

# MEDIA RELEASE



**29 November 2017**

## **ACCC TO DELAY CONSIDERATION OF BP'S ACQUISITION OF WOOLWORTHS' SERVICE STATIONS**

At the request of BP and Woolworths (ASX: WOW), the ACCC has delayed its consideration of BP's proposed acquisition of the Woolworths' retail service station sites so that the ACCC can consider further information from the parties. The expected new decision date is 14 December 2017.

"This is a significant decision for the retail petrol market in Australia. The extension to the consideration period will allow the ACCC to consider further information from the parties," ACCC Chairman Rod Sims said.

"This potential transaction involves complex, extensive data analysis of fuel prices across all fuel sites in Australia over a number of years, and it's vital we take the time to thoroughly assess its likely impact."

### **Background**

The ACCC commenced a public review of the proposed acquisition on 15 March 2017. The ACCC released a Statement of Issues outlining preliminary competition concerns on 10 August 2017.

BP supplies fuel to approximately 1,400 BP-branded service stations throughout Australia. Of these sites, BP controls 347 sites. This includes 316 of BP's own network of sites referred to by BP as 'company-owned-and-company-operated' and 31 'commission agency' sites. Additionally, BP sets the price of diesel only at a further 34 'diesel commission agency' sites. At the remaining BP-branded sites prices are set independently by third-party site operators.

Woolworths Limited currently operates 531 sites and has 12 sites in development. Woolworths entered fuel retailing in the late 1990s, establishing service stations that offer fuel discounts to those purchasing groceries at its stores. In August 2003, Woolworths entered into an alliance with Caltex to operate dual-branded service stations. These dual-branded sites are operated by Woolworths and obtain all fuels from Caltex.

### *Authorisation Applications*

On 28 April 2017, BP lodged applications for authorisation on behalf of itself, Woolworths, and BP Resellers.

In addition to BP's proposed acquisition of Woolworths' network of retail service station sites, the Applicants have applied for authorisation to implement a shopper docket discount scheme and loyalty program at participating BP sites as part of the 'Commercial Alliance.' The conduct includes third line forcing and exclusivity arrangements between BP and Woolworths, and between BP and BP Resellers.

On 29 August 2017 the ACCC issued a Draft Determination proposing to grant conditional authorisation to BP. The conditions included that Woolworths and BP offer and comply with a section 87B undertaking acceptable to the ACCC which caps Woolworths' shopper docket and Woolworths Rewards loyalty program fuel discount offers to 4 cents per litre in total. The

ACCC will release its final determination on the applications for authorisation by 15 December 2017.

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