



Australian  
Competition &  
Consumer  
Commission

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Dear interested party

**Woolworths Limited – proposed acquisition of the Supa IGA supermarket in Hawker, ACT**

The Australian Competition and Consumer Commission (**ACCC**) is reviewing the proposed acquisition by Woolworths Limited (**Woolworths**) of the Supa IGA supermarket located in Hawker, ACT (**Hawker Supa IGA**) (the **proposed acquisition**).

The ACCC is considering the proposed acquisition under section 50 of the *Competition and Consumer Act 2010* (the **Act**). Section 50 of the Act prohibits mergers and acquisitions that substantially lessen competition in a market, or are likely to do so. A background to the proposed acquisition is provided at **Attachment A** to this letter.

The ACCC is seeking comments from market participants and interested parties to enable it to assess the likely competitive effects of the proposed acquisition. Specific issues and questions that you may wish to address are contained in **Attachment B** to this letter.

Comments and submissions are requested by close of business on **Monday 5 November 2012**.

Submissions should be sent electronically (preferably in PDF format) to [mergers@accc.gov.au](mailto:mergers@accc.gov.au) with the title "Submission re: *Woolworths proposed acquisition of a Supermarket in Hawker, ACT* (Attn: Cameron McKean)". Alternatively, submissions may be sent by facsimile to (02) 6243 1212.

Please contact us if you require an extension of time. You are also welcome to discuss the matter by telephone if that is more suitable or convenient by contacting Cameron McKean on (02) 6243 1006 or Braeden Smith on (02) 6243 1160.

If the information provided is of a confidential nature, you can be assured the details provided by you will be treated confidentially. That is, the ACCC will not disclose the confidential information to the merger parties or other third parties, other than advisors or consultants engaged directly by the ACCC, without first providing you with notice of its intention to do so, such as where compelled to do so by law. Please

note that any information provided by you that you believe to be of a confidential nature should be clearly marked or identified as such.

Details regarding the ACCC's indicative timetable for the assessment of this matter and ongoing information about the ACCC's consideration of the matter can be found on the Mergers public register available on the ACCC website

([www.accc.gov.au/mergersregister](http://www.accc.gov.au/mergersregister)).

Yours sincerely

A handwritten signature in dark ink, appearing to be 'Rami Greiss', written in a cursive style.

Rami Greiss  
General Manager  
Merger Investigations Branch

## **ATTACHMENT A**

### **Woolworths Limited**

Woolworths is a publicly listed company with significant interests in a number of retail sectors including grocery, liquor, petrol, hardware and general merchandise.

Woolworths currently operates 3 supermarkets within 5km of the Hawker Supa IGA. These are: Woolworths Belconnen, a large supermarket located in the Westfield Belconnen shopping centre, around 2km to the North East of the Hawker Supa IGA; Woolworths Kippax, located in the Kippax Fair shopping centre around 2.7km to the North West of Hawker; and Woolworths Charnwood, a smaller format store located in the Charnwood shopping centre, around 4.4km to the North of Hawker.

Woolworths also operates Woolworths Liquor bottleshops at each of its three supermarket sites. In addition, Woolworths operates a large Dan Murphy's liquor retailer in the Westfield Belconnen shopping centre.

### **Hawker Supa IGA**

The Hawker Supa IGA is a medium sized supermarket located in the Hawker shops, a small commercial district located on the southern side of Belconnen Way, a major thoroughfare in the Belconnen area in North Western Canberra. The Hawker shops contain a number of other services including a petrol station, hotel/motel, takeaway food, newsagents, pharmacist and doctor's surgery.

The Hawker Supa IGA is the only 'Supa IGA' branded supermarket within 5km.

### **The proposed transaction**

Woolworths proposes to acquire the business and business assets of the Hawker Supa IGA, including the liquor licence, goodwill, all fixtures and fittings, plant and equipment. The vendor will retain control of the building and property and Woolworths will lease these from the vendor post-acquisition.

Post-acquisition, Woolworths intends to re-brand the supermarket operations under the Woolworths banner and the takeaway packaged liquor operation will be re-branded as a BWS.

**Questions for market participants**

1. Please provide a brief description of your business or organisation, including your relationship to Woolworths and/or the Hawker Supa IGA (e.g. customer, competitor, supplier or interested third party).
2. The ACCC considers the following potential markets are relevant to the proposed acquisition:
  - a. a local market for supermarket retailing in the area surrounding the Hawker Supa IGA;
  - b. a statewide (either ACT or NSW/ACT) market for supermarket retailing;
  - c. a local market for the retail sale of packaged liquor for off-site consumption in the area surrounding the Hawker Supa IGA;
  - d. a statewide (either ACT or NSW/ACT) market for the retail sale of packaged liquor for off-site consumption
  - e. a statewide (either ACT or NSW/ACT) market for the procurement of products sold in supermarkets by supermarket retailers; and
  - f. a statewide (either ACT or NSW/ACT) market for the acquisition of liquor from wholesalers.

Do you consider that these market definitions are appropriate?

3. Please provide information on how competitors determine pricing and promotional activity in the ACT for both supermarkets and liquor retailing. In particular, please comment on the extent to which pricing and promotional activity in the ACT is coordinated with pricing and promotional activity in NSW.
4. In relation to the local markets, please comment on the following:
  - a. the distances that consumers travel in order to access supermarkets or takeaway packaged liquor in Hawker and any relevant surrounding areas;
  - b. whether there are any particular features of the local area, such as major roads with limited access or physical barriers which may deter or prevent customers from accessing potential competitors;

- c. the extent to which competitors in the Belconnen Town Centre, Jamison and Kippax compete with the Supa IGA at Hawker; and
  - d. whether the proposed acquisition is likely to impact competition in any other product or service markets.
- 5. Please identify local competitors that you consider are close competitors to the Hawker Supa IGA, with specific reference to:
  - a. the size, range and pricing of identified competitors;
  - b. the strength of constraint imposed on the target or Woolworths' existing stores by smaller 'convenience' oriented retailers; and
  - c. the extent to which competitors in the local market respond to pricing or service levels offered by other local competitors.
- 6. Please describe any barriers to entry preventing new competitors from commencing operations in the local or statewide supermarket and liquor markets. In your response please comment on the following:
  - a. the development and building approvals required, including the timing and costs associated with these approvals;
  - b. the financial costs involved in entering these markets;
  - c. the scale required to be competitive; and
  - d. any barriers to entry particular to the Hawker area.
- 7. Please comment on the differences in range, price and service levels between 'IGA' and 'Supa IGA' branded supermarket retailers.
- 8. Please comment on the extent to which the proposed acquisition would impact on competition in supermarket retailing or wholesaling at the statewide or national level.
- 9. Please provide any other information or comments which you consider relevant to be the likely competitive effects of the proposed acquisition.