



4 May 2017

## **ACCC WILL NOT OPPOSE CALTEX'S PROPOSED ACQUISITION OF MILEMAKER**

The Australian Competition and Consumer Commission has decided to not oppose the proposed acquisition by Caltex Australia Petroleum (ASX:CTX) of a chain of Victorian service stations from Milemaker Petroleum.

Caltex is proposing to acquire 46 of Milemaker's sites in Victoria, around 30 of which are in metropolitan Melbourne.

Milemaker operates its sites as a Caltex independent franchisee, so from the point of view of consumers, they appear to be Caltex sites. However, because Milemaker sets retail fuel prices independently of Caltex, it is an independent competitor.

"Milemaker has a competitive pricing strategy. As a result, motorists that shop around can find cheaper fuel. This pushes other retailers to lower prices to remain competitive," ACCC Chairman Rod Sims said.

"We know from our ACCC petrol reports and market studies that prices are cheaper for drivers where there are vigorous competitors like Milemaker in the market," Mr Sims said.

"While the ACCC concluded that Milemaker contributes to downwards pressure on fuel prices in Melbourne there are also several other vigorous competitors with more Melbourne sites than Milemaker. We believe the presence of these retailers should limit this loss of competition and maintain competitive pressure," Mr Sims said.

"This was a difficult decision, as competition will be reduced. However, the small size of Milemaker and limited direct competitive overlap with Caltex led the ACCC to conclude that the effect on competition is not likely to be substantial. A 'substantial' lessening of competition is required for an acquisition to breach the Competition and Consumer Act," Mr Sims said.

The ACCC considered that a change in ownership of the sites in regional areas would similarly not be likely to substantially lessen competition in their respective markets.

The ACCC says it will continue to look at all retail fuel acquisitions closely, and in particular the potential acquisition of any other vigorous competitors in the Melbourne market.

### **Notes to editors**

Milemaker operates as a Caltex independent franchisee but sets its own retail prices (with the exception of diesel at some sites). Caltex or its agents set the price at around 59 sites in Melbourne, and in around a further 51 sites in other parts of Victoria. There are approximately 155 other Caltex branded sites in Victoria which Caltex and its agents do not operate and where Caltex does not generally set the price.

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