



Office of Hon Simon Bridges

MP for Tauranga
Minister of Energy and Resources
Minister of Transport
Deputy Leader of the House

Associate Minister for Climate Change
Issues
Associate Minister of Justice

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Dear

I am writing to all retailers who import fuel in New Zealand to record my strong focus on recent movements in retail petrol and diesel prices relative to the cost of crude oil.

As you know, my officials regularly record and report on daily importer margins for regular petrol and diesel. While these measures may not capture all relevant information about retail prices across the country, I consider short term movements in those margins to be an important indicator of the competitive performance of the market.

I was therefore disappointed to see the significant increases in petrol and diesel importer margins during the last few months of 2014. I accept that the rapid fall in importer costs was unusual, but I consider the corresponding retail price adjustments were slow and margin levels too high for too long. From my perspective, and that of the motoring public, such a lag does not indicate an entirely vibrant competitive market.

I am pleased that importer margins have fallen back somewhat this year, but I want to be very clear about my expectation that the benefits of falling input costs must be passed onto consumers more quickly and fully in the future. Obviously, if this does not occur, I will assess my options.

I would appreciate hearing back from you and understanding more fully your perspective on these issues.

Yours sincerely

Hon Simon Bridges
Minister of Energy and Resources