

## **A91580, A91581 & A91582 – BP Australia Pty Ltd & Ors - submission**

6 November 2017

This submission by Endeavour Petroleum is in response to the request for submissions: BP Australia Pty Ltd & Ors applications for authorisation A91580, A91581 & A91582 – interested party consultation, released by the ACCC on 1 November 2017.

We refer the ACCC to our previous submissions and telecom as listed below which detail our concerns in regard to reduced competition with the BP Woolworths acquisition.

### **Previous Submissions**

- September 25<sup>th</sup> 2017 – Endeavour Petroleum’s response to the ACCC’s request for submissions on local market issues for the BP proposed acquisition of Woolworths’ retail service station sites.
- September 5<sup>th</sup> 2017 – Endeavour Petroleum’s response to the ACCC’s request for submissions on your Statement of Issues for the BP proposed acquisition of Woolworths’ retail service station sites.
- April 11<sup>th</sup> 2017 - Endeavour Petroleum’s response to the ACCC’s request for submissions for the BP proposed acquisition of Woolworths’ retail service station sites.

### **Previous Telecom**

- September 21<sup>st</sup> 2017 - arranged with Georgia Zele
- July 28<sup>th</sup> 2017 - arranged with Joe Saunders

Up front, the Application is not a BP reseller submission. This is a BP oil company submission completed by their lawyers with no input from resellers or any consultation. We disagree with the findings and the recommendations as well as dispute the so-called facts.

BP state that the public will benefit from the expansion of the Shopper Docket offer from Woolworths sites by including BP COCO sites. If this is the case, then expanding the Shopper docket offer especially redemption of the discount to the Reseller networks will give the public far greater access to the discount as well as create greater downward price pressure.

BP have set targets that they are advising the ACCC they will reach in offering shopper docket discounts. This target is actually being used to reduce competitive price activity. The target is only Woolworths and BP COCO sites. BP will fund the discount by lifting their TGP to Reseller sites. Our business will not only end up funding their docket discounts, it will also not allow us to post competitive board offers thereby reducing our ability to drive market prices down. BP are intending to move volume away from our Reseller networks and move the litres to their Woolworths and BP COCO sites. They will also remove us as a viable competitor by ensuring we do not receive competitive fuel pricing. We have proof of this as BP continue to act in a manner of pushing fuel prices up as opposed to expanding discount offers.

BP have quoted that greater discount levels of 4 cpl could be justified by using their Tasmanian experience as a guide. That's laughable as BP was one of the main movers that drove retail margins to the highest levels possible in Tasmania. It was then very easy to offer shopper docket discounts from these inflated prices. BP manipulated the Tasmanian market by buying out independent BP sites, as well as taking control of all the Distributor owned sites so that they had absolute control of the retail network. They then reduced supply and price from the terminal so that competitors could not create any pressure. If not for United Petroleum acquiring retail sites and Bell Bay terminal, BP would've continued to rot this market.

BP raised Terminal investments is leading to downward price pressure. We note they have used Regional towns as the example especially North Queensland. Again, BP have distorted the facts. These terminals were upgraded for mining. The majority were Diesel only or works were focused on that product and not Motor Spirits. These terminals did not bring downward pressure on retail prices. BP have a very poor record on terminal upgrades in our major cities where the majority of the population lives. Look at Melbourne and Sydney where BP use aging poor infrastructure and limit supply using the condition of these facilities as the excuse.

Endeavour clearly wants to put on record the fact that if there is to be far greater competitive pricing of fuel then Reseller sites need to be released from their brand agreements with BP. If not, these sites will become less competitive as BP can post high TGP prices with no pressure on losing supply. By releasing these sites from this restrictive agreement, they will be able to seek better supply deals which will come from other companies including Caltex who will be looking to build their volume base after the loss of Woolworths. In addition, sites like ours will allow other oil companies to continue to invest in terminals which would now operate as the first level of price discounting. We also contend that BP understand that they have a high level of volume tied in to independent site owners. As these sites move out or away from their supply agreements, BP will face greater price pressure to hold supply. The gaining of the Woolworth sites allows them to gain a greater volume base so that they can now move volume away from the independent sector into their company network. They will achieve this by ensuring the independent cannot participate in market programs like shopper docket discounts as well moving their TGP prices higher to cut competitive price activity.

## **ENDEAVOUR PETROLEUM CONTACTS**

We encourage you or any employee of the ACCC to contact any of us should you require further information or points of clarification.

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