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21 April 2026

[redacted]

Kia ora [redacted]

Official Information Act request 25.216

Thank you for your email received on 2 April 2026. This followed our response to your request for information under the Official Information Act 1982 of 15 March 2026 regarding fuel price reporting schemes (our ref 25.200).

We were unclear what additional information you were seeking so on 9 April 2026, our Head of Fuel and Dairy, Louise Stephenson, telephoned you to discuss. It was agreed that your new request was for the document "*Fuel Strategy Refresh 2023*".

Please find this document attached.

Further information

We hope this response has been helpful. If you have any questions about this response, please do not hesitate to contact us at oia@comcom.govt.nz.

If you are not happy with our response, you have the right to complain to the Ombudsman. Information about how to do this is available at www.ombudsman.parliament.nz.

Finally, confirming the Commission may publish this response on our website as part of our proactive release process. Any personal information will be redacted prior to publication.

Ngā mihi nui

[redacted]

Irené Kilford
Senior Advisor | OIA & Information

Fuel Strategy Refresh 2023 - finalised 3 Nov 2023

Part 1: Where do we want to get to?

	Competition in fuel markets is dynamic and delivers value for consumers							
	Dynamic wholesale competition				**Dynamic retail competition**	**Consumers**		**Profitability**
Performance dimensions	**Wholesale margins** reflect workable competition	**Distributors** are active in the wholesale market and **drive wholesale competition**	**Dealers** are active in the wholesale market and **drive wholesale competition**	The **TGP regime** supports an active wholesale market	**Retail margins** reflect workable competition	**Consumers make informed, active choices**	Consumers are satisfied with **non-price outcomes**	Fuel industry **profitability is not excessive**
Optimal state (5-star / perfect performance)	Dynamic wholesale competition constrains wholesale suppliers from earning excessive margins. As such, wholesale prices reflect wholesale costs.	Distributors actively and regularly test the market for better terms for their fuel supply. This is supported by: • an ability and willingness to switch or source supply from multiple sources; and • having the right information to consider the opportunities (eg, transparent information about price and non-price terms being offered by their current and competing wholesalers).	Dealers have regular opportunities to revisit their supply arrangements and test the market. This is supported by: • an ability and willingness to switch; and • having the right information to consider the opportunities (eg, transparent information about price and non-price terms being offered by their current and competing wholesalers).	TGP prices reflect costs and the TGP regime: • Provides an additional or alternative source for fuel for resellers looking to open a new retail site or supplement their contracted supply • Provides valuable competitive benchmark information for industry and government. In turn, the TGP regime supports resellers in negotiating wholesale contracts and spot purchases (whether on or off-TGP).	Vigorous retail competition, including through new entry, constrains retailers from earning excessive margins. As a result, retail prices reflect the cost to the retailer of retailing fuel.	Consumers understand the choices available to them (including in relation to discount and loyalty programmes) and make decisions in their best interests. These decisions in turn promote competition by sending clear feedback to retailers.	Consumers are satisfied with the non-price aspects of buying fuel. This includes accessibility of convenient fill-up locations and range/quality of services offered by fuel retailers.	Fuel industry participants do not earn excessive profits (noting that it may be appropriate for a business to earn an above normal profit in the short term – eg, as a reward for innovation or investment).
Tomorrow state (where we want to be 5 years from now)	We have confidence that wholesale prices have started moving towards wholesale costs. (Noting that as volumes decrease due to reduced fuel demand, margins may legitimately increase.) **4 stars**	As contracts come up towards their 5-year max terms, see observe: • Distributors actively testing the market (eg, through tenders). • Wholesale suppliers competing strongly for distributor contracts as they come up for renewal. **4 stars**	We have a better picture of how dealers are faring and the role they are playing in supporting wholesale competition. We are well placed to identify further actions/interventions that would aid dealers in supporting competition. Dealers have a better understanding of the options available to them, and their rights under the Fuel Industry Act. Dealers are becoming increasingly confident in seeking better terms from their current and competing wholesalers. **3 stars**	We have confidence that TGPs are consistent with what we would expect in a workably competitive market. As a result, the TGP regime supports resellers in negotiating wholesale contracts and spot purchases (whether on or off-TGP). In the event that we are not confident that TGPs are consistent with what we would expect in a workably competitive market, we have a clear view on what to do next. **4 stars**	We have a strong understanding of retail margins and how they vary by business model and geographically. We have confidence that retail prices have started moving towards retail costs – particularly for distributor and importer owned sites. (Noting that as volumes decrease due to reduced fuel demand, margins may legitimately increase.) While we aren't going to get vigorous competition everywhere, and so in some places retail prices will continue to be above retail costs, we have identified and shined a light on where this is the case.	Consumers' understanding of the choices available to them (including in relation to discount and loyalty programmes) has improved. We are confident that all retailers are compliant with price board requirements. **4 stars**	Consumers are generally satisfied with the non-price aspects of buying fuel. This includes accessibility of convenient fill-up locations and range/quality of services offered by fuel retailers. **4 stars**	We have updated our view on fuel industry profitability post-market study. Excess profits have reduced – but we do not expect to have eliminated them. **4 stars**

					4 stars				
Current State (where we are as at September 2023)	Wholesale margins continue to appear high. They have not significantly reduced from 2019 levels. **1.5 stars**	We have seen encouraging signs that the wholesale market has opened up for distributors, with many shopping around for new / additional sources of supply. **2.5 stars**	Many dealers remain tied to long-term, exclusive supply contracts with limited prospect of switching. Price transparency for dealers has improved, but room remains for pricing methodologies to be more transparent. **1.5 stars**	TGPs appear high and: • Do not appear to be viewed as a viable source of supply by most resellers • Are of limited benchmark value (although, they do provide a publicly observable reference point for use in wholesale pricing methodologies) • Do not appear to be constraining wholesale contract prices. However, there are signs that the TGP regime has: • supported distributors in gaining wholesale contracts where they have previously been refused; • supported distributors in obtaining spot purchases (outside of TGP). **1.5 stars**	We do not have a good understanding of retail margins (as distinct from importer margins). However, we suspect that: • Dealers' retail margins are typically small • Distributors' retail margins vary from site to site but are generally high. • Retail margins for importer-owned sites vary from site to site but are high (when using wholesale contract prices as a proxy for an internal wholesale transfer price). **2 stars**	We do not have a good understanding of consumer purchasing decisions. However, we suspect that: • Consumers often do not understand the savings available to them by shopping around • Consumers often focus on the size of discounts rather than net prices • Other consumers, on the other hand, may knowingly opt to go to a more expensive retail site for legitimate reasons (eg, convenience, non-fuel offering, company fuel card, etc). **2.5 stars**	Consumers are generally satisfied with the non-price aspects of buying fuel. This includes accessibility of convenient fill-up locations and range/quality of services offered by fuel retailers. **4 stars**	We do not have an updated view of profitability post-market study. **1.5 stars**
Past state (where we were at the time of the 2019 market study)	Evidence that wholesale margins have been relatively high and increasing, suggesting wholesale competition is not as effective as it could be. A number of recommendations were made to address the lack of an active wholesale market. **1.5 stars**	Wholesale supply relationships, including restrictive contract terms between the majors and resellers, limit resellers' ability to switch supplier. Distributors struggled to source fuel from importers to expand into new areas. **1.5 stars**	Wholesale supply relationships, including restrictive contract terms between the majors and resellers, limit resellers' ability to switch supplier. The high margins earned in the industry are largely captured by major and distributors, with dealers operating on low margins (reflecting relatively high wholesale prices paid by dealers). **1 star**	A spot market for fuel did not exist (although some spot sales did take place – but not facilitated through a 'marketplace' as TGP provides). The 2019 market study recommended establishing a TGP regime (including a regulatory backstop). **0 stars**	In some cases, regional variations in retail fuel prices could partly be explained by differences in costs or taxes. In many cases, regional differences in retail fuel prices reflect variations in local competition. Prices in Wellington and the South Island, where all fuel originated from the majors, were relatively high. **2 stars**	Proliferation of loyalty programmes makes it difficult for consumers to compare offers, and can soften board price competition. Consumers may be better off with offers with fewer non-price benefits and lower board prices. Consumers may think they are getting a good deal due to the size of the discount offered even though the board price is higher. Consumers were not well-informed about the pricing of premium fuel, which is not listed on price boards. This may contribute to the higher margins earned on premium fuel. **2 stars**	The market study did not identify any significant concerns in this area. **4 stars**	Wide range of evidence indicating persistent and increasing excess profits earned since 2011/12 and expected to continue. Included backward-looking (eg ROACE vs WACC; importer margins) and forward-looking (eg business case projections) measures. **1.5 stars**

Part 2: What are we going to do to close the gaps?

	Competition in fuel markets is dynamic and delivers value for consumers							
	Dynamic wholesale competition				Dynamic retail competition	Consumers		Profitability
Performance dimensions / industry success factors	**Wholesale margins** reflect workable competition	**Distributors** are active in the wholesale market and **drive wholesale competition**	**Dealers** are active in the wholesale market **drive wholesale competition**	The **TGP regime** supports an active wholesale market	**Retail margins** reflect workable competition	**Consumers make informed, active choices**	Consumers are satisfied with **non-price outcomes**	Fuel industry **profitability is not excessive**
Activities *To date*	**Monitoring/understanding**: We have been building a picture of *importer* margins, which are the difference between retail prices and costs of importing fuel (cf wholesale margins, which are the difference between wholesale prices and wholesale costs). **Reporting and media**: We have been shining on *importer* margins through our quarterly reports, and associated media releases. **Industry engagement:** We meet regularly with importers (less frequently with other wholesalers), and use these meetings to test our understanding of what our analysis of ID data is showing. We recently wrote to importers asking them to explain how they set prices and the reasons for the observed retail price variation. We have amplified the pressure through media releases and interviews.	**Monitoring/understanding**: We have been building an understanding of levels of switching and multi-sourcing, as well as wholesale contracts. **Reporting and media:** Our approach to date has been characterised by putting out quarterly reports, which provides distributors an opportunity to assess how they are faring compared to averages. **Industry engagement:** We have been meeting with distributors approx. 6 monthly to get their assessment of how things are going. **Enforcement**: we have been reviewing importers' wholesale contracts for compliance and following up with where we identify potential compliance issues.	**Monitoring/understanding**: Our monitoring of dealer outcomes and the role they play in supporting competition is limited. **Reporting and media:** Our reporting on dealer outcomes and the role they play in supporting competition is limited. **Industry engagement:** We have limited direct engagement with dealers. We meet occasionally with the MTA, which provides a window to dealer views. Dealers occasionally directly contact us about issues they are facing (often after being referred by the MTA). **Enforcement**: we have been reviewing importers' wholesale contracts for compliance and following up with wholesalers where we identify potential compliance issues.	**Monitoring/understanding**: We have been monitoring TGPs against a range of comparisons. **Reporting and media:** Our Quarterly Reports have been reporting on TGPs against a range of comparisons. We have signalled through these reports that TGPs appear high. **Industry engagement:** We meet regularly with importers, and use these opportunities to ask them to help us understand why their TGPs appear high. We recently wrote to importers asking them to review their TGPs in light of the s 29C test.	**Monitoring/understanding**: We have been building a picture of *importer* margins (cf retail margins, which are the difference between the cost of retailing fuel and the retail price). In particular, we have been analysing variations in retail prices (both within and between cities) to understand whether such variations are likely to reflect variations in costs or different competitive conditions. **Reporting and media**: We have been shining on *importer* margins through our quarterly reports, and associated media releases. We have also been reporting on variations in retail prices (both within and between cities), and our inability to explain these variations based on cost differences. **Industry engagement:** We meet regularly with importers (less frequently with other wholesalers), and use these meetings to test our understanding of what our analysis of ID data is showing. Recently we wrote to importers asking them to explain how they set prices and the reasons for the observed retail price variation. We have amplified the pressure through media releases and interviews.	**Monitoring/understanding:** • Our retail price analysis has revealed price differences within small areas that consumers could take advantage of. • We have monitored, assessed and responded to complaints relating to price board requirements. We have undertaken site visits to check compliance with price board requirements. **Reporting and media** Off the back of our reports, we have published media releases highlighting the opportunities that exist for consumers to save money by shopping around. **Engagement** We have engaged with retailers we considered may be non-compliant with price board requirements. We have published guidance on complying with price board requirements.	We have not pursued any specific activities focused on understanding, or promoting, non-price consumer outcomes.	**Monitoring/understanding:** We have not carried out any profitability analysis since the 2019 market study. Although, some inferences about profitability can be drawn from margins analysis public reporting.

In future	**Monitoring/understanding**: We will start to monitor, and improve our understanding of, *wholesale* margins (cf importer margins). To help us understand how reasonable wholesale margins are, we will need to improve our understanding of wholesale costs (eg, terminal costs). Our level of confidence in our assessment will improve over time as we refine our understanding, including through putting it back to industry to help explain margins. **Reporting and media**: We will start to publicly report on wholesale margins, and will be able to ratchet up the public pressure we place on fuel companies to reduce margins as we become more confident in our assessment of margins. **Industry engagement**: We will engage with industry to put it back on them to explain their margins. We will start to meet more regularly with more wholesalers – not just the importers. **Identifying legislative opportunities:** in the course of our monitoring, we will seek to identify areas where legislative change may support closing this gap – eg, this could be changes to the ID requirements, or changes to the interventions in the FIA. We will consider appropriate opportunities to advocate for such changes.	**Monitoring/understanding:** We will continue to analyse switching and multi-sourcing from data provided to us under ID. As wholesale contracts come up for renewal, we will be interested in understanding how distributors renegotiate supply (for example, whether they actively undertake competitive tenders for supply). We will also review contracts with a view to identifying barriers to distributors competing. **Reporting and media**: We will increasingly draw out insights that are more useful/actionable for distributors (eg, the analysis we are currently doing that shows that wholesale prices tend to be lower for distributors who diversify their supply.) Will also look for opportunities to shine a light on any contract terms/practices that may be harming competition. **Engagement**: We will look for more direct ways of engaging with distributors about the opportunities that might exist for them. **Enforcement**: where we identify contract terms that are harming competition and may contravene the law, we will consider taking enforcement action. **Identifying legislative opportunities**: we will identify areas where legislative change may support distributors to more strongly compete, and will consider appropriate opportunities to advocate for such changes – including where enforcement is (likely to be) unsuccessful.	**Monitoring/understanding:** We will consider how we can use the data available to us, as well as intel gathered from dealers and other industry participants, to better understand dealer outcomes and the role they play in supporting competition. **Reporting and media**: We will increasingly draw out insights that are more useful/actionable for dealers. Will also look for opportunities to shine a light on any contract terms/practices that may be harming competition. We will consider reporting on dealer experiences – informed by industry intel. **Industry engagement**: We will look for more direct ways of engaging with dealers about the opportunities that might exist for them, and to better understand the challenges they face. This might include meeting more regularly with the MTA, encouraging dealers to come forward with issues and their experiences, and understanding what further information they might need to support them in negotiations with wholesalers (eg, info about their rights, worked examples of contractual terms/practices we'd be concerned about, or market analysis on prices/contract terms). **Enforcement**: where we identify contract terms that are harming competition and may contravene the law, we will consider taking enforcement action. In particular, we will consider testing s 19 as the key provision protecting dealers. (If successful, it	**Monitoring/understanding**: We have a project underway to refine our approach to monitoring TGPs (with a focus on estimating the TGPs we would expect in a WCM). We will report to the Division quarterly against our estimate. **Reporting and media:** We will continue to signal our assessment of TGPs through our reporting. But we do not expect this will be a focus of our messaging (in our reports or in the media). **Industry engagement:** We will continue to put pressure on importers to lower or justify their TGPs. Through this continued engagement, we will work to isolate the points of difference between us and importers. **TGP backstop:** If we do not see TGPs reduce to a level consistent with our WCM estimate, we will consider initiating an inquiry into whether TGPs should be regulated. **Identifying legislative opportunities**: If we do not see TGPs reduce to a level consistent with our WCM estimate, we will consider legislative alternatives to a TGP backstop inquiry. We will be ready to present these to the Minister/MBIE if appropriate.	**Monitoring/understanding**: We will start to monitor, and improve our understanding of, *retail* margins (cf importer margins). To help us understand how reasonable retail margins are, we will need to improve: • how we account for discounts • our understanding of cost of retailing (eg, establishing bands of cost ranges for different types/sizes/locations of sites). • our understanding of the roadblocks to new sites opening (eg, resource consent). **Reporting and media**: We will start to publicly report on retail margins, and will be able to ratchet up the public pressure we place on fuel companies to reduce margins as we become more confident in our assessment of margins. We could highlight areas where opportunities might exist for new entry. We could explore new ways to present this information, including using interactive maps. **Industry engagement**: We will engage with industry to put it back on them to explain their margins. We could also engage with local authorities about barriers to local competition that might be within their control. **Identifying legislative opportunities:** in the course of our monitoring, we will seek to identify areas where legislative change may support closing this gap – eg, this could be changes to the ID requirements, or changes to the interventions in the FIA. We will consider appropriate opportunities to advocate for such changes.	**Monitoring/understanding**: We will: • undertake work to better understand consumer purchasing habits/decisions, and how we can support these. • better understand discounting/loyalty programmes and the value they provide to consumers (we have just commenced some work on this) • be more active and visible in our monitoring of retail price boards **Reporting and media:** We will: • Be active in the media to help consumers understand how much money they can save and how (not just focusing on discount). [This could be supported by fact sheets or advertising campaigns?] • [Consider how we could support the development a real time price comparison solution (eg, similar to what the CMA has recommended)] **Identifying legislative opportunities:** in the course of our monitoring, we will seek to identify areas where legislative change may support consumers to make more informed purchasing decisions. For example, legislative changes could facilitate the development of a price comparison app, regulation of discounting or display of discounted prices on price boards, and/or helping consumers	We don't see there as being much of a gap here for us to close. So don't propose to pursue any activities in this area specifically. Although, any work we do on better understanding consumer purchasing habits/decisions, may highlight issues in this space.	**Monitoring/understanding:** We recently started receiving annual disclosures of financial statements from wholesalers and distributors under the ID requirements. These may shed some light on profitability, but are unlikely to tell the full story. **Reporting and media:** Once we have analysed financial statements, we will consider what we can publicly signal about profitability. **Industry engagement**: We will engage with industry to put it back on them to explain their profitability. We are likely to prioritise this activity over public reporting on profitability until we build a better understanding. **Identifying legislative opportunities:** in the course of our monitoring, we will seek to identify areas where legislative change may support closing this gap – eg, this could be changes to the ID requirements, or changes to the interventions in the FIA. We will consider appropriate opportunities to advocate for such changes.

			may make it easier for dealers to take their own action in future; if not, it would provide evidence for stronger legislative protections.) **Identifying legislative opportunities**: we will identify areas where legislative change may support dealers to more strongly compete, and will consider appropriate opportunities to advocate for such changes.			understand the fuel grade their car requires. **Enforcement**: take enforcement action (under the FIA or FTA) where non-compliant price display limits consumers ability to make informed purchasing decisions.		

Notes on the star ratings

- The star ratings are an attempt to provide a quick visual indicator of the market's performance on each dimension.
- The optimal state is the 5-star state.
- The difference between the star rating of the current state and future state helps indicate the size of the gap between where the market is and where we want to be.
- The star ratings (and gaps between them) are not necessarily an indication of importance/priority – they just reflect the gap between the current state and where we want to be in 5 years. For example, we might decide that working to close a small gap in one performance dimension (eg, to move from 3 stars to 4) is a higher priority that trying to close a much bigger gap in another performance dimension (eg, to move from 1 star to 4) because of the relative importance of those performance dimensions. This would mean we might prioritise closing a smaller gap in a more important performance area before turning our efforts to closing a larger gap in a less important performance area.

Themes emerging