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## **Comments on The Auckland Plan – Auckland Unleashed**

From Z Energy  
3 Queens Wharf  
WELLINGTON

Via email

### **Introduction**

Z Energy Limited (Z) is a New Zealand energy company, owned by the New Zealand Superannuation Fund and Infratil. Z operates only in New Zealand and is – directly and indirectly – owned by the people of New Zealand.

Z has a strong commitment to helping achieve positive outcomes in New Zealand in a range of ways, including:

- through investment in critical energy infrastructure
- through helping improve national economic performance
- through investment in local communities
- through the reliable and safe delivery of energy for New Zealand
- through constructive and transparent engagement with stakeholders
- through advancing more energy efficient and sustainable energy solutions.

Auckland Unleashed is an aspirational document and Z shares the commitment within it to enhancing the city of Auckland for the benefit of the people that live there, for the rest of the country and for future generations.

This is a short document introducing our company to the new Council and providing high level comments on the plan. As a new Kiwi company, Z would like for this document to form the starting point for sustained future engagement with Auckland Council on the development of New Zealand's largest city.

### **Introducing Z**

In April 2010, the Guardians of New Zealand Superannuation and Infratil purchased the downstream retail fuel assets from Shell New Zealand for NZ\$695 million.

The business is now known as Z Energy and a rebranding project is underway to ensure that the local ownership of this business is reflected in its visual identity.

Z is the largest fuel retailer in New Zealand, supplying around one third of the country's total fuel requirements and owning the following core assets:

- a 17 per cent stake in the New Zealand Refining Company, including the pipeline connecting the refinery to Auckland and the country's largest fuel terminal at Wiri
- a national network of 226 retail service stations
- around 100 truck refuelling points across the country
- terminals, pipelines and associated fuel infrastructure across the country including at most of the main ports.

While Z's retail presence is the most visible part of its operations, around half of the company's total fuel volumes comes from supplying commercial operations – airlines and airfields, trucking and freight companies, trains and a range of ships from fishing fleets to ferries and cruise liners.

Z also supplies bitumen for the purpose of road construction and maintenance in New Zealand and is the sole supplier of marine fuels to domestic and international vessels in Auckland through a dedicated barge which carries marine fuel oil between the NZRC and Auckland.

Auckland is Z's largest market and the infrastructure which the company owns a stake in within Auckland city is the most significant and important in the country. The company has an established track record of leading investment in Auckland, which the company intends to continue.

As a Kiwi-owned company operating in an established market and competing against international companies, Z seeks to operate in a markedly different way to its competitors. Z seeks to set new standards in the transparency of its communications, to actively contribute to discussion and debate about issues that matter and to lead innovation, particularly in the areas of improving the energy efficiency and sustainability of transport fuels and in leading investment in infrastructure.

Z's primary business is in the provision of non-renewable transport fuels. In the long term, looking decades into the future, this will not be a sustainable business model and the company is committed to the development of alternative fuels, clean technologies and increased energy efficiency.

### **The goals of Auckland Unleashed**

Z supports the proposed goals of Auckland Unleashed and the vision for Auckland as the Most Liveable City. On an ongoing basis, Z would like to contribute to the realisation of these goals in the areas in which it can most obviously make a difference.

### **Transport**

Our business at the moment is all about transport – we keep the country and the economy moving. We are open to new ideas as to how we can help develop more efficient transport options. It is clear that inefficiency of the current transport system is one of the city's most pressing problems, draining productivity and adding unnecessary cost into the city's (and the country's) economy.

As a new energy company, Z will support investment in public transport solutions. One of Z's shareholders, Infratil, owns and operates bus services in the city and Z is

interested in partnership opportunities where the company can provide transport and energy-related infrastructure solutions that advance Council objectives.

### **Infrastructure investment**

Z is committed to investment in Auckland's transport and energy-related infrastructure in three important ways:

- investing in the existing critical energy infrastructure that keeps the city and its economy moving and in keeping this infrastructure modern, efficient, reliable and safe
- investing in ensuring the transport fuels are available to support the growth of the city and its population
- investing in Auckland's energy and transport future, including investigating and advancing the development of alternative fuels, new transport technologies and their supporting infrastructure – for example, biofuels, electric vehicle charging stations.

### **Economic growth**

In the first year since purchasing the Shell business, Z has invested substantially in its business and in the New Zealand economy, creating around 50 new jobs – a number of which were returned to New Zealand from offshore.

Over the first year, Z has invested in several brand new retail service stations at a cost of \$2 - \$3 million apiece in growing urban markets, including in Waiuku and Northshore in the greater Auckland region.

The company has also invested in refuelling assets for its commercial customers.

Z is committed to continuing to invest in the growth of the business and to ensuring strong returns for the company's shareholders. With returns from the business now retained within the New Zealand economy, Z's objectives are tightly aligned to a strong national economy.

Z will continue to look for commercial opportunities to invest within the Auckland region, including in partnerships with other organisations.

### **Asset management / security**

The NZRC, the 170 kilometre long Wiri-to-Auckland pipeline, the Wiri fuel terminal and the Wiri-to-Airport fuel pipeline are arguably the most critical pieces of New Zealand's fuel supply chain, and all of them centre on Auckland.

These assets are critical in the secure supply of fuel to New Zealand and their continued safe operation underpins many of the goals of the plan.

As a shareholder in these assets, Z is committed to ensuring these assets continue to be operated and maintained in accordance with the very highest, world class safety standards, and that contingencies are available in so far as possible. Z is committed to ensuring that the required investment is made in the maintenance and safe operation of these assets.

It is important to Z as a local company, that the significance of these assets to Auckland and to the rest of the country are fully understood by policy makers at a central level and in Auckland. It is important that the security and safe operation of these assets is in no way compromised by policy decisions taken at any level – for example through allowing future development to encroach upon operational areas.

### **Energy efficiency**

Being the Most Liveable City will require the minimisation of emissions from the combustion of transport fuels – both from the perspective of human health and to reduce unnecessary emissions of greenhouse gases.

Z is aware that New Zealand can use valuable transport fuels much more efficiently and is interested in how this might be facilitated. A properly tuned car with correct tyre pressure, driven carefully can save up to 20 per cent on a fuel bill, for example.

In a higher priced fuel environment a 20 per cent fuel reduction through these simple measures equates to around 40 cents per litre.

Z feels a responsibility to help its customers reduce their own fuel consumption and, in doing so, their own emission profile. Z has committed to contributing to a lower emission transport future.

### **Clean technology / alternative fuels**

Within the last six months Z has actively sought to bring a biodiesel product to the mass retail market. The economics of biofuels remain very challenging but Z is committed to making the investment in renewable fuel production for New Zealand.

A strong biofuel offer in the Auckland region is consistent with the proposed goals for the plan and Z would be interested in discussing plans and developments in the renewable fuel space with Auckland policy makers in the future.

Z believes there are opportunities for partnerships and joint ventures in biofuel production and distribution and holds a great deal of intellectual property in relation to how a biofuel programme might be successfully developed. It would be sensible for any biofuel production on a meaningful scale to be located in the greater Auckland region.

Additionally, Z has recently installed the first electric vehicle charging station in a New Zealand service station and is interested in the investment opportunities to support the inevitable arrival of more electric vehicles in New Zealand.

### **Natural hazard management / emergency response**

The recent tragic events in Christchurch have clearly demonstrated the need for a well co-ordinated emergency response between industry and local authorities.

Z Energy played a leading role in sustaining the flow of fuel into Christchurch post the September and February earthquakes and would welcome the opportunity to deepen relationships in crisis management with Auckland authorities.

Given the nature of the infrastructure that the fuel industry operates in and around Auckland, Z is again very interested in these assets and the emergency response protocols around them being fully understood by the Auckland Council.

### **Conclusion**

As a leading New Zealand company with a strong presence in Auckland and providing essential services to the city's people, Z is pleased to take this opportunity to introduce itself to Council and to outline our areas of interest in the context of the Auckland Unleashed Plan.

We hope these comments are helpful to Council and provide a starting point for a deepening relationship that advances common goals between Council and Z Energy.

Thanks for the opportunity to make these comments.

Lindis Jones  
General Manager, Corporate  
**Z Energy**