



MOTOR TRADE ASSOCIATION

Submission to
Ministry of Business, Innovation and Employment
On
Review of New Zealand Oil Security

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Ministry of Business, Innovation and Employment
OilSecurity@med.govt.nz

To whom it may concern,

Submission on Review of New Zealand Oil Security

From:

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The contact person in respect of this comment is:

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Yours sincerely

A handwritten signature in black ink, appearing to be 'LJahnke', with a small horizontal line extending to the right.

Liezel Jahnke for:

Dougal Morrison
Advocacy and Training General Manager

Introduction

1. The Motor Trade Association (Inc) (MTA), which represents about 4,100 businesses within the automotive industry and allied services, takes this opportunity to convey our views on the Ministry of Business, Innovation and Employment's Review of New Zealand Oil Security (the review).
2. Members of our association operate businesses including automotive repairers, collision repairers, service stations, vehicle importers and distributors and vehicle sales. Our members also employ in excess of 40,000 staff.

General comments

3. MTA supports this review as another step towards effective contingency planning to respond in the event of a fuel supply emergency in New Zealand. The approach of having a suite of options available as required is pragmatic and allows flexibility to respond appropriately to a given emergency situation.
4. Service stations provide essential services that help to keep New Zealand communities and the economy functioning. In the event of a significant disruption to the workings of the fuel supply chain, it will be in the interest of government, the public and industry to respond effectively to manage the situation. This is particularly relevant for domestic supply disruptions. Implementation of demand management measures such as the Restricted Purchasing Scheme will rely heavily on the capacity of service stations to implement it on the frontline and the Government must ensure that the industry works together equitably and constructively in this regard.

International supply disruptions

5. MTA supports the following proposals in the review aimed at addressing international supply disruptions.
 - Continue New Zealand's membership of the International Energy Agency (IEA) and meeting of its associated obligations.
 - Continue to meet IEA stock holding obligations through government ticket contracts.
 - Recover the cost of the ticket obligations from the Petroleum or Engine Fuel Monitoring Levy (PEFML) on petrol, diesel, ethanol and biodiesel.

Domestic supply disruptions

6. MTA represents around 80 percent of service stations in New Zealand, particularly supporting independent retailers. The changing fuel retail market is seeing fuel supply companies rationalising their downstream involvement and having more distant relationships with independent operators through the growth of third party suppliers. In the event of a supply disruption, there is some concern that fuel supply companies could focus on providing assistance to their own company owned and operated retail sites, which will generally already be better resourced to cope, leaving many independent operators to grapple with the disruption on their own with less information, resources and support.
7. MTA supports the proposals identified by in the review aimed at addressing domestic supply disruptions, subject to government oversight to ensure any response or restrictions are applied even-handedly.