

MEDIA RELEASE



Australian
Competition &
Consumer
Commission

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ACCC PROPOSES TO AUTHORISE ROLL OUT OF WOOLWORTHS DISCOUNT PROGRAMS TO PARTICIPATING BP SITES

The Australian Competition and Consumer Commission has issued a draft decision proposing to grant conditional authorisation to a commercial alliance between BP Australia Pty Ltd, BP Resellers, and Woolworths Limited (ASX:WOW).

Authorisation would allow participating BP service stations to accept Woolworths shopper dockets and participate in the Woolworths Rewards loyalty program, if BP is successful in acquiring Woolworths' service stations.

"Customers value fuel-related discounts and loyalty programs. We believe giving consumers more opportunities to redeem shopper docket discounts and earn and redeem points through Woolworths' loyalty program will likely result in some public benefits," ACCC Chairman Rod Sims said.

However, the ACCC has long standing concerns that these kinds of fuel discounts can have anti-competitive effects if they are at a level that is unable to be matched by otherwise efficient fuel retailers.

"The ACCC considers that fuel discount offers in excess of 4 cents per litre could have longer-term effects on the structure of the retail fuel markets and that the detriments from reduced competition may outweigh any benefits," Mr Sims said.

To address this potential harm, the ACCC is proposing to grant authorisation on condition that the parties not offer fuel discounts from shopper dockets and the loyalty scheme in excess of 4 cents per litre in total.

These proposed shopper docket and loyalty scheme arrangements form part of a broader transaction between BP and Woolworths, where BP is proposing to acquire Woolworths' network of service stations. The ACCC is conducting a separate merger review of that proposed acquisition.

The proposed shopper docket and loyalty scheme arrangements will only occur if the proposed acquisition is completed.

The ACCC has not taken into account any detriments from a lessening of competition or any benefits resulting from the proposed acquisition as part of its assessment of the authorisation applications.

"The proposed acquisition by BP of Woolworths service stations is subject to separate consideration by the ACCC. This draft decision regarding authorisation does not in any way indicate the ACCC's view of the proposed acquisition," Mr Sims said.

The ACCC has published a Draft Determination on its website. The ACCC is now seeking submissions before making its final decision. Submissions should be provided to the ACCC by 18 September 2017.

The ACCC expects to release its final decision in October 2017.

Background

ACCC merger review of related proposed acquisition

On 10 August 2017 the ACCC released a [Statement of Issues](#) outlining the Commission's preliminary views on BP's proposed acquisition of Woolworths' petrol sites.

The ACCC proposes to release a final decision on the proposed acquisition on 26 October 2017.

Woolworths' undertaking on petrol discounts

In December 2013 [Woolworths \(and Coles\) provided court enforceable undertakings](#) in relation to their fuel discount offers following the identification of competition issues by the ACCC. The undertakings prevent Woolworths and Coles from offering discounts on fuel if the discount is funded from outside Woolworths' and Coles' petrol divisions and where the discount is more than 4 cents per litre and contingent on purchases made outside the petrol division.

Notes to editors

Authorisation provides statutory protection from court action for conduct that might otherwise raise concerns under the competition provisions of the *Competition and Consumer Act 2010*.

About the authorisation process:

- Generally, the ACCC can grant authorisation if it is satisfied that the public benefit from the conduct outweighs any public detriment, including any lessening of competition.
- The ACCC is required to publish a draft decision ('determination') in relation to an application. This is usually 3-4 months after receiving an application.
- The ACCC conducts public consultation with interested parties both before and after a draft determination.
- The applicants or interested parties may call a 'conference' to make oral submissions to the ACCC about the draft decision.
- The ACCC will generally release its final decision ('determination') 5–6 months after receiving an application. The ACCC expects to release its final decision in October 2017.

Further information about the applications for authorisation is available on the [ACCC Authorisations Register](#).

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