



# **OOFERS**

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## AUSTRALIA INC.

# **NEWSLETTER**

ISSUE NUMBER 4  
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## **OUR SYDNEY AGM GEARING UP FOR A GREAT FELLOWSHIP EVENT**

**Our first formal Annual General Meeting, to be held in Sydney on the 25<sup>th</sup> of May 2018, is once again promising to be another wonderful OOFER fellowship event.**

Our hotel venue – the Four Seasons, is one of Sydney’s great five star hotels, is situated within the Sydney Rocks Area, boasting wonderful views of Sydney Harbour and is just a five minute walk from Circular Quay.

Registrations are rolling in, with considerable interest being focussed on the ability of OOFERS to make a major contribution to the consolidation and future of our wonderful fellowship group.

The program for the day of the 25<sup>th</sup> May is:

- 10.00am: Board Meeting
- 12.30pm: Board Luncheon.
- 2.00pm: Annual General Meeting.
- 7.30pm: Sydney Harbour Dinner Cruise

The AGM will also enable the Board to reveal the results of the Ballot for all executive positions declared vacant at this meeting.

As a wonderful coincidence, the night of the 25<sup>th</sup> of May is the first night of the Sydney Harbour Light Festival, which will be a great bonus to see from our ‘Glass Boat’ dinner cruise which leaves from Circular Quay.

**It is not too late to make your booking. If you have lost your invitation, just give us a call or send an email request.**

**Bookings close 20<sup>th</sup> of April 2018**

## **WHILE OUR OOFER MEMBERSHIP IS GROWING THERE ARE STILL MANY WHO HAVE NOT YET REGISTERED**

As OOFERS are aware, at our May 2017 Cairns Reunion it was resolved to formally incorporate our group as a ‘Not for Profit’ company. As a consequence we will be holding our **first Annual General**

**Meeting in Sydney on the 25<sup>th</sup> of May 2018 in Sydney.** To enable you to be able to vote for all positions – Chairman, Deputy Chairman, Secretary/Treasurer plus four other Directors, you need to be registered. A registration form is attached below to this newsletter. Annual membership fee \$50. A great fellowship program is being put together, including a Sydney Harbour Dinner Cruise, **with bookings closing on the 20<sup>th</sup> of April 2018**

## **DAYS COVER FOR FUEL STOCKS CONTINUES TO SLIDE**

The International Energy Agency (IEA) in its most recent report once again draws attention to our serious threat of having only 23 days cover for petrols and 17 days cover for diesel, stating that “Australia was vulnerable to significant external supply shock. The country does not have public stockholdings and does not place minimum stockholding obligations on its domestic industry, the IEA said. The IEA report revealed that 11 of the 12 months of 2012 and for all of 2013 to 2017, end of month stock levels were below the 90 day level.

**The government’s stated strategy of returning the days cover for fuels to within the IEA mandate by 2026 is too far into the future, is far from being realistic and needs to be reviewed urgently.**

Our government seemingly fails to realize that it will take only one incident from a whole range of prospective incidents, (refinery breakdowns, tsunamis, terrorist actions) to place our entire economy at risk and our military defense ineffective.

APMN 3/3/2018



## **STATE GOVERNMENT PETROL PRICE MONITORING A FAILURE**

**State Government attempts to provide a public source of petrol pricing have proven to be an abject failure.**

The NSW government, the first to introduce a mandatory petrol price notification scheme, is already threatening to summons petrol retailers, or, have already done so, who do not comply, with hefty fines, in a scheme that is ineffective and does not provide a public benefit. All that such schemes do is provide an additional expense and administrative burden on the small business petrol retailers.

One has to wonder at times where governments receive their advice from, to persist with such a scheme that is of little public benefit.

As petrol retailers and price savvy consumers well know, the most reliable and effective source of retail petrol price information is from the apps that are freely available from the motoring associations and the independent fuel price monitors – Informed Sources. Their information sources are impeccable and do not require the administratively burdensome and unreliable government sources.

A recent inquiry into petrol pricing in Victoria determined, among other findings that: “There is no evidence that mandatory fuel price reporting schemes in Australia and overseas have reduced fuel prices.” However, there is a major caveat on consumer petrol price apps. How many people actually use them, even though they have them as an app?

Our view, admittedly still with limited research, is that less than 25% of motorists would regularly use their app to decide where to buy their petrol, with the major factor still being, as it always has been, convenience of location is the most prominent determining factor on where they purchase.

### **Competition Still has The Most Influence on Competition.**

As the ACCC has variously found in its numerous studies, it is a perceived lack of competition that is causing reseller prices and margins to rise. Other erstwhile bodies such as the motoring associations and the highly respected independent price monitor Motor Mouth, have also come to the same conclusion. While that may be part of the reason for increasing margins, we would suggest that is no answer to the perceived problem in that conclusion.

### **In the price hot spots of suggested margin gouging in the cities of - Hobart, Brisbane, Canberra, Darwin and some of the country regions, if lack of competition is the reason, what is the answer?**

Just because it has been found that the petroleum retail sector in some centres needs more competition, how is that gap going to be filled, which business enterprise is going to race in and fill the gap in what is one of the most fiercely competitive retail markets in the world?

The Informed Source's Motor Mouth Group recently published some interesting numbers relating to independent operators and were 'spot on the mark' when they assessed that the number of independents in any particular market significantly influences retail pricing. The more independents the greater the competition with creating downward pressure on pricing.

### ***Independents as a % of total market share.***

<b>Melbourne</b>	<b>9.2%</b>
<b>Sydney</b>	<b>7.2%</b>
<b>Adelaide</b>	<b>5.8%</b>
<b>Perth</b>	<b>4.2%</b>
<b>Brisbane</b>	<b>2.9%</b>

These are telling numbers and once more reflect on the doubtful wisdom of allowing the supermarket chains to retail petrol.

In summary, we once again offer the view, that simply identifying that the petrol retail market needs more competition, is not the remedy for increasing prices.

APMN 3/3/2018



## **CALTEX ABANDONS ITS RETAIL FRANCHISE MODEL**

**In a not unsurprising move, Caltex has decided to abandon its retail franchise model, converting all of its controlled stores to company operation.**

This significant change in its retail marketing sector follows an extensive review of its operation after its loss of its joint venture with Woolworths to BP (yet to be enacted) and being caught up in the Wages Fraud revelations of some of its franchisees.

The franchise industry has come under particular scrutiny in the last three years as franchisees in a number of industries, but more prominently in the oil industry, being detected underpaying their staff, with

franchisor companies being forced through the Fair Work Commission to repay millions of dollars to its franchisee staff.

The franchise model within the retail sector of the oil industry has been a ticking time bomb for quite some years as oil majors squeezed the profit returns of their franchisees to a point where some felt they needed to cut corners to remain viable.

Caltex set aside \$20 million for their franchisee staff wages reimbursement, with 7-Eleven having to pay out some \$55 million.

Whilst it is a perfectly reasonable move for Caltex to bring their controlled retail sites back under their own direct management, one hopes that their reimbursement of franchisee business they buy back borders on being generous. Loyal franchisees who have consistently done the right thing over the years deserve generous compensation for the loss of their business.

It remains to be seen how fair and reasonable Caltex can be in buying out their franchisees, with significant adverse publicity being the outcome if they attempt to squeeze too tightly their buy outs.

Caltex apparently propose to progressively bring the sites back in-house over the next three years at a cost of \$100 to \$120 million.

APMN 3/3/2018



## **BP DECISION ON WOOLWORTH'S RETAIL SITES ACQUISITION DUE SOON**

Apparently BP's decision on what further action it will take in its bid to acquire the Woolworths retail petrol network is due in a few weeks.

Speculation is that BP will go to court to challenge the decision of the ACCC not to permit its acquisition to proceed based on BP being a premium price marketer which would disadvantage consumers.

Such a decision also drifts into the area of 'price control' which the industry, governments, in a principle sense, do not support.

The other speculation nominated by this newsletter APMN, is that BP could chose to re-introduce its newly US acquired major brand AMOCO and run a two tier retail market. In our view, this would make a lot of sense and give BP great retail market flexibility and be designed to overcome ACCC concerns.

However, our guess is that they will try court challenge first.

APMN 3/3/2018



## ARE RETAIL MARGINS TOO HIGH?

**While there are no doubt areas where petrol retail margins have been pushed too high. However, on the ACCC's own evidence, in a general sense, it cannot be said they are at an excessive level.**

The ACCC's graph below indicating "Growth In Annual Retail Margins" (GIRD) over the past fourteen years from 5-6cents per litre to just over 12cents per litre, representing a percentage margin of around 5% or 6%, does not indicate excessive retail margins.

Interestingly, in the period prior to the ACCC commencing its monitoring retail margins were as low 1cpl, which further emphasised that a significant increment in margins was necessary.

Retail petrol prices, as all petroleum marketers well know, are distorted by big variances between the highs and the lows – sometimes as much as 30cents per litre in a single price rise.

**The so called "price cycles," which were an invention of the supermarkets, are irregular and inconsistent in their application. However, as a result of the supermarkets and their petrol marketing they have become a regular feature of the petrol market place. They have become such a feature within the Australian petrol retail market, that the motoring associations and many industry observers, treat them as if they are a product of international oil movements and ignore the fact they are a market pricing device manipulated in the main, by the supermarkets and major oil.**

The ACCC should be more measured and balanced in its comments on general petrol price rises and cease raising the concept that record reseller margins are unfair in the consumer market place. The ACCC urging consumers "to fight back" seems to give the impression that service station operators are some sort of pariahs, which is certainly unfair and simply untrue.

Interestingly, we have yet to see the ACCC pronounce what they believe is a reasonable retail petrol margin.

There will always be segments of the petroleum retail market that will drift into excessive margins and consumer gouging. These activities need to be monitored and stopped when they occur. Both predatory and exploitive market behaviour should not be tolerated and consumers protected against such activity.

While the ACCC has done an excellent job in monitoring the industry and undertaking investigations into what it feels is exploitive pricing, it has not stamped out the practice. Its investigations into alleged exploitive pricing have been undertaken months after the event and have all ended with the finding "insufficient competition." This is not the fault of the ACCC, through not having a government mandate to intercede.

In the meantime the consumer suffers.

Our long expressed view is that our petroleum industry increasingly cries out for a Petroleum Industry Ombudsman. An Ombudsman that has the power to order "Cease & Desist" on any activity not considered in the consumer interest.

This is not meant to in anyway suggest any form of price control, but through experienced and informed knowledge of the petroleum market, being able to immediately intercede with "Cease & Desist" orders where activity not in the consumer interest is promptly acted upon.

The Petroleum Ombudsman could also embrace other issues within the industry, such as monitoring:- Strategic Petroleum Reserves, Fuel Quality, the mandated Oilcode and the ineffective Dispute Resolution Adviser.

Importantly, we do not see the Petroleum Ombudsman role falling within the ACCC regime.

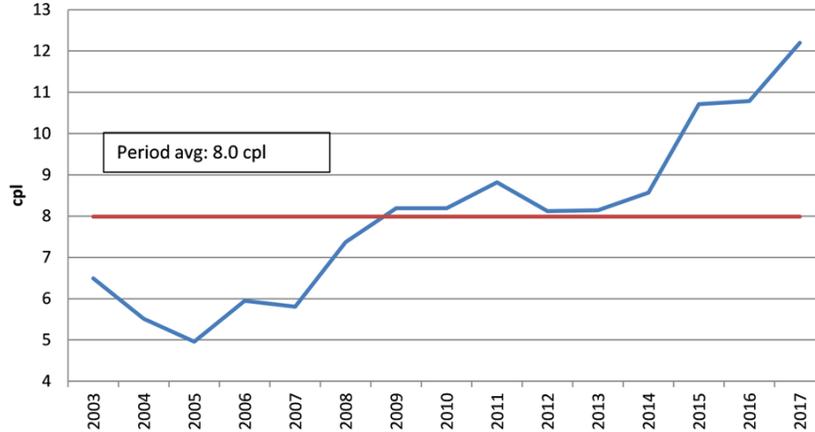
**As we move more and more to importing, currently running at 70% for diesel, our wholesale network being overtaken by large overseas petroleum companies and the retail market being**

increasingly dominated by major players, the role of an Petroleum Industry Ombudsman becomes more critical.

It is time for our motoring associations to cease being captive to the oil majors and their resistance to any form of control and bite the bullet on behalf of their membership and consumers generally, and urge the federal government to bite the bullet and appoint an Ombudsman.

APMN 3/3/2018

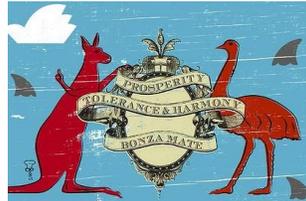
Annual average GIRDs in the five largest cities in real terms: 2003 to 2017



## DEAN PRADAL HANGS UP HIS DISTRIBUTOR BOOTS

Dean Pradal, the principal of the Trinity Petroleum Distributorship of Cairns in North Queensland has sold his long standing business to the global Japanese petroleum company – Indemitsu Kosan Co Ltd. This company will be remembered for its purchase of the Freedom Fuels and Matilda Brisbane distributorship companies in 2012.

Dean has had over (40) years with Trinity Petroleum and has always retained the Mobil banner in his North Queensland distributorship. Our understanding is that the Mobil relationship will continue with Indemitsu. Dean has always been an active supporter of OOFERS Australia and is currently one of their Directors.



**Aussie Etiquette...**

Aussie Bush Etiquette is recognized throughout the civilized world but we all need to be reminded from time to time.



### **In General:**

1. Never take an open stubby to a job interview...
2. Always identify people in your paddocks before shooting at them.
3. It's tacky to take an Esky to church.
4. If you have to vacuum the bed, it's time to change the sheets.
5. Even if you're certain you're included in the will, it's rude to take your ute and trailer to the funeral.

### **Eating Out:**

1. When decanting wine from the box, tilt the paper cup and pour slowly so as not to bruise the wine.
2. If drinking directly from the bottle, hold it with only one hand.

### **Entertaining at Home:**

1. A centerpiece for the table should never be anything prepared by a taxidermist..
2. Don't allow the dog to eat at the table, no matter how good his manners.

### **Personal Hygiene:**

1. While ears need to be cleaned regularly, this should be done in private, using one's OWN ute keys.
2. Even if you live alone, deodorant isn't a waste of money.
3. Extensive use of deodorant can only delay bathing by a few days.
4. Dirt and grease under the fingernails is a no-no, it alters the taste of finger foods and if you are a woman it can draw attention away from your jewellery.

### **Theatre/Cinema Etiquette:**

1. Crying babies should be taken to the lobby and picked up after the movie ends.
2. Refrain from yelling abuse at characters on the screen. Tests have proven they can't hear you.

### **Weddings:**

1. Livestock is a poor choice for a wedding gift.
2. For the groom, at least, rent a tux. A tracksuit with a cummerbund and a clean football jumper can create a tacky appearance.
3. Though uncomfortable, say "yes" to socks and shoes for the occasion.

### **Driving Etiquette:**

1. Dim your headlights for approaching vehicles, even if your gun's loaded and the roo's in your rifle sight.
2. When entering a roundabout, the vehicle with the largest roo bar doesn't always have the right of way.
3. Never tow another car using party hose and duct tape.
4. When sending your wife down the road with a petrol can, it's impolite to ask her to bring back beer too.

## **FREQUENCY OF REUNIONS**

The 2017 Cairns meeting resolved that the OOFERS Reunions would continue to be held every two years.

It being also further resolved that the previous requirement of every second reunion to be held in Melbourne be rescinded, although the next 2019 Reunion would be held in Melbourne.

It was resolved the 2021 Reunion to be held in Brisbane.

## **ANNUAL SUBSCRIPTION**

It was resolved in Cairns that a membership fee of \$50 per annum be introduced, which would entitle all such financial members being able to vote at all Annual General Meetings and any other meetings called under the constitution.

**Application for membership to become an OOFER will be as it is now, open to all current and retired distributor/wholesalers, wives, family, distributor staff and those closely associated with the wholesale sector of the oil industry.**

**MEMBERSHIP APPLICATION ATTACHED**

## **NOMINATIONS BEING RECEIVED NOW FOR THE OOFER AUSTRALIA AWARD.**

**The Chairman is now receiving nominations for the OOFER Australia Award for presentation at the Reunion to be held in Melbourne in May of 2019.**

If you are aware of someone who you feel deserves recognition for the award please read the guidelines for consideration for the award below and submit your nomination to the Chairman.

All nominations and their nominators are kept strictly confidential until the award is presented. However, the nominator's name is generally never revealed.



### **OOFER AUSTRALIA AWARD Qualification Criteria**

**The Award Recognises:**

**“ Exemplary and meritorious service to the community and wholesale sector of the petroleum industry in Australia.”**

**Eligibility:**

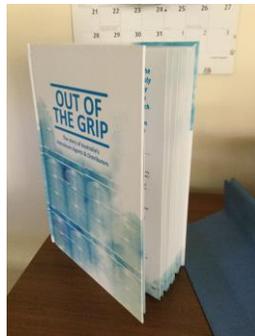
To have been nominated by any person from within or without the oil industry. The Nominator's name shall remain confidential. Each nomination will be considered and awarded by the OOFER Australia Award Council via its Chairman. A candidate for the award may come from any section of the community including – Petroleum Distributors/Agents/Wholesalers/Resellers, major oil companies and people who have given significant service the wholesale sector. As a guide only, the meritorious service by the nominee to the petroleum wholesale sector would generally have been provided over a minimum period of around twenty five years – plus. Each recipient must attend an OOFER Australia Reunion or other formal OOFER Australia function to receive their award, or in the case of illness or incapacitation, special presentation arrangements will be made. Each nominee or their nominator, will need to provide a brief – (one A-4 typed) of their history including community service and in particular, details and numbers of years of service to the wholesale sector and any service rendered to APADA or ACAPMA or other related industry body.

**The Award:**

The award is a necklet medallion and ribbon plus a Certificate for Meritorious Service to the Community and the Wholesale Sector of the Petroleum Industry. The recipient may wear the award at any OOFER Reunion Luncheon or function and any formal petroleum function including activities conducted by ACAPMA.

All nominations are to be forwarded to the OOFER Australia Chairman and will remain confidential. Once nominated, the Chairman will contact the candidate to advise them of their nomination/s, and if not already provided, request written detail of their service. Each nominee will be advised of the approval of their award which will remain confidential until the award's presentation at an OOFER Australia function – usually the OOFER Reunion Luncheon held every two years.

Further information may be obtained from the OOFERS Australia Chairman as detailed below.



## **HOW TO PURCHASE A COPY OF 'OUT OF THE GRIP.'**

### **THE HISTORY OF APAPDA/ACAPMA.**

The book/s may be purchased at around publication cost for \$50.00 plus \$10.00 postage from:

The Secretary/Treasurer  
OOFERS Australia  
Mr Ross Lake

P O Box 5034  
MILDURA VIC 3500  
Phone 0418 502 551  
Email: [ross.lake@tascopepetroleum.com.au](mailto:ross.lake@tascopepetroleum.com.au)  
For Payment by Direct Bank Credit:  
NAB Mildura  
BSB: 083 764  
A/c No: 64529 4413

## **OOFER AUSTRALIA OBJECTIVES**

Not unreasonably, many non-OOFERS have asked what we are all about, what is it that we do and what are our objectives. These are perfectly reasonable questions which may be answered by reviewing the undermentioned objectives within the Constitution currently being pulled together within our “not for profit” corporate entity. Although, these objectives, as they always are, are in a state of evolution and will no doubt change over time.

### **OOFER Australia Objectives:**

- a) **To provide opportunities for fellowship between the members.**
- b) **To create opportunities for the sharing of petroleum industry and general business information to the membership.**
- c) **To provide the opportunity for members to interact with one another for the benefit of each others’ business.**
- d) **To provide the opportunity to recognise members who have given ‘Exemplary and Meritorious Service to the Community in the Wholesale Sector of the Petroleum Industry in Australia’ through the award to be called the “OOFERS Australia Award.”**
- e) **The OOFERS Australia Award to be managed under the auspices of an OOFERS Australia Council which membership shall be comprised of Members who have received the OOFERS Australia Award.**

### **YOUR CONTRIBUTIONS TO OUR NEWSLETTER**

We would appreciate any contribution OOFERS or others, may make to future issues of this newsletter. Letters, photos, information, OOFER member activities, people info’ and oil industry bits and pieces.

We also recommend that you pass on this newsletter to other prospective OOFERS or any other interested party. **There is no subscription fee.**

**This newsletter is published by OOFERS AUSTRALIA INC A 'NOT FOR PROFIT' PETROLEUM FELLOWSHIP GROUP OF CURRENT AND RETIRED PETROLEUM WHOLESALERS and THOSE CLOSELY ASSOCIATED WITH THE SECTOR AND IS EDITED BY Kevin Hughes, Chairman of OOFERS Australia who may be contacted at:**

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**If you have not yet completed your membership registration**

**OOFERS REGISTRATION FORM BELOW**



# OOFERS

## AUSTRALIA INC.

A NOT FOR PROFIT PETROLEUM FELLOWSHIP GROUP  
OF CURRENT AND RETIRED WHOLESALERS and THOSE CLOSELY ASSOCIATED  
WITH THE SECTOR

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### MEMBERSHIP REGISTRATION.

Name: \_\_\_\_\_

Postal Address: \_\_\_\_\_

\_\_\_\_\_

Email: \_\_\_\_\_

Phone:- \_\_\_\_\_ Fax:- \_\_\_\_\_

Location of Distributorship/s Operated:- (Current or Previous)

\_\_\_\_\_

Major Suppliers:- \_\_\_\_\_

#### ANNUAL MEMBERSHIP FEE:

An annual Membership Fee of \$50 is due with this registration.  
Registered OOFER Australia members are entitled to attend all  
OOFER functions and vote at OOFER Annual General Meetings and  
any other meetings called by the executive and or OOFER Board of  
Directors.

OOFER Australia membership fees may be paid by direct bank credit  
to:

For Payment by Direct Bank Credit:

OOFERS Australia

NAB Mildura

BSB: 083 764 A/c No: 64529 4413