outside wanting to be let off RFT, but us having no way of capturing people who fuel outside Auckland and then drive into it.

Between us and NZTA we’ll definitely have guidance on all this stuff available.
Sent with BlackBerry Work
(www.blackberry.com)

From: David Bodger <davidbodger@gull.nz>
Date: Monday, 19 Mar 2018, 8:42 AM
To: @transport.govt.nz, @nzta.govt.nz, @nzta.govt.nz
Subject: FW: Regional Fuels Tax - Scenario

Good morning

At my quarterly catch up I discussed the new tax with our logistics contractor.

They are involved in various parts of the transport sector and have since noted the following scenario below - This has no effect on Gull’s operations but thought I would pass on as it is a real world event — daily I expect — I understand that RUC is claimed back in operations like this by GPS on the truck recording off road kilometres.

I would appreciate being able to revert to you in due course as to how this off road use is calculated and claimed.

Cheers

D

[ Information withheld under section 9(2)(a) of the OIA ]

[ Information below: outside scope of your request ].
Andrew de Montalk  

From: Z.co.nz>  
Sent: Thursday, 16 August 2018 9:56 PM  
To: Re: proposed text  
Subject: Follow Up Flag: Follow up  
Flag Status: Flagged  

No, I do mean 10cpl for the second part. So it has moved slightly (on average).

On 16/08/2018, at 6:31 PM, transport.govt.nz wrote:

HI Does seem like is keen to put together a story on this, I’ve also heard that NZ Herald are likely to do something. The Minister’s office tell me they’ve had quite a few media enquiries on this issue.

Thanks for your explanation, which is very helpful.

Your changes are fine too – presumably the second reference should also be to 11.5 cpl, not 10?

Sent: Thursday, 16 August 2018 4:48 PM  
To: transport.govt.nz  
Subject: RE: proposed text  

apologies for the delay, I wanted to make sure I had all the data I needed and to make sure I was across any changes.

Just so you know, I have also since been contacted by. As discussed, on 1 July we implemented the full 11.5cpl ARFT including GST, as intended, across the Z network in Auckland and to our Caltex wholesale price (what Caltex Retailers then choose to set their price at is up to them).

To date, by and large, most of our [Z] sites have maintained at least close to the initial 11.5cpl added on 1 July. There may be some exceptions, but on average, Z’s Auckland prices are sitting around at least 10cpl higher than they used to. Bear in mind this is a snapshot in time and things could change in either direction as prices do vary.

One site that might stand out simply because it tended to have slightly higher prices compared to its local competitors in the past is Z Skyway (near Auckland Airport). Z Skyway has recently had a discount applied to compete more effectively locally. While I’m not aware of any other Auckland sites that have had any notable change in pricing outside of the usual commodity driven changes, prices do vary all the time, from city to city and suburb to suburb.
I have edited the below based on the above info. Feel free to give me a call or drop me a line if you have any further questions or if there’s anything you’d like to chat through. I’ll be here until at least 5pm, then back in around 8.30am tomorrow morning.

Cheers,

[Information withheld under section 9(2)(a) of the OIA]

From: [mailto:transport.govt.nz]
Sent: Thursday, 16 August 2018 1:08 PM
To: @z.co.nz
Subject: proposed text

Actually, I wonder if this is all that I need to attribute directly to Z:

Z Energy's view [SUBJECT TO SIGN-OFF]

14. Z Energy advises that it increased the prices at all of its Auckland sites on 1 July 2018 by 401.5cpl. Since then, on average it has maintained at least a 10cpl differential, noting that there have been other price changes as a result of changes to the price of crude and refined products, and changes to the NZD-USD exchange rate.

Principal Advisor
Ministry of Transport – Te Manatū Waka

Ensuring our transport system helps New Zealand thrive

We reckon that giant strides start with small steps. Find out why – www.z.co.nz/why

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We reckon that giant strides start with small steps. Find out why – www.z.co.nz/why

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Good to chat on Friday and sorry to bother you while you were not feeling so well! Thanks for allowing us to send you an email today in lieu of a submission. Once again apologies for the lateness of it. The point below was only picked up by a member of our commercial team on Friday and I thought it worth raising.

As discussed, the bullet point in the section highlighted below is of concern to us because:

1. We would have little control over what a customer chooses to do at a retail site or truck-stop (truck stops are unmanned). For example:
   i. If a customer at a retail site openly tells us that they intend to transport a small trailer-full of fuel into Auckland from just outside the region and refuses our advice not to do so, we have no means of stopping them.
   ii. As another example: Company A takes a 5,000 litre tanker to a Z truck stop outside of the region and fills the tanker at the truck stop, then takes the fuel into the region and refills a tank at Company A’s commercial site. This behaviour would become apparent to Z probably within a couple of months as the volume taken from the truck stop is extraordinary. If that means we now know the fuel is subject to the tax the legislation states we must pay the tax. However at the time of purchase when the fuel is invoiced and a GST receipt is generated we will not know this, nor will we know just how much of the 5,000 litres was delivered into the region.

   a) Administratively, we don’t have any sort of mechanism for charging customers an extra ten cents at retail sites.

A better way to do it would be to put the onus on the customer, which looks like it’s covered in the final point below anyway.

Please let me know if there’s anything you would like to clarify or if you have any questions.

Thanks again for your help.

Kind regards,
The RFT will be collected at the distribution level—the point where fuel is supplied by a distributor to service stations and commercial storage facilities.\[2\]

New section 650 identifies who is liable for paying the RFT (the "RF taxpayer"). RF taxpayers are:

- Any person in a fuel distribution operation who supplies any person located in the RFT region.
- Any person in a fuel distribution operation who supplies outside the region to an operator of a fuel outlet that is located inside the RFT region—if the RF taxpayer knows that fuel will be transported into the region and supplied to end users.
- Any person in a fuel distribution operation who supplies outside the region to an operator of a business enterprise conducted in the RFT region—if the RF taxpayer knows that the fuel will be used in the enterprise.
- Any person who is the operator of a fuel outlet located outside the RFT region who supplies to any person at a location in the RFT region.
- Any person in the RFT region in a fuel distribution operation, or who operates a fuel outlet, who transfers fuel to their own vehicles, equipment, or vessels.

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From: James Ormsby@waitomogroup.co.nz  
Sent: Monday, 20 August 2018 1:46 PM  
To: [Information withheld under section 9(2)(a) of the OIA]  
Cc: [Information withheld under section 9(2)(a) of the OIA]  
Subject: RE: Regional Fuel Tax Return Information Pack

Follow Up Flag: Follow up  
Flag Status: Completed

Hi [Information withheld under section 9(2)(a) of the OIA]

Thanks for your time when I called on 26th July, I had composed this email earlier but has been sitting in by my draft emails for review.

The reason for my call was to touch base with you on the introduction of the Auckland Regional Fuel Tax. We have had to make a significant investment upgrading our data processing systems to ensure that the new tax is correctly applied to all our fuel sales in the Auckland Region. I believe we have managed to implement the changes in good time given the notice period we were provided, and the complexity of fuel pricing. In this context I believe that Waitomo is compliant with the legislation, excluding minor exceptions due to unintended oversight, e.g. incorrect reconciliation of delivery location vs billing location. Regarding claims and rebates, I understand Leanne has been in contact with Belinda and there is still no claim or rebate system in place for our customers to claim back the Auckland Regional Fuel Tax paid for fuel used in off road applications, e.g.; tractors or excavators.

Prior to the introduction of the tax Waitomo raised our concern that without a robust audit process in place there was potential for the tax to create an uneven playing field between Waitomo and our competitors. I was pleased to hear that you are intending to follow up on Waitomo’s concerns, and I look forward to hearing more about the audit process that NZTA or other Government Departments will be implementing. We also discussed the Local Body Tax, and we would be interested in hearing more about any changes that might be proposed in this area. We are unaware of any audit process currently in place for Local Body Tax to ensure that all fuel suppliers (large and small), are complying – certainly Waitomo has not been audited recently.

Regards,

JIMMY ORMSBY  
Managing Director

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Legislation to Introduce a process for establishing a regional fuel tax, initially for the Auckland region, was introduced into Parliament on 22 March 2018. The Land Transport Management (Regional Fuel Tax) Amendment Bill introduces a mechanism to raise funds for transport infrastructure programmes that would otherwise be delayed or not funded. The Bill will help Auckland Council address the transport funding challenge in Auckland and meet the transport needs of its growing population and corresponding urban development.

This legislative proposal is currently being considered by a Select Committee and public feedback is now being sought.

The NZ Transport Agency is nominated to administer this proposed Tax. The Transport Agency will perform functions for Tax collection, Enforcement, Rebates, and Disbursements in addition to providing advice on Auckland Council’s Investment programmes.

We have already made contact and spoken with you about the details of this proposed tax and operation. During these discussions we committed to providing details of the returns and payments required from you. Please find these details attached, noting that if there are legislation changes they may affect this specification.

We are also preparing Information material that you can provide to your customers should you wish to do so. These will be issued in approximately two weeks’ time.

If you have any questions or other matters you would like to discuss in this regard, please do not hesitate to contact me.

Regards

[Information withheld under section 9(2)(a) of the OIA]
From: Andrew de Montalk <se1.bp.com>
Sent: Wednesday, 19 September 2018 4:02 PM
To: [RECEIVING PARTY]
Subject: FW: BP perspective - Auckland Regional Fuel Tax application

Follow Up Flag: Follow up
Flag Status: Flagged

Following on from our conversation earlier today – I have reviewed the below with our team and can confirm this is still accurate.

Happy to discuss further if you need.

Best regards,

[Information withheld under section 9(2)(a) of the OIA]

From: [RECEIVING PARTY]
Sent: Thursday, 16 August 2018 5:24 p.m.
To: [RECEIVING PARTY]
Cc: [RECEIVING PARTY]
Subject: BP perspective - Auckland Regional Fuel Tax application

Following our conversation yesterday regarding the application of the Auckland Regional Fuel tax, the below is BP’s position. We are comfortable for you to let the Minister’s team know that the information has come from BP.

On 1 July 11.5cpl was added to the price of all BP Connect sites within the RFT region. It’s important to note that pricing throughout the country varies based on a number of factors, including local market competitiveness. BP is not actively recovering, or ‘spreading’ the regional fuel tax into other parts of the country.

Prices fluctuate regularly, often on a daily basis. This means a direct comparison between the absolute price across regions is not indicative of the inclusion of Regional Fuel Tax.

Pricing continues to vary due to competitive forces for 91 and diesel as it always has. We do not discount our premium fuels so the 11.5cpl Auckland Regional Fuel Tax can be more clearly identified between Auckland and other regions.

I am on annual leave tomorrow (Friday) but please let (in copy) know if you have any additional queries.

Best regards,

[Information withheld under section 9(2)(a) of the OIA]
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Hi, I'm currently travelling overseas on business but will forward your note to the appropriate staff and will revert.

My initial reaction is this places further administrative burden on MONZ (which we flagged as a concern from the outset).

Please let our team review your request and we will endeavor to respond by the end of this week, thanks.

Ngā mihi nui

Retail Sales Manager / Lead Country Manager

Mobil Oil New Zealand Limited
Building B, 8 Nugent Street, Grafton
Auckland 1023, New Zealand

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This requirement was introduced relatively late in the legislative process, and we are supporting the NZTA in working out how these requirements can be met.

Working through each of the items in turn:

1. **fuel volumes inside the region**

   This seems straightforward. NZTA will have this information from your RFT returns.

2. **fuel prices inside the region**

   This is more difficult. We are in the process of engaging with a number of commercial and government sector providers who have the capability of deriving retail price information from market sources. However, there are three questions we would like to ask you about fuel prices inside the region:
   a. what ability do you have to provide the NZTA with price information? (presumably for the sites inside the region which you set prices for, but also interested if you have price information for sites which you supply but don't set prices for) Ideally this information would need to be captured on at least a weekly basis, and with a reasonably wide spread of sites across the region, although it would not need to capture every site you set prices for, provided sites were chosen on a representative basis.
   b. If you are able to provide prices from inside the region, would you be able to provide your estimated market share?
   c. what ability do you have to provide information about the typical level of discounting between your retail board prices and the prices paid by customers? This would be relevant if either we were to use a market-based source of prices, or if you provided retail board prices under question a above.

3. **fuel volumes outside the region**

   This information would ideally be provided on a region-by-region basis. It seems to us that the best (and probably only) source of that information is the existing Local Authority Fuel Tax calculations. Options would seem to be to seek this either from the local authorities or from the fuel distributors who pay the LAFT to the local authorities. Our question for you is:
   a. what ability do you have to provide NZTA with your LAFT volumes for regions outside Auckland?

4. **fuel prices outside the region**

   The key issues here are largely the same as under 2 above – we are in the process of engaging with a number of providers who should have the ability to derive this information from market sources. For comparative purposes, this information probably needs to be determined on a region-by-region basis. The same questions arise as under 2 above:
   a. what ability do you have to provide NZTA with this price information?
   b. if you are able to provide this price information, would you be able to provide your estimated market share?
   c. what do you think is the typical level of discounting between your posted retail prices and the prices paid by customers?

It is well understood that there are substantial commercial sensitivities around your share and pricing strategies. Any information collected will only be published on an aggregate basis (a single view of the region) to ensure that this confidentiality is preserved.

As noted above, NZTA's reporting requirement is quarterly, so if you are able to provide any of the above information, it would be in quarterly batches.
We'd be grateful to hear from you on the questions above by the end of this week (28 September) if possible. If you have any questions on any of the points above or want to discuss anything, please let me or [information withheld] know (I am on leave from midday Thursday and for the following week).

[Information withheld under section 9(2)(a) of the OIA]

Regards,

[Information withheld under section 9(2)(a) of the OIA]

Principal Advisor
Ministry of Transport – Te Manatū Waka

T: [information withheld]

Ensuring our transport system helps New Zealand thrive