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LEGISLATIVE RESEARCH SERVICE  
DEPARTMENT OF THE PARLIAMENTARY LIBRARY

PETROLEUM RETAIL MARKETING SITES AMENDMENT  
(DIVORCEMENT OF OWNERSHIP) BILL 1986

Date introduced: 4 December 1986  
House: Senate  
Presented by: Senator the Hon. Janet Powell

DIGEST OF BILL

**Purpose**

To amend the Petroleum Retail Marketing Sites Act 1980 (the Principal Act) to prohibit oil companies from operating petrol retail sites.

**Background**

Company operated petrol stations have generally been established as self-serve outlets in high-volume metropolitan areas, and have been able to undercut the prices charged by conventional sellers.

On 30 October 1978, the then Minister for Business and Consumer Affairs proposed a package of measures designed to achieve a fair solution to problems of inequitable distribution and marketing policies within the petroleum industry. These measures included the prohibition of oil companies retailing petroleum themselves through direct sales sites, known as "divorcement", but a final decision was not to be made until there had been consultation with State Governments and the petroleum industry.

Lessee operators and independent owners charged that the oil companies were competing unfairly at the retail level by indulging in price discrimination and called for "divorcement" legislation.

In its Report on Prices Discrimination in the Petroleum Retailing Industry of May 1980, the Trade Practices Commission concluded that for most retail operators the problem was not one of price discrimination but rather of price competition, prompted by diminishing consumer demand and service station site rationalisation.

The **Petroleum Retail Marketing Sites Act 1980** implemented the Government's final decision to allocate a quota of site numbers to each integrated oil group in order to achieve a reduction of about 50 per cent in the number of retail sites over a two year period, rather than introduce total "divorcement".

In the Second Reading Speech to this Bill, Senator Powell stated that while petrol companies own only 5 per cent to 7 per cent of the total number of retailing sites in Australia, these account for 11 per cent to 18 per cent of the volume of petrol sold in Australia, enabling the companies to selectively generate "price wars" in given areas.

### **Main Provisions**

Section 10 of the Principal Act sets out the restrictions on the operation of retail sites at which motor fuel can be sold by a prescribed corporation in excess of the quota of site numbers specified for the corporation and members of its group. Clause 3 will amend the section to prohibit a prescribed corporation from operating a retail site on or after 1 July 1987.

For further information, if required, contact the Economics and Commerce Group.

9 March 1987

**Bills Digest Service**  
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This Digest does not have any official legal status. Other sources should be consulted to determine the subsequent official status of the Bill.

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