



2 December 2014

George Mason
General Manager
Labour Inspectorate
Ministry of Business, Innovation and Employment
15 Stout Street
WELLINGTON

Minimum employment standards at service stations

Dear George

Thanks for your letter around retail service station workers having wages docked to cover customers' theft of fuel and your intention to audit this industry around minimum employment standards.

Like many Kiwis, I've been incredibly disappointed to see that this is occurring. Z bought the downstream fuel business from Shell in April 2010 and in the first year of operation we became aware that this practice also used to occur prior to the new ownership.

I'm taking the opportunity to make this letter public for people to read on Z's website and social media platforms because I want to be unequivocal, and to put a stake in the ground that this practice is completely unacceptable to me personally, and to Z as a brand.

Petrol drive offs and other forms of non-payment are about \$2 million per annum and this cost is covered entirely by Z as a company and not by any of the owner operators of our service stations.

In the recent media coverage around this issue, no complaints against Z have been identified, which is what I expect given the clarity of our policy and the clarity with which it has been communicated.

By way of example, on 12 December 2011 an email was sent from Z's Retail Sales Manager to all of the operators of Z service stations – the actual employers of site staff on Z forecourts - making Z's position on this matter clear. That email remains Z's position on this matter and it reads:

3 Queens Wharf
PO Box 2091
Wellington 6140
New Zealand

0800 474 355
z.co.nz

"Z Energy's policy regarding drive-offs should be clear to all of you but I want to take this opportunity to reiterate this policy so that there is no room for confusion.

If a customer leaves without paying, then Z Energy will reimburse you, the retailer, for the amount of the drive-off.

We do not condone you or your site managers deducting cash short-falls from the wages of your employees, even if site procedures have not been followed. In fact, in most circumstances this is not legal and you potentially expose yourself to legal action if you do this. If you are having issues with employees not following procedures, then they should be performance managed, rather than deducting cash from their pay.

The reputational risk to Z is simply too great in asking staff to pay for what is effectively theft, regardless of whether procedure has been followed or not.

Additionally, this is just not the way we want to do business.

If a staff member has failed to follow procedures and this has resulted in a drive-off and you can show that you are performance managing this individual then Z Energy will pay for the drive-off. You will not be out of pocket.

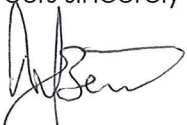
There are a couple of simple tests that should be applied in these situations;

- Is deducting cash from your employee's wages for a customer drive-off consistent with our brand values? No.*
- Would the wider public of New Zealand consider it an ethical way for an iconic New Zealand company to treat its people? No.*
- Would you like to be treated this way (particularly if you were working at or close to the minimum wage)? No."*

I can't put it much clearer than that, but I want everybody to know Z's position on this matter and for Z to be held to account for it. Furthermore, we said this three years ago.

I'm pleased you will be running your audit and we look forward to participating fully in it.

Yours sincerely



Mike Bennetts
Chief Executive