



23 Marcus Clarke Street
Canberra ACT 2601

GPO Box 3131
Canberra ACT 2601

Our ref: IM-70574
Contact officer: Yak Wang / Jonathan Koay
Contact phone: 03 9290 6978 / 03 9658 6436

tel: (02) 6243 1368
mergers@accc.gov.au

www.accc.gov.au

12 June 2020

Dear Interested Party

Re: Request for submissions: AlSCO's proposed acquisition of Spotless Laundries' garment business

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Spotless Laundries' garment business by AlSCO Pty Limited (**AlSCO**) (the **proposed acquisition**).

AlSCO and Spotless Laundries are both active in the commercial laundry services industry in Australia. Spotless Laundries' garment business involves the supply and laundering of general and specialist workwear, mats and floor care accessories.

Further details regarding the parties can be found at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- whether prices will increase, or whether service quality will decrease, due to the proposed acquisition
- how closely AlSCO and Spotless Laundries compete in the laundry services industry
- whether customers of AlSCO and Spotless Laundries that require garment laundering and rental services have sufficient alternative suppliers to maintain competition, and
- the ability of customers to bypass laundry service providers and undertake their own garment laundering in-house.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The ACCC is also conducting a public review on the proposed acquisition of Spotless Laundries by South Pacific Laundry. For further information and inquiries regarding that

matter, please refer to the ACCC's [Public Merger Register](#).

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by no later than **5pm on 25 June 2020**. Responses may be emailed to mergers@acc.gov.au with the title: *Submission re: Alsco/Spotless Laundries – attention Yak Wang/Jonathan Koay*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Yak Wang on 03 9290 6978 or Jonathan Koay on 03 9658 6436.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC will not publish submissions regarding the proposed acquisition. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the *Competition and Consumer Act 2010*. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Tom Leuner
General Manager
Merger Investigations

Attachment A

Alsco

Alsco Pty Limited (**Alsco**) is wholly owned by Alsco Inc., a company based in Utah in the United States.

Alsco provides commercial laundry services, linen and garment hire and dry cleaning services. It also supplies a range of industrial cleaning products, washroom services and training services for first aid and fire wardens.

Alsco's commercial laundry business is focussed on garments, however it also provides linen laundry services. It operates 13 processing plants and 2 distribution centres throughout Australia.

Spotless Laundries

Spotless Laundries is currently owned by Spotless Group Holdings Limited, which is majority owned by Downer EDI Limited.

Spotless Laundries provides commercial laundry services, linen and garment hire, and dry cleaning services. It operates 10 processing plants and 4 distribution centres throughout Australia.

Spotless Laundries is focused on providing linen laundry services to customers in the healthcare / aged care sector, with such customers accounting for the majority of Spotless Laundries' business. Spotless Laundries also supplies garment laundry and rental services, and supplies linen laundry to a limited number of customers in the accommodation / hospitality sector.

Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with either of AlSCO or Spotless Laundries.

Questions for customers

3. Please identify the laundry services that you procure in Australia, including any garment hire, and identify your current providers and their locations.
4. Please identify the key alternative laundry service providers capable of servicing your needs. In your response, please have regard to the range of services that these alternatives can offer – for example, pick-up/drop-off, multiple facilities or a national presence, garment hire etc.
5. Please discuss the extent to which you consider AlSCO and Spotless Laundries to be close competitors in the supply of garment laundry and rental services. Please consider factors such as the types of services they supply, their geographic areas of operation and their participation in tender processes.
6. Please describe how you procure laundry services - for example, through formal tender or other methods - including the typical duration of the contract(s) awarded.
7. Please discuss whether you would have the ability to bypass laundry service providers, by moving your laundering needs in-house, or sponsoring the entry or expansion of a different supplier. Please provide examples where possible.

Questions for competitors

8. Please identify the geographic areas you service, the services you provide (for example, laundering, dry cleaning, linen and garment rental) and the types of customers that you service.
9. Please identify your competitors for the supply of laundry services, particularly for the supply of garment laundry and rental services. Please provide estimated market shares where possible.
10. Please discuss the likelihood of new entry into the supply of laundry services, particularly for the supply of garment laundry and rental services. In your response, please consider the likely timeframe for entry and provide details about barriers to entry, such as costs, reputation / brand awareness or regulatory barriers. Please provide examples of recent entry where possible.

Other

11. Please provide any additional information or comments that you consider relevant to the ACCC's consideration of the proposed merger under section 50 of the Act.