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Energy Markets Policy
Building, Resources and Markets
Ministry of Business, Innovation & Employment
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MTA feedback on Fuel Industry Amendment Regulations 2022

Introduction

The Motor Trade Association (Inc) (MTA) was founded in 1917 and in 2017 celebrated 100 years of trust with the NZ motoring community. MTA currently represents approximately 3,800 businesses within the New Zealand automotive industry and its allied services. Members of our Association operate businesses including automotive repairers (both heavy and light vehicle), collision repair, service stations, vehicle importers and distributors and vehicle sales. The automotive industry employs 57,000 New Zealanders and contributes around \$3.7 billion to the New Zealand economy.

Submission

Given the very short time frame to provide meaningful feedback on the proposed amendments to the Fuel Industry Regulations, our submission is correspondingly condensed.

We also note that Industry participants have raised concerns about pre-paid fuel excise duty (that is, duty paid on fuel delivered immediately prior to the announced reduction in excise). We understand that this matter is being considered separately to the development of the Draft Amendment Regulations.

We are disappointed that the impact on independent fuel resellers has not been directly addressed, despite assurances from Minister Woods that fuel excise duty (FED) reduction was not intended to disadvantage service station owners.

MTA would like to reiterate our previous concerns that independent resellers have not been given due consideration for the role they play in providing market competition. The protections afforded by the Fuel Industry Act fall unevenly across the retail sector and exclude up to half of those businesses.

The recent decision to reduce FED (paid by suppliers), combined with the expectation that these savings would be passed onto consumers, has placed many independent resellers in a precarious financial situation with respect to cashflow.

Many of these service stations had received deliveries of fuel just prior to the FED reduction and because they had to pass on the FED change, found themselves being disadvantaged by several thousands of dollars with little or no recourse to seek compensation from their fuel supplier.

The retail fuel sector has been affected by the Covid pandemic because as essential services they were required to continue operating with vastly reduced customer volumes. These businesses suffered from reduced fuel volume sales but no reduction in operating costs. We have heard from many who have drained their cash reserves to keep their doors open to their communities.

Having to absorb several thousand dollars resulting from passing on the FED decrease places further severe pressure on their cashflow.

We understand that these proposed amendments are intended to ensure that the FED savings are passed on to consumers but there is no corresponding process for ensuring that independent resellers can recover their losses.

The impact on independent resellers needs to be addressed urgently.

MTA appreciates the opportunity to submit on the Fuel Industry Amendment Regulations 2022 draft for consultation.

Yours sincerely,



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