

#### Asia Pacific

Bangkok  
Beijing  
Brisbane  
Hanoi  
Ho Chi Minh City  
Hong Kong  
Jakarta  
Kuala Lumpur\*  
Manila\*  
Melbourne  
Seoul  
Shanghai  
Singapore  
Sydney  
Taipei  
Tokyo  
Yangon

#### Europe, Middle East & Africa

Abu Dhabi  
Almaty  
Amsterdam  
Antwerp  
Bahrain  
Barcelona  
Berlin  
Brussels  
Budapest  
Cairo  
Casablanca  
Doha  
Dubai  
Dusseldorf  
Frankfurt/Main  
Geneva  
Istanbul  
Jeddah\*  
Johannesburg  
Kyiv  
London  
Luxembourg  
Madrid  
Milan  
Moscow  
Munich  
Paris  
Prague  
Riyadh\*  
Rome  
St. Petersburg  
Stockholm  
Vienna  
Warsaw  
Zurich

#### The Americas

Bogota  
Brasilia\*\*  
Buenos Aires  
Caracas  
Chicago  
Dallas  
Guadalajara  
Houston  
Juarez  
Lima  
Los Angeles  
Mexico City  
Miami  
Monterrey  
New York  
Palo Alto  
Porto Alegre\*\*  
Rio de Janeiro\*\*  
San Francisco  
Santiago  
Sao Paulo\*\*  
Tijuana  
Toronto  
Valencia  
Washington, DC

\* Associated Firm  
\*\* In cooperation with  
Trench, Rossi e Watanabe  
Advogados

20 October 2020

Ms Tessa Cramond  
Merger and Authorisation Review Division  
Australian Competition and Consumer Commission  
Level 17, 2 Lonsdale Street  
MELBOURNE VIC 3000

Dear Tessa

### Steeline Members Pty Ltd application for authorisation AA1000520 Response to concern regarding future members

1. We refer to your email dated 14 October 2020, where the ACCC raised a potential concern with having future members of Steeline Members Pty Ltd (Steeline) covered by any authorisation granted by the ACCC.
2. Steeline considers that the concern is unwarranted, in short because:
  - (a) the likelihood of multiple roll-formers in a particular geographical area becoming Steeline members is low to remote;
  - (b) even if multiple roll-formers in a particular geographical area were to become Steeline members in the future (which is unlikely to happen), there would be no public detriment, including because those members would continue to be competitively constrained by numerous effective competitors; and
  - (c) it is not unusual for the ACCC to grant authorisation for future members of a group seeking to engage in joint selling conduct.
3. Further information in respect of these points follows.

### Concern raised by the ACCC regarding future members

4. The ACCC's concern was set out in its email of 14 October 2020, as follows:

"We are considering whether an open ended authorisation that, in effect, would allow any roll former to participate in the joint selling conduct by becoming a Steeline member has the potential to result in significant public detriment. In this respect, we note the extent of the competitive constraint imposed by competing roll formers varies significantly from area to area. If multiple roll formers in a particular area were to become Steeline members in the future, their incentives to compete aggressively on price and other terms may be significantly reduced in circumstances where there are few, if any, competitor roll formers in the area competing

vigorous, and thereby imposing an effective competitive constraint on Steeline members.

In this respect, the ACCC must assess the conduct the subject of the application for authorisation on the basis that it will be engaged in. In respect of future members, this means the ACCC must assess the likely public benefits and detriments of allowing roll formers who may become Steeline members in the future to agree on prices, including in areas where there may be limited alternative supply options available to customers."

**The likelihood of multiple roll-formers in a particular area becoming Steeline members is low**

[REDACTED]

5. Steeline does not typically have more than one member in the same geographical area. This is demonstrated by the fact that there is presently limited overlap between members in their respective local areas.<sup>1</sup> In smaller regional areas, Steeline generally only has one member in any particular area. In areas where there are large populations and greater demand for roll-formed products, such as capital cities, however, there is often more than one member. Nonetheless, these members generally do not compete closely with each other.<sup>2</sup>

6. [REDACTED] there will ordinarily only be one Steeline member in a particular geographical area, except in the case of capital cities (and so on). [REDACTED]

[REDACTED]





7. [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] Signing-up multiple roll-formers in a particular area would also be contrary to Steeline's usual business practices.

<sup>1</sup> See paragraphs 6.8 – 6.10 of Steeline’s application for authorisation dated 25 June 2020 (**Authorisation Application**).

<sup>2</sup> See paragraph 6.10 of the Authorisation Application.

<sup>3</sup> Steeline Policy Manual, Document A2 – Vision for Growth, para 6.2.

*There is no prospect that every roll-former in an area would seek to become a member of Steeline*

8. Regardless of whether authorisation is granted by the ACCC, it is highly unlikely that a significant number of roll-formers in a particular area would seek to become Steeline members. For example:
  - (a) there is virtually no chance that established companies such as BlueScope (through Fielders and Lysaght), Stramit, Metroll, Strateco, Revolution Roofing or Apex Building Products would seek to become Steeline members; and
  - (b) 
9. 
10. Steeline's 'Business Opportunities' webpage invites enquiries from interested prospective members.<sup>4</sup>   
 It is rare that these enquiries progress to the stage where there is a new member of Steeline.
11. Steeline members, combined, currently represent (and have historically only represented) a small proportion of the relevant markets, and it is highly unlikely this will change post-authorisation.

<sup>4</sup> See <https://www.steeline.com.au/business-opportunities/>.

**Even if multiple roll-formers in a particular area were to become Steeline members in the future, there would be no public detriment**

12. Even if – contrary to Steeline's business practices, representations, and expectations – multiple roll-formers were to become members of Steeline in the future, there would be no public detriment.
13. This is because those members would still be competitively constrained by, in particular:
  - (a) other strong market participants (such as BlueScope, Stramit, Metroll, Stratco, Revolution Roofing, Apex and others) which are highly unlikely become Steeline members, and which would continue to be in a position to compete aggressively on price and service with members;
  - (b) the possibility of new market entrants, recognising that the relevant markets have low barriers to entry; and
  - (c) the ease with which customers can switch to different suppliers (noting that supply agreements are not generally long-term, and switching costs are not high), and shop around for price or service benefits.

**Granting authorisation to groups to engage in collective conduct is not unusual**

14. The ACCC has in the past granted authorisation to groups to engage in collective conduct which will cover future members, and so Steeline's request is not unusual. One such example is the authorisation granted to Plumbing Plus Bathroom Kitchen Laundry Pty Ltd as trustee for The Plumbing Plus Unit Trust (A91523 & A91524).<sup>5</sup>

For the reasons set out in the Authorisation Application, Steeline considers that the proposed conduct has significant public benefits, and no real detriment. Please contact us if we can provide the ACCC with any further information in relation to this matter.

Yours sincerely

[Redacted signature]

Lynsey Edgar  
Partner

[Redacted contact information]

Jeremy Hardy  
Associate

[Redacted contact information]

---

<sup>5</sup> See <https://www.accc.gov.au/public-registers/authorisations-and-notifications-registers/authorisations-register/plumbing-plus-bathroom-kitchen-laundry-pty-ltd-as-trustee-for-the-plumbing-plus-unit-trust-a91523-a91524>.