



## **Steeline Members Pty Ltd**

### **Authorisation Application to the ACCC**

**June 2020**

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## Application to the ACCC for authorisation

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### 1. Executive summary

- 1.1 This application is submitted by Steeline Members Pty Ltd (**Steeline**), on behalf of itself and its current and future members. Steeline is a national buying group which is comprised of 32 suppliers of metal roofing and associated building products and services. The majority of Steeline members are steel roll-formers.
- 1.2 Steeline and its members seek authorisation for two types of conduct:
- (a) joint advertising and selling activities intended to be carried out in future by Steeline members, including the operation of an online store; and
  - (b) conduct which is currently engaged in by Steeline, which involves Steeline negotiating and entering into supply arrangements regarding the terms of supply of various products to its members, including steel sheet and coil.
- 1.3 The relevant conduct would result in significant public benefits. In particular, the proposed joint advertising and selling activities will assist members to better compete in national markets for the supply of metal roofing and associated building products. Steeline has observed that its members' customers, such as builders, are increasingly entering into national arrangements with steel roll-formers, and the proposed conduct will allow members to more effectively compete for that work.
- 1.4 The collective bargaining conduct will also result in significant public benefits. These include continued efficiencies and cost savings for members, increased bargaining power with suppliers, and reduced transaction costs.
- 1.5 Steeline submits that there is no, or negligible, anticompetitive detriment that is likely to result from the conduct. In this respect, it is relevant that there are a number of significant market participants in the industry, that Steeline members are geographically dispersed, and that Steeline members (combined) have a very small share of sales of the relevant products (at most 5-10%).
- 1.6 Participation in the joint advertising and selling conduct is voluntary for members.
- 1.7 Steeline considers that authorisation should be granted because:
- (a) in the future 'with' an authorisation in place, there will be significant public benefits resulting from the opportunity for Steeline members to jointly advertise and sell products, and no real anticompetitive detriment; and
  - (b) in the future 'without' an authorisation in place, most of these public benefits will be forgone. The likely future is that Steeline members will individually advertise and sell products, and the opportunity for public benefits including efficiencies and increased competition, particularly at a national level, will be lost.
- 1.8 Steeline seeks authorisation for the conduct on an interim basis and for a period of 5 years.

## 2. Parties to the proposed conduct

- Q1. Provide details of the applicants for authorisation, including:
- 1.1 name, address (registered office), telephone number and ACN
  - 1.2 contact person's name, position, telephone number and email address
  - 1.3 a description of business activities
  - 1.4 email address for service of documents in Australia.
- Q2. If applicable, provide details of the other persons and/or classes of persons who also propose to engage, or become engaged, in the proposed conduct and on whose behalf authorisation is sought. Where relevant provide:
- 2.1 name, address (registered office), telephone number and ACN
  - 2.2 contact person's name, telephone number and email address
  - 2.3 a description of business activities.

### Applicant's contact details

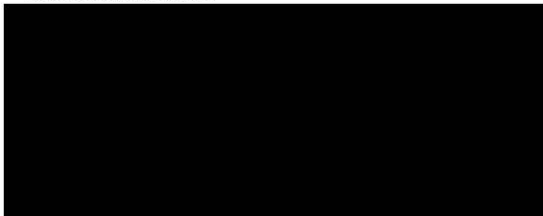
- 2.1 The contact details for Steeline are:

Andrew Walsh  
Chief Executive Officer



- 2.2 The names and contact details for each of the members of Steeline are set out in Schedule 1.
- 2.3 Contact details for service of documents in Australia are:

Lynsey Edgar  
Baker McKenzie



## Description of business activities

### *About Steeline*

- 2.4 Steeline is a national buying group operating in Australia comprised of 32 members (**Members**), which supply steel and other metal roofing products, along with associated metal building products. In addition to its role as a national buying group, Steeline also provides branding, marketing and specialist engineering advice services to some, but not all, of its Members.
- 2.5 Steeline is a company which is wholly-owned by its Members, each of which is a shareholder in Steeline. It operates as an incorporated joint venture. There are three directors of Steeline and a Chief Executive Officer.
- 2.6 Steeline does not buy or sell products itself. Steeline's primary role is to negotiate supply agreements with relevant suppliers, so that Members are likely to receive preferable pricing when purchasing products from those suppliers due to the increased volume that the buying group provides. Members can purchase from the relevant suppliers under the terms of the supply agreements Steeline negotiates.
- 2.7 Steeline membership can be beneficial for Members in many ways, including:
- (a) sharing of best practice – for example, through the exchange of ideas between Members regarding new manufacturing systems and operational techniques;
  - (b) regular engagement with key suppliers – for example, annual meetings with senior executives from major suppliers (such as BlueScope Steel Ltd (**BlueScope**));
  - (c) networking and building relationships between Members; and
  - (d) recognition of achievements (such as the 'Steeline Supplier of the Year' and 'Steeline Member of the Year' awards).

### *About Members*

- 2.8 Steeline's Members' contact details and store locations are listed in Schedule 1. The Members operate out of more than 50 Australian metropolitan and regional locations.<sup>1</sup>
- 2.9 Members are all independently-owned and have no corporate relationship with each other except for their relevant interest in Steeline, or where some Members are related due to cross-ownership. Steeline does not hold an ownership interest in any of its Members.
- 2.10 All Members retain full control and autonomy within their own businesses. Other than working together as a buying group to optimise procurement (through Steeline), Members operate independently of each other. There are no restrictions (either imposed by Steeline or agreed by Members) on any Member's sales efforts in any way and they may implement sales and marketing strategies to sell their goods and services into any location or to any customer they choose.
- 2.11 Given that Members are independent companies supplying comparable products, some of the Members may be characterised as competitors or potential competitors. The extent to which this is the case depends to some extent on the relevant geographic area in which the particular Members do business. Steeline's view is that the geographical location of Members means that in most cases there is no direct competition between Members in local or regional markets for sales to customers.

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<sup>1</sup> Maps showing relative store and branch locations of Members are available at <https://www.steeline.com.au/find-a-store/>

## PUBLIC VERSION - Restriction of Publication of Part Claimed

- 2.12 As mentioned, Members primarily supply metal roofing products (including steel roofing), metal building products, and associated products and services. Some Members also, but to a lesser extent, supply installation services for these products.
- 2.13 Most Members roll-form steel building and roofing products. Others acquire roll-formed products and re-sell them to customers.
- 2.14 Examples of products which may be roll-formed and/or supplied by Members include:
- (a) roofing and walling, predominantly in corrugated type profiles for use in residential properties, sheds or commercial and industrial properties. These products are generally sold to businesses (generally builders or installers) although some sales are made directly to end customers;
  - (b) sheds, garages and carports, etc. Sales of these products can be made directly to end customers or businesses;
  - (c) architectural cladding;
  - (d) pod kits (relocatable building solutions);
  - (e) fencing. Sales are made to builders and installers as well as directly to end customers;
  - (f) purlins, top hats, and roof and ceiling battens;
  - (g) fascia, gutters and downpipes, which are often sold as part of a full installation package with roofing for new builds;
  - (h) rainwater tanks and flashing. These products are generally constructed from the same corrugated steel products as roofing and walling products and are an alternative to plastic formed tanks for residential purposes and with other construction methods (such as concrete tanks) for rural and commercial purposes;
  - (i) flooring; and
  - (j) building frames.
- 2.15 While some Members offer additional products such as insulation, fibreglass and polycarbonate sheeting, fasteners and skylights, these are generally considered to be ancillary to Members' core business – which is the sale of metal building and roofing products (and predominantly roll-formed steel building products).
- 2.16 More information regarding Steeline and its Members is available at <https://www.steeline.com.au>.

### 3. The proposed conduct

- Q3. Provide details of the proposed conduct, including:
- 3.1 a description of the proposed conduct and any documents that detail the terms of the proposed conduct
  - 3.2 the relevant provisions of the Competition and Consumer Act 2010 (Cth) (the Act) which might apply to the proposed conduct, ie:
    - cartel conduct (Division 1 of Part IV)
    - contracts, arrangements or understandings that restrict dealings or affect competition (s. 45)
    - concerted practices (s. 45)
    - secondary boycotts (sections 45D, 45DA, 45DB, 45E, 45EA)
    - misuse of market power (s. 46)
    - exclusive dealing (s. 47)
    - resale price maintenance (s. 48) and/or
    - a dual listed company arrangement (s. 49)
  - 3.3 the rationale for the proposed conduct
  - 3.4 the term of authorisation sought and reasons for seeking this period. By default, the ACCC will assume you are seeking authorisation for five years. If a different period is being sought, please specify and explain why.
- Q4. Provide documents submitted to the applicant's board or prepared by or for the applicant's senior management for purposes of assessing or making a decision in relation to the proposed conduct and any minutes or record of the decision made.
- Q5. Provide the names of persons, or classes of persons, who may be directly impacted by the proposed conduct (e.g. targets of a proposed collective bargaining arrangement; suppliers or acquirers of the relevant products or services) and detail how or why they might be impacted.

#### Details of the proposed conduct

- 3.1 Steeline seeks authorisation for Steeline and its Members to engage in the following conduct:
- (a) joint advertising and selling activities; and
  - (b) collective bargaining conduct, where Steeline will represent Members in negotiations with suppliers,
- each of which is described in further detail below.

*Joint advertising and selling activities*

- 3.2 The proposed joint advertising and selling activities will specifically involve:
- (a) **Joint advertising.** Steeline and Members jointly discussing and negotiating common terms and conditions, including price, under which products and services will be advertised and offered for sale by Steeline on behalf of Members. By way of example, when marketing and selling sheds, Steeline and its Members propose to produce national brochures which advertise the prices at which customers can pay Members for different types of sheds;
  - (b) **Joint selling.** Steeline and Members engaging in joint selling activities where Steeline will negotiate and enter into, or otherwise tender for, national supply agreements on behalf of Members with large national customers. The supply agreement is intended to be with Steeline, however, individual Members will implement the supply agreement by providing goods or services directly to the relevant customer on the terms agreed. The supply agreement is intended to include pricing terms; and territories will be allocated to Members to implement the relevant supply agreement for the customer; and
  - (c) **Joint online advertising and selling activities.** Steeline, or a specified Member, operating an online store where customers can order products for agreed prices. The orders will then be fulfilled directly by a Member (likely the nearest Member to the customer) for the agreed price,
- (collectively, the **Joint Selling Conduct**).
- 3.3 The Joint Selling Conduct is voluntary for Members. Members are free to decide whether or not to participate in the Joint Selling Conduct, and individual Members will remain free to negotiate with customers directly in relation to any terms or prices for products.

*Collective bargaining conduct*

- 3.4 The collective bargaining conduct will specifically involve Steeline negotiating with suppliers, on behalf of Members, the terms of supply to Members (including price) for products that Members require in the ordinary course of carrying out steel roll-forming work. These products include the following, and the like:
- (a) steel sheet and coil;
  - (b) polycarbonate and fibreglass sheeting;
  - (c) roof safety mesh;
  - (d) fasteners;
  - (e) garage doors;
  - (f) moulded rubber;
  - (g) skylights;
  - (h) paints;
  - (i) rainwater accessories;
  - (j) silicone sealants;
  - (k) insurance;



- (l) roof anchors; and
  - (m) insulation,
- (the **Collective Bargaining Conduct**).

3.5 A summary of the supply agreements that Steeline has currently entered into with suppliers is included at Schedule 2.

### **Relevant provisions of the Competition and Consumer Act 2010**

- 3.6 Steeline considers that the relevant provisions of the *Competition and Consumer Act 2010* (CCA) which might apply to the Joint Selling Conduct and the Collective Bargaining Conduct are in Division 1 of Part IV (cartel conduct).
- 3.7 Steeline currently engages in the Collective Bargaining Conduct under protection of the joint venture defence in the CCA (sections 45AO and 45AP). Given, however, that Members now wish to collectively engage in the Joint Selling Conduct, the Members and Steeline also seek authorisation for the Collective Bargaining Conduct.
- 3.8 Steeline does not consider that the Joint Selling Conduct or the Collective Bargaining Conduct is likely to constitute an anticompetitive contract, arrangement or understanding, or a concerted practice in contravention of section 45 of the CCA. This is because the conduct does not have the purpose or likely effect of substantially lessening competition in any market. This is discussed further below.

### **Rationale for the proposed conduct**

#### *Rationale for the Joint Selling Conduct*

- 3.9 Members operate in highly competitive markets which include a number of large suppliers and customers. The largest steel supplier in Australia, BlueScope, is the primary supplier of steel to Members. BlueScope is also the largest competitor to Members for the supply of steel roofing and building products (through the Lysaght and Fielders brands). Members are finding it increasingly difficult to compete with large competitors on a local basis. Steeline and its Members are seeking authorisation of the Joint Selling Conduct in order to enable Members to compete more effectively on a national basis, and to facilitate the provision of better service, support and pricing to customers.
- 3.10 Specifically, Steeline considers that the Joint Selling Conduct will:
- (a) enable Members to compete with other major national suppliers (such as BlueScope and Fletcher Building) for national business from large customers. In particular, Steeline has observed a trend in the building and construction industry for companies to be consolidated into larger state and national entities, which results in businesses entering into national supply agreements with steel roll-formers who are able to service all branches of the company across Australia. For example, Steeline understands that Stoddarts has a national supply arrangement to purchase all roll-formed products from Lysaght and that Dynamic Bradview has a national supply arrangement to purchase all roll-formed products from Apex;
  - (b) enable Steeline and its Members to provide better and more consistent service and pricing to customers on a national basis; and
  - (c) enable Steeline and its Members to offer products for sale to a broader range of customers who purchase online, meaning that Members can reach more customers, and Members are not all required to operate and maintain individual online stores.

***Rationale for the Collective Bargaining Conduct***

- 3.11 Steeline considers that in the absence of the supply agreements negotiated by Steeline, Members would be unlikely to be able to compete profitably with larger corporate or franchised competitors as the supply costs for individual Members would likely be too high.
- 3.12 The rationale for the Collective Bargaining Conduct is to enable Members to obtain better pricing and terms from large distributors and manufacturers due to increased bargaining power and larger volume orders. This enables Members to more effectively compete with other major national retailers (such as BlueScope and Fletcher Building) for national business from large customers.

**Term for which authorisation is sought**

- 3.13 Steeline seeks authorisation of the Joint Selling Conduct and the Collective Bargaining Conduct for a period of five years. Steeline considers that this is an appropriate length of time for an initial authorisation given that the relevant product markets are not highly dynamic, that the barriers to entry will not change significantly in this period of time, and that the Joint Selling Conduct and the Collective Bargaining Conduct will have little to no risk of substantially lessening competition in any market.

**Request for interim authorisation**

- 3.14 Steeline applies for interim authorisation to engage in the Joint Selling Conduct and the Collective Bargaining Conduct while consideration is given to the application. Steeline proposes that interim authorisation be granted at the time that the ACCC issues a draft determination. Interim authorisation may be granted on the basis that no joint advertising or joint selling activities will actually commence (and no contracts will be entered into for the sale of products or services associated with the Joint Selling Conduct), and there will be no discussions regarding pricing of products, until the ACCC's final determination is made. Interim authorisation will permit Steeline and Members to progress discussions about the joint advertising and joint selling activities, and the way in which an online store may operate.
- 3.15 The following reasons support the request for interim authorisation on this basis:
  - (a) interim authorisation will enable Steeline and Members to discuss between themselves advertising and marketing strategies for implementing the Joint Selling Conduct (without reference to price), so that the Joint Selling Conduct can commence quickly if authorised;
  - (b) interim authorisation will not inhibit the market from returning to its pre-interim authorisation state if final authorisation is later denied; and
  - (c) there is no impact on or harm to any customers or competitors if a request for interim authorisation on this basis is granted.

**Documents submitted to the board or prepared for senior management**

- 3.16 Schedule 4 includes redacted copies of the following documents, where the relevant conduct was considered by the Steeline Board and Members:
  - (a) Steeline Board Meeting Pack – 4 September 2019;
  - (b) Steeline Board Meeting Minutes – 14 November 2019;
  - (c) Steeline Members Conference papers – 15 November 2019.

## Persons who may be directly impacted by the conduct

### *Joint Selling Conduct*

- 3.17 Steeline considers that two classes of persons may be impacted by the Joint Selling Conduct. Specifically:
- (a) **Customers and potential customers of Members will receive benefits from Steeline and its Members engaging in the Joint Selling Conduct.** Steeline considers that the Joint Selling Conduct will have a positive impact for its customers. In particular, the Joint Selling Conduct will enable Steeline and its Members to compete on a national basis with national steel building and roofing product suppliers. This will result in greater options for customers, and potential customers, of Members and likely increase competition in this market.
  - (b) **Competitors of Members will face increased competition due to their ability to compete more effectively on a state or national basis.** Steeline considers that the Joint Selling Conduct will also impact competitors of Members, in particular major national suppliers of steel roofing and building products. As above, this is because the Joint Selling Conduct will enable Members to better compete with the products and services offered by these existing national suppliers.

### *Collective Bargaining Conduct*

- 3.18 Steeline does not consider that the Collective Bargaining Conduct will have any real impact because Steeline already operates as a buying group on behalf of its Members. As such, Members' purchasing behaviour is unlikely to be altered by the authorisation of the Collective Bargaining Conduct. This said, the potential classes of persons which may be affected by the Collective Bargaining Conduct are as follows:
- (a) **Suppliers of Members.** Rather than negotiating with individual Members who might have relatively small demands for metal building and roofing products and roll-forming inputs, the Collective Bargaining Conduct means that suppliers may negotiate and enter into supply agreements with Steeline. While Steeline likely has greater bargaining power than individual Members, the Collective Bargaining Conduct may nevertheless be beneficial for suppliers because:
    - (i) the negotiation process is streamlined, which results in business efficiencies for suppliers; and
    - (ii) suppliers have the option to enter into longer term, mutually beneficial arrangements, under which they may receive multiple orders from various Members on an ongoing basis.
  - (b) **Customers and potential customers of Members receive benefits from Steeline carrying on the Collective Bargaining Conduct.** These benefits may be in the form of competitive or lower pricing for goods and services offered by Members, as well as the opportunity to be supplied with high quality products from the reputable brands with whom Steeline has or will make supply agreements.
  - (c) **Competitors of Members will face increased competition from Members due to their ability to compete more effectively.** The Collective Bargaining Conduct reduces costs for Members, so they are better able to price match or beat competitors' quotes.

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#### 4. Market information and concentration

- Q6. Describe the products and/or services, and the geographic areas, supplied by the applicants. Identify all products and services in which two or more parties to the proposed conduct overlap (compete with each other) or have a vertical relationship (e.g. supplier-customer).
- Q7. Describe the relevant industry or industries. Where relevant, describe the sales process, the supply chains of any products or services involved, and the manufacturing process.
- Q8. In respect of the overlapping products and/or services identified, provide estimated market shares for each of the parties where readily available.
- Q9. In assessing an application for authorisation, the ACCC takes into account competition faced by the parties to the proposed conduct. Describe the factors that would limit or prevent any ability for the parties involved to raise prices, reduce quality or choice, reduce innovation, or coordinate rather than compete vigorously. For example, describe:
- 9.1 existing competitors
  - 9.2 likely entry by new competitors
  - 9.3 any countervailing power of customers and/or suppliers
  - 9.4 any other relevant factors.

#### Markets for the supply and acquisition of metal roofing and building products

##### *Relevant markets*

- 4.1 While Steeline does not consider it necessary to form a concluded view as to market definition in order to assess the public benefits and any anticompetitive detriments which may result from the Joint Selling Conduct and the Collective Bargaining Conduct, in Steeline's view:
- (a) the primary markets which may be impacted by the Joint Selling Conduct are state markets for the wholesale and retail supply of metal (primarily steel) roofing and building products, and associated products and services; and
  - (b) the primary markets which may be impacted by the Collective Bargaining Conduct are the national markets for the wholesale acquisition of products used by steel roll-formers, including the acquisition of the products set out at paragraph 3.4.

##### *Overview of the industry*

- 4.2 Members and their competitors are mostly roll-formers. Roll-formers are businesses which purchase various forms of steel coil inputs and use those inputs to manufacture roofing or building materials. A detailed description of the roll-forming market was set out in the ACCC's Public Competition Assessment which is publicly available in relation to

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BlueScope's acquisition of Fielders in 2014.<sup>2</sup> Steeline considers that the roll-formed products market that the ACCC described in that case<sup>3</sup> is the same market in which Members operate.

- 4.3 Roll-formers, like Members and their competitors, are typically known for the manufacture and supply of metal roofing and walling products, such as corrugated roofing and wall cladding for use in both commercial and residential properties. Similar processes are also used for producing steel sheds, as well as for producing steel products used in the construction of buildings (eg, steel frames).
- 4.4 Not all roll-formers will be able to produce every type of roll-formed steel product. For example, some of Steeline's Members will only carry certain profile rollers meaning that they will not be able to produce every profile of corrugated cladding. Regardless, as the process (and equipment) is relatively similar for producing all types of roll-formed products, a roll-former that is unable to produce certain types of roll-formed products can, without significant difficulty, acquire the relevant systems and knowhow to commence manufacturing new forms of roll-formed product.
- 4.5 In general, Steeline considers that most transactions in the market for roll-formed steel products are business-to-business. This is because most roll-formers will sell to either construction companies or builders, or otherwise will sell to specialised installation companies that have an ongoing relationship with the construction companies or builders.
- 4.6 Traditionally, many sales occurred between local builders and locally-based roll-formers. However, Steeline considers that customers are increasingly purchasing on a regional, state or national basis. This may be due to changes and consolidation in the construction and building industry, where there are increasingly regional, state or national construction companies or builders who look to purchase roll-formed products consistently across their entire network rather than in an ad hoc nature by location.

### *Market size*

- 4.7 Steeline estimates that there are approximately 900,000 to 1.1 million tonnes of steel roofing and associated products supplied per year. While it is difficult for Steeline to have complete oversight of the market (as it is a relatively small competitor in the market and is not vertically integrated so has no oversight of the input market), Steeline has estimated this market size on the following basis:
  - (a) BlueScope produces approximately 3.1 million tonnes of steel per year, where approximately 2.25 million tonnes are for the domestic Australian market and approximately 850,000 tonnes are exported. This data is based on the following table which is extracted from the BlueScope Annual Report for 2018/2019.<sup>4</sup>

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<sup>2</sup> ACCC, *Public Competition Assessment: BlueScope Steel Ltd - proposed acquisition of Fielders Australia* (4 August 2014) available at <<https://www.accc.gov.au/system/files/public-registers/documents/MER14%2B8394.pdf>> (BlueScope Fielders PCA).

<sup>3</sup> See BlueScope Fielders PCA, pp 9-10.

<sup>4</sup> BlueScope, *Annual Report 2018/2019* (2019) available at <<https://s3-ap-southeast-2.amazonaws.com/bluescope-corporate-umbra-co-media/media/2698/fy2019-annual-report.pdf>>.

**Table 5: Steel sales volume**

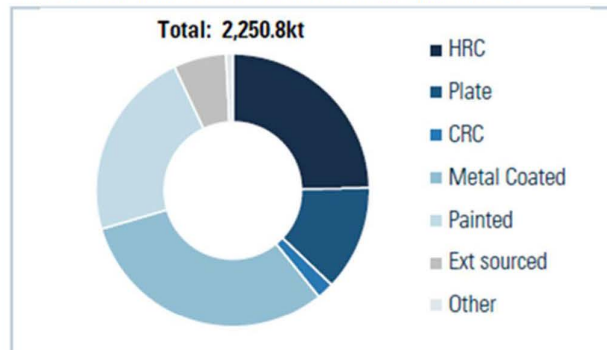
000 tonnes	FY2019	FY2018	Var %	2H FY2019
Domestic				
- ex-mill	2,111.4	2,204.7	(4%)	1,004.3
- ext sourced	139.4	162.6	(14%)	59.6
Export	864.9	749.3	15%	584.8
<b>Total</b>	<b>3,115.7</b>	<b>3,116.6</b>	<b>0%</b>	<b>1,648.7</b>

*Figure 1: Extract from BlueScope Annual Report*

As noted above, while roll-formers purchase some of their requirements from import markets, the majority of steel coil inputs are purchased from BlueScope. As such, the market for the supply of steel coil used in roll-forming is predominantly comprised of BlueScope's products.

- (b) BlueScope's 2018/2019 Annual Report considers that approximately half of the steel produced for domestic use by BlueScope (approximately 1.2 million tonnes) is for coated (eg, ZINCALUME steel, TRUECORE steel, GALVSPAN steel, etc) and painted (eg, COLORBOND steel) steel products. This is shown in the chart below, which is also extracted from the BlueScope 2018/2019 Annual Report.

**Chart 1: ASP domestic steel sales volume mix FY2019**



*Figure 2: Extract from BlueScope Annual Report*

- (c) Painted and steel coated steel products are not only used as inputs for steel roofing and building materials. They are also used for other industries including automotive manufacturing, and mining and construction. While this information is not clear from the BlueScope 2018/2019 Annual Report, Steeline's best estimate is that approximately two thirds of BlueScope's painted and steel coated steel is used in the metal roofing and building materials market (ie, approximately 700,000 to 800,000 tonnes per year).
- (d) Aside from the BlueScope inputs, Steeline's best estimate is that an additional 200,000 to 300,000 tonnes of steel inputs are purchased per year from international sources for use in the relevant market. Steeline considers that it is most likely that these are steel coated steel products, which carry less consumer brand loyalty than painted products (ie, COLORBOND steel).

- (e) As such, Steeline considers that the total market for steel coil inputs for roll-formed products is likely to be in the range of between 900,000 and 1.1 million tonnes per year.
- 4.8 Steeline considers that this is relevant as the inputs purchased by roll-formers are likely to reflect the outputs sold by roll-formers into the steel roofing and building supplies market in Australia. While there are some product differences (generally in relation to specific profiles or types of products made by roll-formers), in general roll-formed products are relatively similar regardless of the roll-former and therefore the inputs are likely to give a relatively accurate estimate of market share. Market share is discussed further below.

#### *Geographic scope of the supply market*

- 4.9 Traditionally, the market for the supply of products supplied by Members would most likely have been local or regional. This is because in general it is not competitive for roll-formers to freight products over significant distances (Steeline estimates that it becomes uncompetitive to freight roll-formed products generally over 250km from the manufacturing point).
- 4.10 However, with the trend towards consolidation in the building and construction market, Steeline considers that the relevant geographic market is now, at its narrowest, state-based,<sup>5</sup> and likely to be moving towards a national market. While it remains uncompetitive to freight roofing and building products over significant distances, customers of roll-formers are increasingly seeking supply agreements for roll-formed products from national providers with consistent pricing, delivery and supply terms across all locations.

#### **Competition in the industry**

##### *Background*

- 4.11 The relevant markets have a number of major participants as well as smaller businesses. Each Member is a very small participant in these markets. Even if Steeline Members were considered collectively as one group, their combined market share would be low. While it is difficult to estimate, Steeline considers that its Members collectively would have approximately 5-10% of product sales nationally. External estimates of Steeline's market share are much lower, at 2-3% nationally.<sup>6</sup> In terms of product purchasing, Steeline estimates that at most in any given product market it would purchase less than 5% of the product available from manufacturers and distributors.

##### *Market shares*

- 4.12 As noted above, given Steeline's relatively low market share and lack of presence in the upstream market, Steeline has a limited ability to accurately estimate market shares in the relevant national and state markets. Regardless, Steeline has provided its best estimate of national market shares of Steeline Members and competitors in the table.
- 4.13 This table is based on Steeline's market understanding as well as on publicly available information from competitors' annual reports (where available) and IBISWorld data (although no IBISWorld report exactly matches Steeline's understanding of the market). The total market volume of 900,000 to 1.1 million tonnes per year is based on Steeline's estimate of the total steel coil input market (as outlined above), which Steeline has used as a proxy for the relevant tonnages that roll-formers produce and sell to customers each year.

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<sup>5</sup> This is consistent with the ACCC's view in BlueScope Fielders PCA, p 10.

<sup>6</sup> IBISWorld estimates that Steeline has approximately 2-3% market share in the steel roof and guttering manufacturing market. Steeline considers that the estimated market shares reflect in IBISWorld's report are relatively accurate in respect of the industry as whole. See IBISWorld, *Steel Roofing and Guttering Manufacturing in Australia* (March 2019) (IBISWorld Report).

Market participant	Estimated annual volume (tonnes)	Estimated approximate market share (national) (%)
<b>BlueScope (Lysaght / Fielders)</b>	200,000-300,000	23 - 29% <sup>7</sup>
<b>Stramit</b>	100,000-150,000	12 - 14% <sup>8</sup>
<b>Metroll</b>	90,000-120,000	10 - 11% <sup>9</sup>
<b>Stratco</b>	80,000-90,000	9% <sup>10</sup>
<b>Steelne Members</b>	60,000	6 - 7% <sup>11</sup>
<b>Revolution Roofing</b>	40,000	4 - 5% <sup>12</sup>
<b>Apex Building Products</b>	40,000	4 - 5%
<b>Others</b>	250,000	24 - 29%
<b>Totals</b>	<b>860,000-1.05 million</b>	<b>100%</b>

Figure 3: Estimates of approximate national market shares

4.14 With regard to state markets, Steelne estimates that its market share in each state and territory would be approximately similar to the national market shares, but with some variation depending on whether there are more or less Steelne members in a particular state. For example:

- (a) Steelne estimates that its market share would be less than the national estimate (closer to 1-2%) in markets such as South Australia and Western Australia, where there are fewer Steelne Members;
- (b) Steelne estimates that in smaller states and territories such as Tasmania and the Northern Territory, its market share may be slightly higher than the national estimate (say 10-15%) as there are fewer local roll-formers in those areas where the overall market is so much smaller. However, Steelne also understands that larger roll-formers often service these smaller markets from their major centres in Adelaide, Melbourne, Sydney and Brisbane, which makes it difficult to accurately estimate market shares in these states and territories; and
- (c) in the larger states of Queensland, New South Wales and Victoria, Steelne estimates its market share would be approximately the national average.

<sup>7</sup> IBISWorld estimates that BlueScope, through its Lysaght and Fielders brands, has approximately 32% of the steel roofing and guttering manufacturing market.

<sup>8</sup> IBISWorld estimates that Fletcher Building, through its Stramit brand, has approximately 11% of the steel roofing and guttering manufacturing market.

<sup>9</sup> IBISWorld estimates that Metroll has approximately 5% of the steel roofing and guttering manufacturing market.

<sup>10</sup> IBISWorld estimates that Stratco has approximately 4% of the steel roofing and guttering manufacturing market.

<sup>11</sup> IBISWorld estimates that Steelne, which is not differentiated by its Members, has approximately 3% of the steel roofing and guttering manufacturing market.

<sup>12</sup> IBISWorld estimates that Revolution Roofing has approximately 4% of the steel roofing and guttering manufacturing market.



## Market participants

### *BlueScope (including Lysaght and Fielders)*

- 4.15 BlueScope is the most significant competitor in the market due to both its significant market share (estimated to be approximately 25%), as well as its vertical integration. BlueScope is the main supplier of rolled coil steel which is used by roll-formers, including Members, to manufacture products which compete with BlueScope's products downstream. As noted by the ACCC in its assessment of BlueScope's proposed acquisition of Fielders Australia, BlueScope steel products are often highly sought after, due to customer demand.<sup>13</sup>
- 4.16 BlueScope operates through two brand names: Lysaght and Fielders Australia. Lysaght has traditionally been the leading competitor in the market for the supply of roll-formed steel products in Australia (with a number of locations around Australia),<sup>14</sup> while Fielders Australia has been traditionally strong in states with smaller markets and a fewer number of competitors (Western Australia and South Australia).<sup>15</sup>
- 4.17 Steeline understands that Lysaght also has an existing extensive national supply arrangement with the Stoddart Group.

### *Stramit*

- 4.18 Stramit is owned by New Zealand-based Fletcher Building. Fletcher Building is present in a broad range of building materials markets, including pipelines and plumbing supplies, polycarbonate sheeting, insulation, interior products and construction manufacturing. Stramit is Fletcher Building's steel roofing and building supplies arm in Australia. There are overlaps in the products supplied by Fletcher Building's various brands.
- 4.19 Steeline understands that Stramit has significant roll-forming capability in Australia and manufactures and distributes a broad range of steel roofing and building supplies from various locations around Australia.

### *Metroll*

- 4.20 Metroll has various locations around Australia. Metroll has roll-forming manufacturing facilities around Australia producing steel roofing, cladding, rainwater, structural and fencing products. Metroll is part of the Kanji Group of companies who also own Metecno/Bondor (insulated steel panel manufacturer) and Coil Steels, a major steel distributor in Australia.

### *Stratco*

- 4.21 Stratco is originally a South Australia-based brand, however, it has expanded across Australia. Stratco is an experienced roll-former which produces a full range of steel roll-formed products, including patios, roofing, sheds, fencing and building materials.

### *Apex Steel*

- 4.22 Apex Steel is another competitor which has recently significantly expanded its presence, including through a national supply agreement with Dynamic Bradview Roofing. Apex Steel roll-forms and supplies all types of metal roofing and building products. Apex also distributes

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<sup>13</sup> BlueScope Fielders PCA, p 13. The ACCC stated that "[e]nd-use customers of roll-formed steel products, such as builders, often do not accept non-COLORBOND products for residential applications and architects and/or engineers often specify the use of COLORBOND in construction plans."

<sup>14</sup> IBISWorld Report, p 19.

<sup>15</sup> BlueScope Fielders PCA, p 16.

steel. Steeline estimates that Apex Steel's purchasing requirements are greater than those of all Members combined.

*Other roofing specialists*

- 4.23 A range of other roofing specialists have expanded into the steel roofing and building products market more generally over the last few years. These companies are evidence of the fact that roll-formers are able to relatively easily expand from producing one form of roll-formed steel product to producing others.
- 4.24 For example, Revolution Roofing originally started as a steel roofing specialist. Through its expansion process, however, Revolution Roofing now supplies a range of products, including gutters, sheet steel, wall cladding, fascia, fencing, flashing, carports and roll-formed louvres. Revolution Roofing now operates out of various locations around Australia, however, its growth and presence in the steel roofing and building products market can be seen from its estimated volumes of inputs purchased (which Steeline estimates to be similar to Steeline Member's own purchasing needs).

## 5. Public benefits of the proposed conduct

Q10. Describe the benefits to the public that are likely to result from the proposed conduct. Provide information, data, documents or other evidence relevant to the ACCC's assessment of the public benefits.

### *Joint Selling Conduct*

5.1 Steeline considers that there are a number of public benefits from the Joint Selling Conduct beyond the public benefits associated with the commercial rationale set out in paragraph 3.10. These include:

- (a) increased competition in the national market for the supply of metal roofing and building products, which may ultimately lead to lower prices for consumers, as the Joint Selling Conduct will introduce an additional option for customers wishing to purchase on a national basis. Currently Members are unable to compete to provide goods to national businesses as Members cannot agree a single price schedule for those customers. The Joint Selling Conduct will enable Members to compete for this work in the future, increasing the competitiveness of that market and meaning that customers have greater choice and likely better service or pricing;
- (b) better price transparency for certain products given that Steeline Members will be able to advertise pricing online. This means that customers will be able to be better informed when comparing prices of products between Steeline Members and other competitors in the market, allowing customers to easily shop-around, which may in turn lead to better service or pricing for customers;
- (c) an increased ability for Members to provide consistent service and pricing to customers who wish to purchase metal roofing and building materials across their state or national businesses. This leads to the public benefit of more reliable costs and service expectations for end customers; and
- (d) cost savings – Members will be able to share the cost of setting up a website and producing advertising and marketing materials.

5.2 It is important to appreciate that Members will be free to sell products at prices below those listed in Steeline advertising or marketing materials. This may occur for a number of reasons, including to meet a particular customer's expectations, or in order for a Member to win work.

### *Collective Bargaining Conduct*

5.3 There are also public benefits to the Collective Bargaining Conduct, including:

- (a) cost savings – Members are able to purchase necessary inputs and supplies at a lower cost than would be available were the Members to negotiate with suppliers individually. This is because Steeline has greater bargaining power than individual Members and so is in a position to negotiate more competitive prices and/or supply terms. Ultimately, savings can be passed on to Members' customers;
- (b) improved quality of products and services provided by Members. Members may be able to acquire higher quality inputs and products from larger suppliers than would be available to them if they were negotiating on an individual basis;

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- (c) increased competition in the markets for the wholesale and retail supply of metal roofing and building products as Members are able to price their products more competitively, and better compete with larger suppliers in the same market; and
- (d) having Steeline negotiate on behalf of its Members facilitates more efficient negotiations for all parties and transactional cost savings, particularly having regard to the time and resources spent negotiating contracts.

## 6. No public detriment

Q11. Describe any detriments to the public likely to result from the proposed conduct, including those likely to result from any lessening of competition. Provide information, data, documents, or other evidence relevant to the ACCC's assessment of the detriments.

### No public detriment

#### *Joint Selling Conduct*

- 6.1 Steeline considers that there is unlikely to be any public detriment caused by the Joint Selling Conduct. Participation in the Joint Selling Conduct is voluntary for Members. Further, no customers will be bound by the collective arrangements – they are free to negotiate individually with Members to acquire products on whatever basis they like, and Members are entitled to supply products at whatever price and on whatever terms they may separately negotiate with customers. Members are also free to continue to run their own promotions.
- 6.2 Agreed prices for joint promotions or joint advertising between Members will also have a minimal effect on price competition between Members, because:
- (a) Members do not usually operate in close proximity to each other (see paragraph 6.8 and onwards, below); and
  - (b) Members can in any event negotiate with individual customers, and have the option to charge a lower price than one advertised in brochures or on the proposed website.
- 6.3 To the extent that the Joint Selling Conduct would enable Members to share information regarding pricing and other commercial information, Members would still be constrained from raising prices or restricting supply. If, enabled by the Joint Selling Conduct, Members agreed to or individually decided to increase their prices, customers would be easily able to and would acquire the relevant goods and services from any of the many other alternative suppliers.
- 6.4 Further, the Joint Selling Conduct will not result in a substantial lessening of competition (for the reasons set out from paragraph 6.7 below).

#### *Collective Bargaining Conduct*

- 6.5 Steeline considers that there is no public detriment caused by the Collective Bargaining Conduct. Members can choose between acquiring from a number of suppliers for a particular product (according to preferences and requirements). Where Steeline has not negotiated a supply agreement with multiple suppliers of a particular product, it is generally because there is only one supplier of the relevant product available.
- 6.6 There is no obligation on manufacturers or suppliers to negotiate with Steeline, and given the relatively small size of Steeline's Members' combined businesses, manufacturers and suppliers could reasonably choose not to do so.

### No substantial lessening of competition

#### *No substantial lessening of competition due to the Joint Selling Conduct*

- 6.7 Steeline does not consider that the Joint Selling Conduct will result in a substantial lessening of competition in any market. In particular, Steeline will have no ability to unilaterally

increase prices or decrease service levels due to the Joint Selling Conduct. The following matters are relevant to this assessment:

- (a) **Many strong and effective competitors will act as a competitive constraint.** Regardless of the Joint Selling Conduct, the relevant markets will continue to be competitive. Members will continue to be constrained (in exactly the same manner as Members are currently constrained) by competitors including:
- (i) BlueScope (through Lysaght and Fielders), which is the largest supplier of steel roofing and building products by a significant margin and has the benefit of vertical integration in the supply chain;
  - (ii) Apex, and similar competitors, who have existing national supply agreements with significant customers for the supply of steel building products around Australia; and
  - (iii) other suppliers who already compete directly with Members, including those that do not acquire inputs from BlueScope, and so are able to sell equivalent products at a competitive price.
- (b) **Strong competition will continue between Members and other roll-formers.** Competition is driven, among other things, by:
- (i) *price match practices*: while not as overt as price match or price beat policies in other markets, it is very common for competitors supplying metal roofing and building products to match (and beat) quoted prices in order to attract customers; and
  - (ii) *price volatility based on inputs*: the most significant cost of manufacturing and supplying steel products is the cost of the steel coil inputs. Given that the majority of these inputs are purchased from BlueScope, most roll-formers are generally subject to price movements driven by the cost of purchasing BlueScope steel coil. This means that roll-formers generally have less control over the price that they charge for products and are required to compete on other elements of supply (for example, Members generally compete based on the quality and standard of service, which is one of Steeline's core principles).
- (c) **Supply agreements are not long-term.** Supply agreements in the relevant markets are generally not long-term agreements, therefore, any supply agreements that Steeline does secure due to the Joint Selling Conduct will not have a long-term impact on the market. Most smaller purchases are not ongoing and are processed as single sales, meaning that smaller customers tend to shop around for price or service benefits. There is also the ability for customers to readily switch between suppliers of steel roofing and building products, given that switching costs are not high.<sup>16</sup> Beyond this, Steeline understands (and a similar conclusion has previously been reached by the ACCC<sup>17</sup>) that most customers will often already have accounts with multiple roll-formers who they purchase from on a regular basis.
- (d) **Low barriers to entry into particular product segments for existing roll-formers.** As previously noted by the ACCC, roll-formers substitute between different categories of roll-formed roofing and building products with a fairly minimal investment of cost or time.<sup>18</sup> Due to this, it is relatively straightforward for any roll-former to compete in any roll-formed product segment, regardless of the specific

<sup>16</sup> See BlueScope Fielders PCA, p 17.

<sup>17</sup> See BlueScope Fielders PCA, p 17.

<sup>18</sup> See BlueScope Fielders PCA, p 10.

product that the customer is seeking to purchase. While acquiring the necessary products, machinery, engineering profiles and skills may involve some investment on the part of the roll-former, the incremental investment is generally positive, meaning that there are low barriers to entry into different roll-formed product segments.

- (e) **The Joint Selling Conduct will have limited impact on competition between Members.** As set out in greater detail from paragraph 6.8 below, Members are not usually in close geographical proximity to each other. This means that there are almost no local areas where strong competition exists between Members for the supply of products and services. In most cases, Members are only potential competitors in those local markets, and not each other's closest competitors.
- (f) **Steelene has low market share and no market power.** Based on its highest estimate, the combined market share of Steelene's Members for the supply of the relevant products is only 5-10%. There are a number of other significant competitors in the markets that Steelene competes in, including competitors with significantly more market share (such as Metroll and Lysaght/Fielders), competitors with existing relationships with major customers (such as Apex), and competitors with vertical integration into other markets where they have high market share (BlueScope through Lysaght/Fielders). Given that products in the market for the supply of steel roofing and building products are relatively homogenous,<sup>19</sup> Steelene considers that its Members have little to no market power in any relevant market and that this will not be impacted by the Joint Selling Conduct.
- (g) **Members will have no increased ability or incentive to foreclose rivals in any market.** Steelene Members will not have any increased ability to foreclose any markets due to the Joint Selling Conduct. From a downstream supply perspective, as has been set out elsewhere, significant competitors will remain in all markets and Steelene will not be able to prevent customers from purchasing from Members' competitors. Further, as Steelene does not have vertical integration into the input market and has limited purchasing requirements compared to some of its competitors, Steelene also has no ability to impact the availability of inputs sold to Members' rivals.

*Members do not usually operate in close proximity to each other*

- 6.8 There is limited overlap between Members in any particular local areas.<sup>20</sup> This means that the Joint Selling Conduct will have little to no impact on competition in those markets where Steelene Members do not compete directly with each other.
- 6.9 In smaller regional areas, Steelene generally only has one Member in any given area. However, in capital cities, with large populations and greater demand for roll-formed products, there is often more than one Member. Nonetheless, generally these Members do not compete closely with each other, such that the Joint Selling Conduct will have limited impact on competition. For geographic areas where Steelene Members do compete with each other, and as set out above, significant other competitors will remain.
- 6.10 The following areas have more than one Member:
  - (a) **Brisbane.** In Brisbane there are four Steelene Members:
    - (i) Steelene Roofing Products in Meadowbrook (**Meadowbrook**);

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<sup>19</sup> See BlueScope Fielders PCA, p 17.

<sup>20</sup> See Schedule 1 for store locations of Members' stores.

- (ii) Steeline Frames & Sheds in Slacks Creek (**Slacks Creek**);
- (iii) Interline Manufacturing in Geebung (**Geebung**); and
- (iv) Steeline Roofin Spot in Narangba (**Narangba**).

Slacks Creek is associated with Meadowbrook, having a common major shareholder. These two businesses also tend to compete in slightly different ways: Slacks Creek makes and sells steel frames and sheds, whilst Meadowbrook makes and sells the more typical roofing and rainwater goods type products. Geebung mainly manufactures gutter and fascia clips and brackets, which suit a variety of interline profiles, which the other Members in Brisbane do not manufacture.

- (b) **Sydney.** In Sydney there are two Steeline Members:

- (i) Steeline CRT Sydney in Smeaton Grange (**Smeaton Grange**); and
- (ii) Steeline Riverstone in Riverstone (**Riverstone**).

Riverstone only manufactures purlins and Smeaton Grange does not manufacture purlins, so these two Members do not currently compete in a meaningful way.

- (c) **Melbourne and Geelong.** In the Melbourne/Geelong area there are four Steeline Members. These stores are all owned by the same Member (JH Stephenson).

- (d) **Perth.** In Perth there are two Steeline Members:

- (i) Steeline BGC Steel (**Canning Vale**); and
- (ii) Steeline R&R Fencing (**Kelmscott**).

Kelmscott solely produces fencing products, whereas Canning Vale is the steel division of BGC's larger group of companies and primarily supplies to BGC's residential construction company. As such, there is limited competition between these two Members.

***No substantial lessening of competition due to the Collective Bargaining Conduct***

- 6.11 Further, Steeline does not consider that there is any risk that the Collective Bargaining Conduct could result in a substantial lessening of competition in any market. This is for a number of reasons, including the following:

- (a) **Steeline has a weaker bargaining position compared to its suppliers, such that suppliers will still generally dictate supply terms.** While the Collective Bargaining Conduct improves Steeline's bargaining position compared to that of individual Members, the reality is that manufacturers and suppliers that Steeline deals with have a very strong bargaining position. This is particularly the case for suppliers which supply key inputs, are vertically integrated in the supply chain, or are the sole supplier of a product.
- (b) **There are various alternatives to Steeline Members.** As set out above, there are numerous market participants acquiring metal roofing and building supplies. These market participants may enter into supply agreements with similar if not the same suppliers as Steeline on various supply terms. Even combined, Members are a relatively small proportion of the total number of purchases of the relevant products.
- (c) **Supply agreements are not long-term:** As can be seen from Schedule 2, most supply agreements entered into by Steeline are short (generally 1-2 years). If a



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supplier was unhappy with the terms of the agreement with Steeline, it would be free to not seek to renew the supply agreement. Indeed suppliers are generally free to exit the supply agreement for any reason with 3 months' notice.

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**7. Contact details of relevant market participants**

Q12. Identify and/or provide names and, where possible, contact details (phone number and email address) for likely interested parties such as actual or potential competitors, key customers and suppliers, trade or industry associations and regulators.

7.1 As noted above, the classes of persons most likely to be interested in the Joint Selling Conduct include customers, or potential customers of Members (being purchasers of steel building and roofing products); and competitors. Members typically have different customers and competitors based on the geographical area in which they operate, although there are some national customers which deal with several Members (for example, [REDACTED]). Schedule 3 includes a list of customer contacts and details. Names of competitors of Members are listed in paragraphs 4.15 to 4.24 above.

7.2 Steeline also notes that the following industry associations and their members may be interested in the Joint Selling Conduct:

- (a) **Australian Steel Institute:** [REDACTED]
- (b) **National Association of Steel-Framed Housing:** [REDACTED]

7.3 In relation to the Collective Bargaining Conduct, the suppliers listed in Schedule 2 are potentially interested parties (and Schedule 2 includes contact details).

**8. Declaration by applicant**

Authorised persons of the applicant(s) must complete the following declaration. Where there are multiple applicants, a separate declaration should be completed by each applicant.

The undersigned declares that, to the best of their knowledge and belief, the information given in response to questions in this form is true, correct and complete, that complete copies of documents required by this form have been supplied, that all estimates are identified as such and are their best estimates of the underlying facts, and that all the opinions expressed are sincere.

The undersigned undertakes to advise the ACCC immediately of any material change in circumstances relating to the application.

The undersigned is aware that giving false or misleading information is a serious offence and are aware of the provisions of sections 137.1 and 149.1 of the *Criminal Code* (Cth).

 .....

Andrew Walsh

CEO and Secretary, Steeline Members Pty Ltd

This 25<sup>th</sup> day of June 2020

Schedule 1 – Names, contact details and store locations of Members

	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
1.	NEVERLATE PTY LTD	082 159 582	106 Auckland Street, BEGA NSW 2550				
2.	THE ROOFING CENTRE ALBURY/WODONG A PTY LTD	003 916 569	25 Queen Street, COROWA NSW 2646				
3.	LAYKEL PTY LTD	635 651 759	146-148 Langtree Avenue, MILDURA VIC 3500				

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	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
4.	THE STEELINE CENTRE CENTRAL WEST PTY LTD	005 922 319	25 Queen Street, COROWA NSW 2646				
5.	CAIRNS HARDWARE COMPANY PTY LIMITED	009 881 341	154 Scott Street, CAIRNS QLD 4870				
6.	INTERLINE HOLDINGS PORT MACQUARIE PTY LTD	075 579 225	20 Blackbutt Road, PORT MACQUARIE NSW 2444				
7.	J&R ERENDS PTY LTD	009 543 506	1 Whitestone Drive, AUSTINS FERRY TAS 7011				
8.	OUTOFIT PTY LTD	126 588 216	20 Blackbutt Road, PORT MACQUARIE NSW 2444				

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	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
9.	STEELINE ROOFING PRODUCTS PTY LTD	088 981 579	4-10 Westerway Street, SLACKS CREEK QLD 4127				
10.	TRUSSES & FRAMES PTY LTD	107 352 938	64 Vicars Street, MITCHELL ACT 2911				
11.	WITCO PTY LIMITED	107 473 962	58 Riverwalk Avenue, ROBINA QLD 4226				
12.	WOODMAN MCDONALD (GLASS) PTY LTD	009 782 781	43 River Street, MACKAY QLD 4740				
13.	RAINVALE PTY LIMITED	010 637 877	73 Princess Street, BUNDABERG EAST QLD 4670				

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	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
14.	BENDIGO BUILDING PRODUCTS PTY LTD	094 324 464	49 McDowalls Road, EAST BENDIGO VIC 3550				
15.	JH STEPHENSON & SON PTY LIMITED	004 570 370	75 Heales Road, CORIO VIC 3214				

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	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
16.	CASE STEEL ROOFING PRODUCTS PTY LTD	067 591 860	28-38 Thomas Murrell Crescent, DANDENONG SOUTH VIC 3175				
17.	INTERLINE SOUTH EAST PTY LTD	078 615 077	PO BOX 3123, MOUNT GAMBIER SA 5290				
18.	E & M ROLLFORMING PTY LTD	065 262 688	PO BOX 386, RIVERSTONE NSW 2765				
19.	GRP GENERAL ROOFING PRODUCTS PTY LTD	009 616 059	PO BOX 138, BERRIMAH NT 0828				
20.	HUNTER STEEL PTY LIMITED	120 570 989	PO BOX 3309, THORNTON NSW 2322				
21.	STEELINE GIPPSLAND PTY LTD	127 101 900	53-63 Eastern Road, Traralgon, VIC 3844				
22.	FITZROY DUBBO PTY LTD	136 652 858	110-118 Fitzroy Street, DUBBO NSW 2830				



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	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
23.	R.A.L.T (QLD) PTY LTD	625 954 832	4-10 Westerway Street, SLACKS CREEK QLD 4127				
24.	BGC (AUSTRALIA) PTY LTD (BGC METAL ROOFING)	005 736 005	PO BOX 7223, CLOISTERS SQUARE PO, WA 6850				
25.	BRENGEM PTY LTD	147 406 586	122 Darling Street, DUBBO NSW 2830				
26.	COROWA PLUMBING SUPPLIES PTY LIMITED	008 454 537	C/- POTTS & SCHNELLE, 25 Queen Street, COROWA NSW 2646				
27.	FNW INDUSTRIES PTY LTD	612 987 201	84 Oliver Street, INVERELL NSW 2360				

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	Name	ACN	Registered Address	Name of contact	Contact number	Email address	Store names/locations
28.	INTERIT PTY LTD	117 375 201	Suite 44, 58 Riverwalk Avenue, ROBINA TOWN CENTRE QLD 4230				
29.	JEGGO INDUSTRIES PTY LTD	085 676 964	Suite 2, 315 Bulwer Street, PERTH WA 6000				
30.	MR AND MK MCGREGOR PTY LTD	120 234 586	3A The Quadrant, ULVERSTONE TAS 7315				
31.	SPANTEC SYSTEMS PTY LIMITED	053 584 384	17 Drapers Road, BRAEMAR NSW 2575				
32.	YACKANDANDAH ENGINEERING (VIC) PTY LTD	156 420 727	C/- POTTS & SCHNELLE, 25 Queen Street, COROWA NSW 2646				

\*Note that East Timor Roofing & Training in East Timor is also a member, but not a shareholder of Steeline Members Pty Ltd.

Schedule 2 – Summary of Steeline supply agreements

	Type of product	Supplier/s	Agreement term (years)	Start date	End date	Supplier contact details
<b>1</b>	<b>Steel Sheet &amp; Coil</b>					
		BlueScope Steel				
<b>2</b>	<b>Polycarbonate &amp; Fibreglass sheeting</b>					
		Ampelite				
		Laserlite				
		Palram				
<b>3</b>	<b>Steel Distribution (for sheet &amp; coil, steel plate and structural sections and other metals)</b>					
		BlueScope Sheet Metal Supplies				
		BlueScope Distribution				
		Orrcon Steel				
		Coil Steels				
		Southern Steel Group				

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	Type of product	Supplier/s	Agreement term (years)	Start date	End date	Supplier contact details
<b>4</b>	<b>Roof Safety Mesh</b>					
		Thermakraft Australia (Australian Mesh)				
		Whites Group				
<b>5</b>	<b>Fasteners</b>					
		ITW Buildex				
		Bremick				
		Powers / DeWalt (Stanley Black and Decker Inc.)				
<b>6</b>	<b>Garage Doors</b>					
		B&D Doors				
		Steel-Line Garage Doors				
		Taurean Door Systems				
<b>7</b>	<b>Moulded Rubber</b>					

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	Type of product	Supplier/s	Agreement term (years)	Start date	End date	Supplier contact details
		Aquarius Rubber				
<b>8</b>	<b>Skylights</b>					
		Regent Skylights				
		Skyspan Australia				
		Kimberley Products				
		ACOL Skylights & Roof Vents				
<b>9</b>	<b>Paints</b>					
		Hogans Wholesale				
		CW Brands (Campbells Wholesale)				
<b>10</b>	<b>Rainwater Accessories</b>					
		BlueMountain Company				
		Top Idea / Leaf Stopper				

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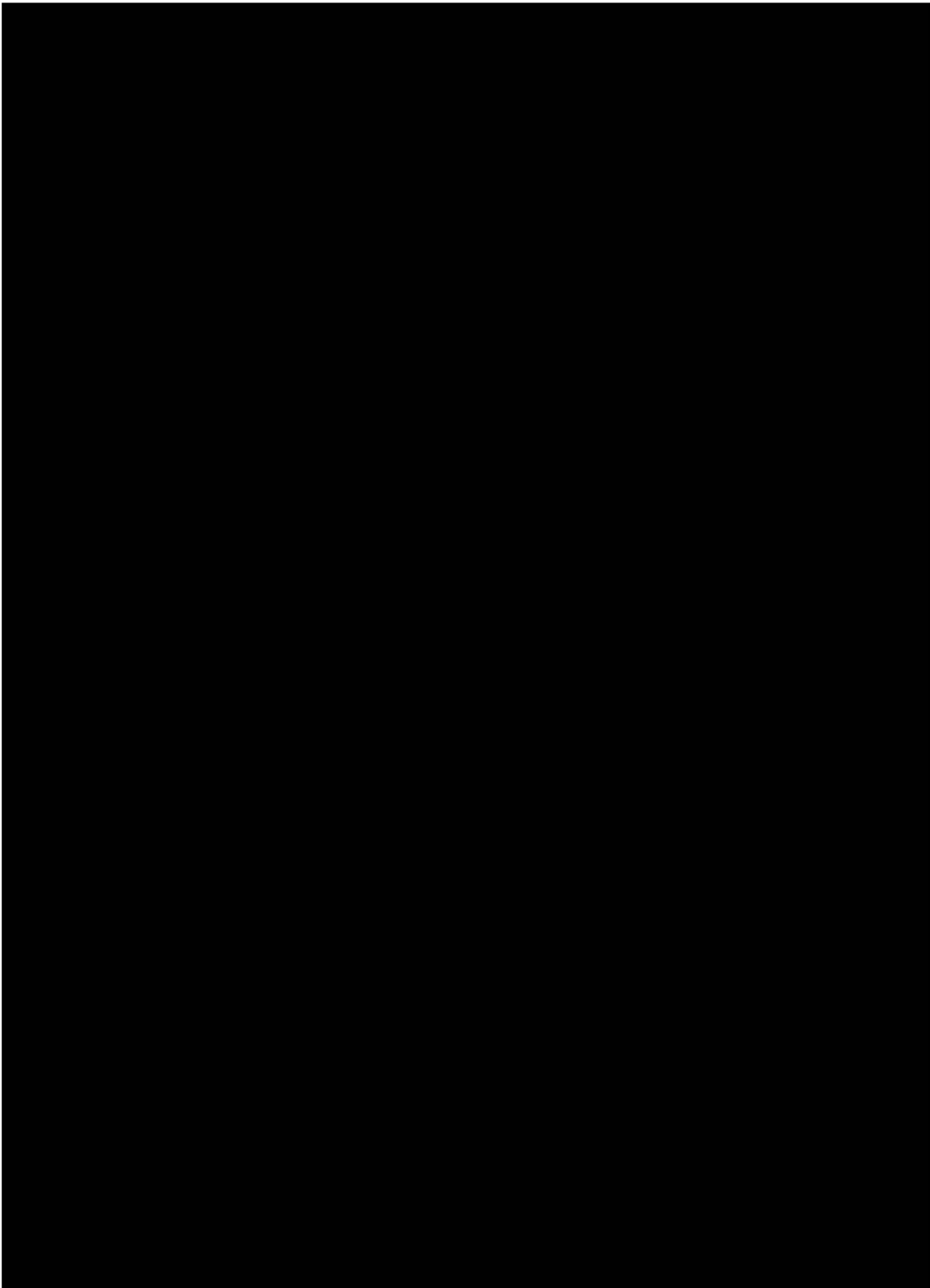
	Type of product	Supplier/s	Agreement term (years)	Start date	End date	Supplier contact details
		Ultraguard				
		Karben Industries				
		Gutter Protector Australia				
<b>11</b>	<b>Silicone Sealants</b>					
		HB Fuller				
<b>12</b>	<b>Insurance</b>					
		Marsh Advantage				
		Chief Trade Credit				
<b>13</b>	<b>Insulation</b>					
		Fletcher Insulation				
		CSR Bradford				
		GI Building Sciences				
		Kingspan				

PUBLIC VERSION - Restriction of Publication of Part Claimed

	Type of product	Supplier/s	Agreement term (years)	Start date	End date	Supplier contact details
<b>14</b>	<b>Roof Anchors</b>					
		ANKAme				
<b>15</b>	<b>Insulated Panels</b>					
		Kingspan Insulated Panels				
		Versiclad Insulated Panels				

**Schedule 3 – Customer contact details**

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**Schedule 4 – Extracts from board minutes and members conference**

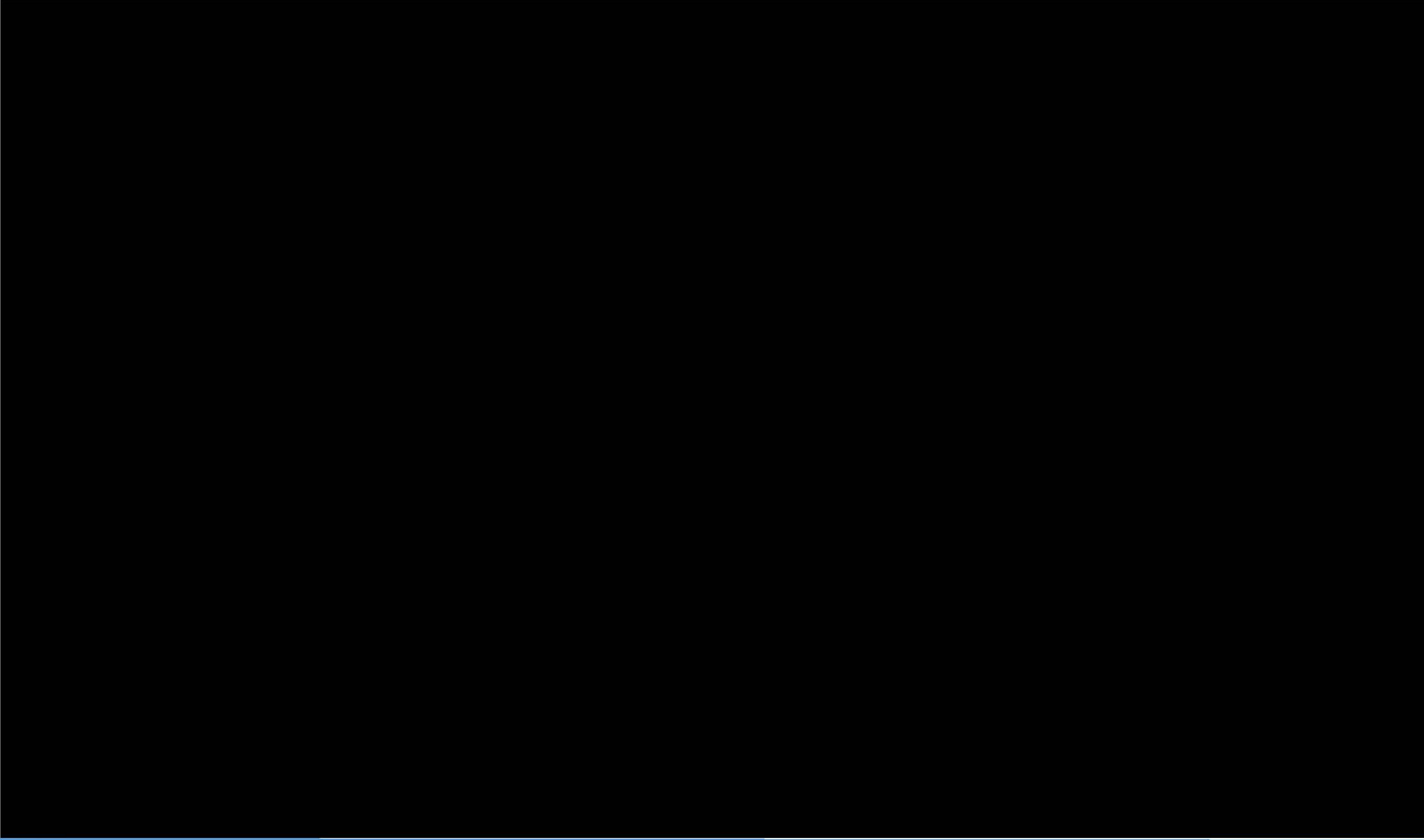
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# **SMPL Board Meeting**

**4<sup>th</sup> September 2019  
PARKROYAL Melbourne Airport**

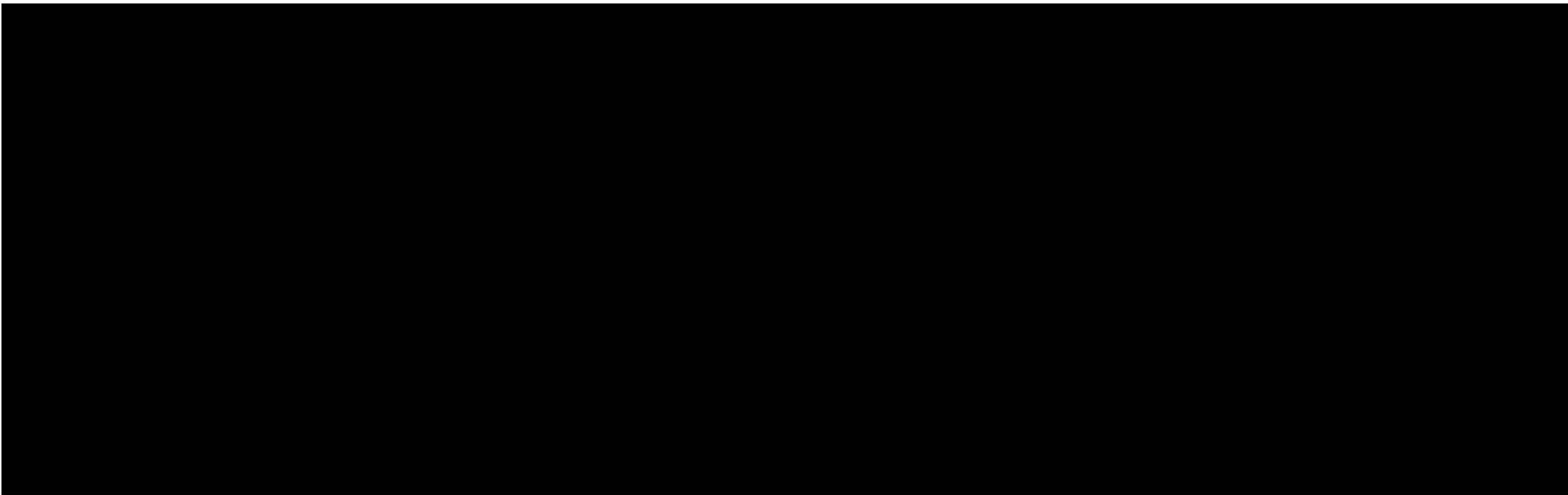
# AGENDA



# Competition & Consumer Act ... (ACCC)

## Legal counsel in relation to the Collective Sale of goods & services

- Steeline Group Advertising and Marketing activities...  
Where we may advertise a price or schedule of rates that all members have agreed on
- National Supply Agreements for national customers – [REDACTED]  
Where several members may agree on prices, or rebates etc. or areas of service.
- Internet Sales – [REDACTED] – where consumers may click to place an order and the order is supplied at an agreed price, by the nearest member.







Steeline Members Pty Ltd  
National Head Office  
28 Thomas Murrell Crescent, Dandenong South, Vic 3175  
P.O. Box 4394, Dandenong South VIC 3164  
ABN 64 162 279 503  
[www.steeline.com.au](http://www.steeline.com.au)

## SMPL Board Meeting Minutes

14<sup>th</sup> November 2019

8.00 am – 3.00pm

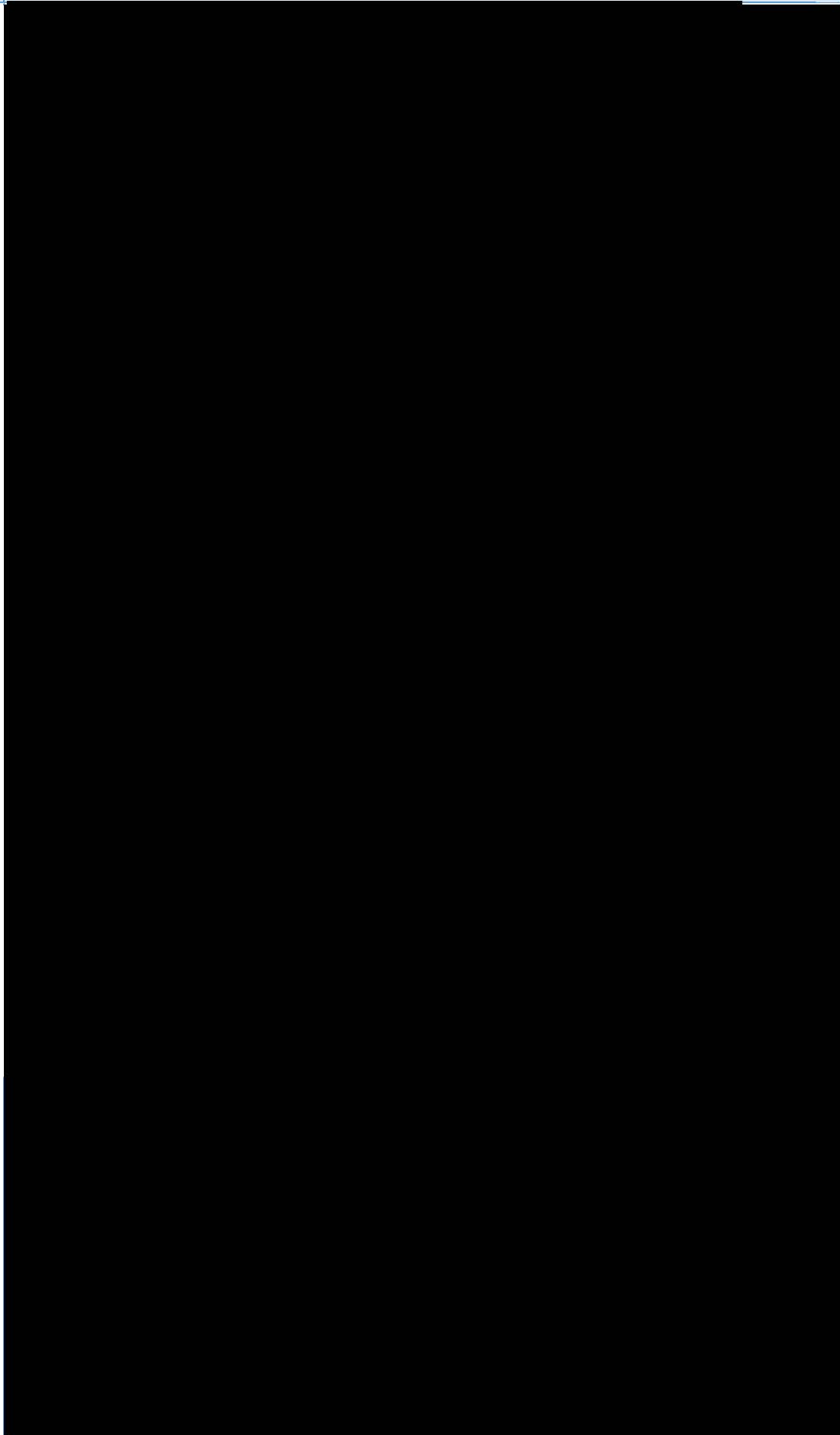

The Old Woolstore Hotel, HOBART

### AGENDA:

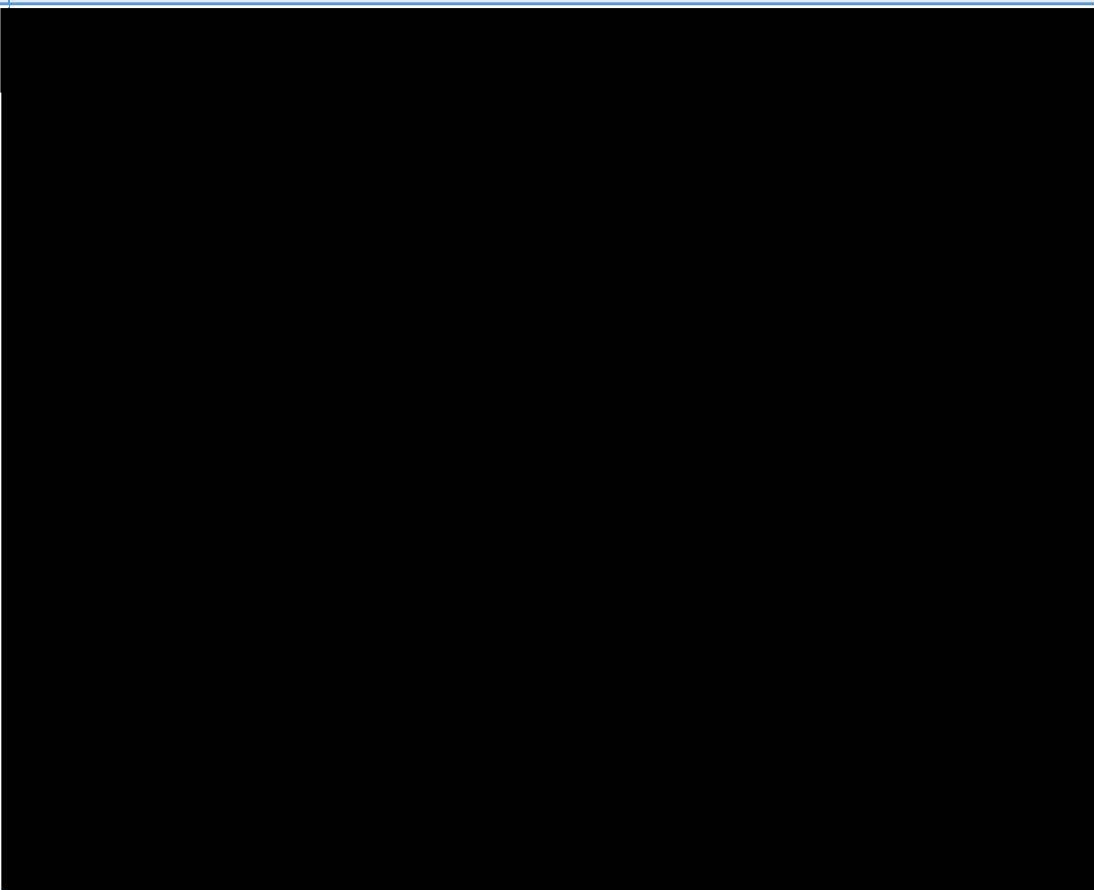

**MINUTES**

Not necessarily discussed in this exact order, but simpler to summarise the discussion in this order.  
(Also used slides prepared for the following day's National Members Conference – refer Conf. Minutes)

<b>Discussion / Actions</b>		
<b>Item</b>	<b>Discussion</b>	<b>Who / When</b>
<b>1</b>		
<b>2</b>		

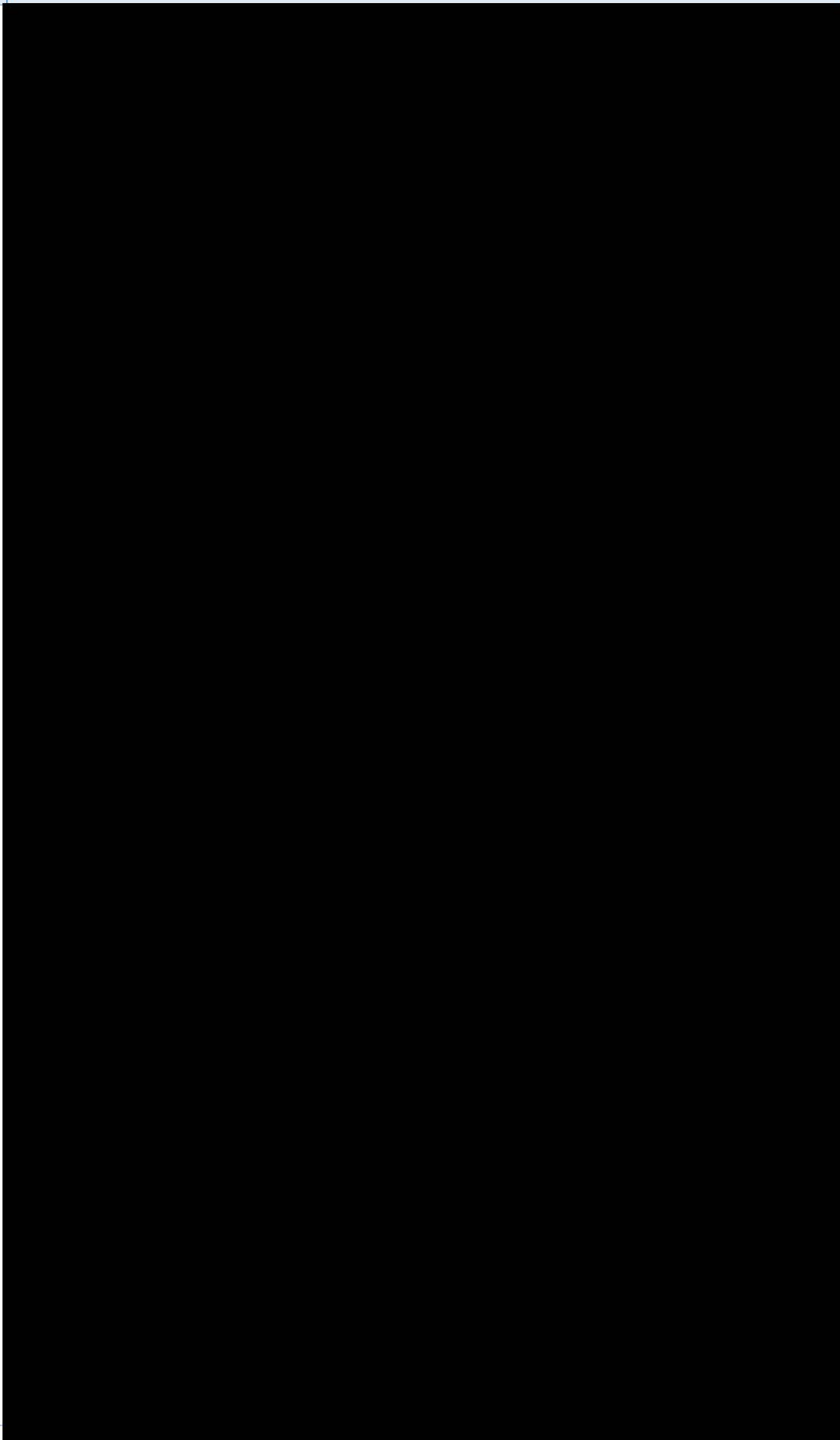
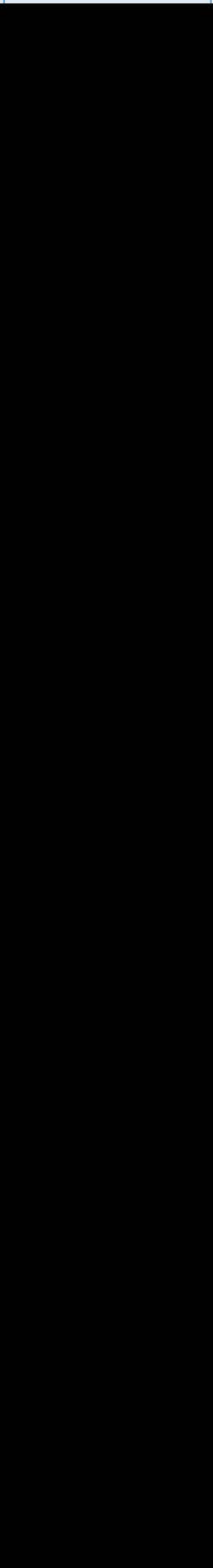
Item	Discussion	Who / When
3		



Item	Discussion	Who / When
<p><b>3</b> <b>Cont</b></p>		
<p><b>4</b></p>	<p>AW included a brief table of Pros and Cons. AW felt this was such a significant decision that we should seek a Member's Vote to proceed or not. This action was agreed by the Board.</p> <p><b>ACTION</b> – AW to present slides to the Members at the Conference and put it to a Vote.</p> <ul style="list-style-type: none"> <li>• Done – Members approved taking it to the next step and start the process of an ACCC Authorisation.</li> </ul>	<p>AW – done  AW to now engage Baker McKenzie</p>

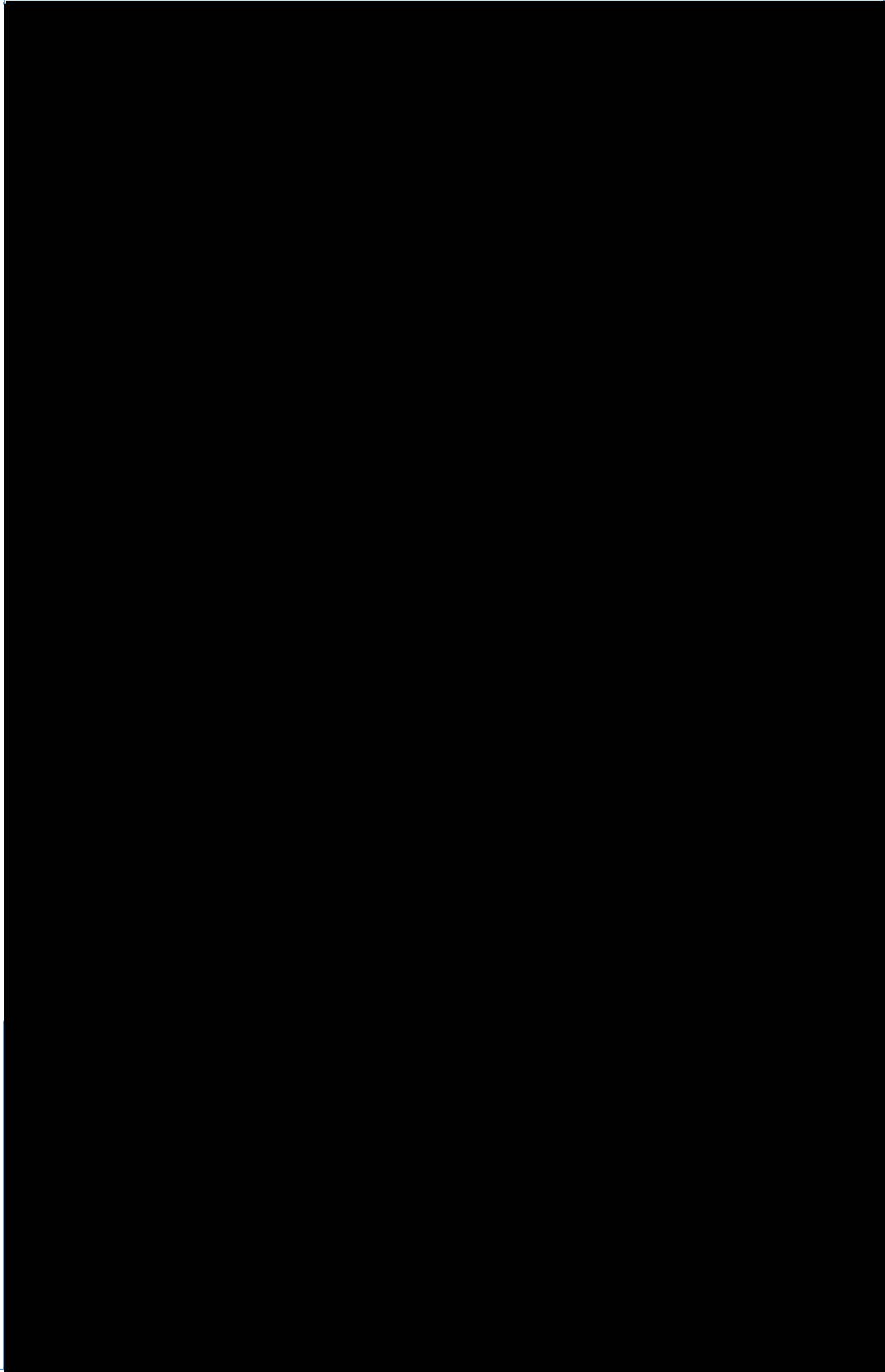
Item	Discussion	Who / When
5		
6		
7		

Item	Discussion	Who / When
8		
9		

Item	Discussion	Who / When
10		

Item	Discussion	Who / When
11		
12		
13		

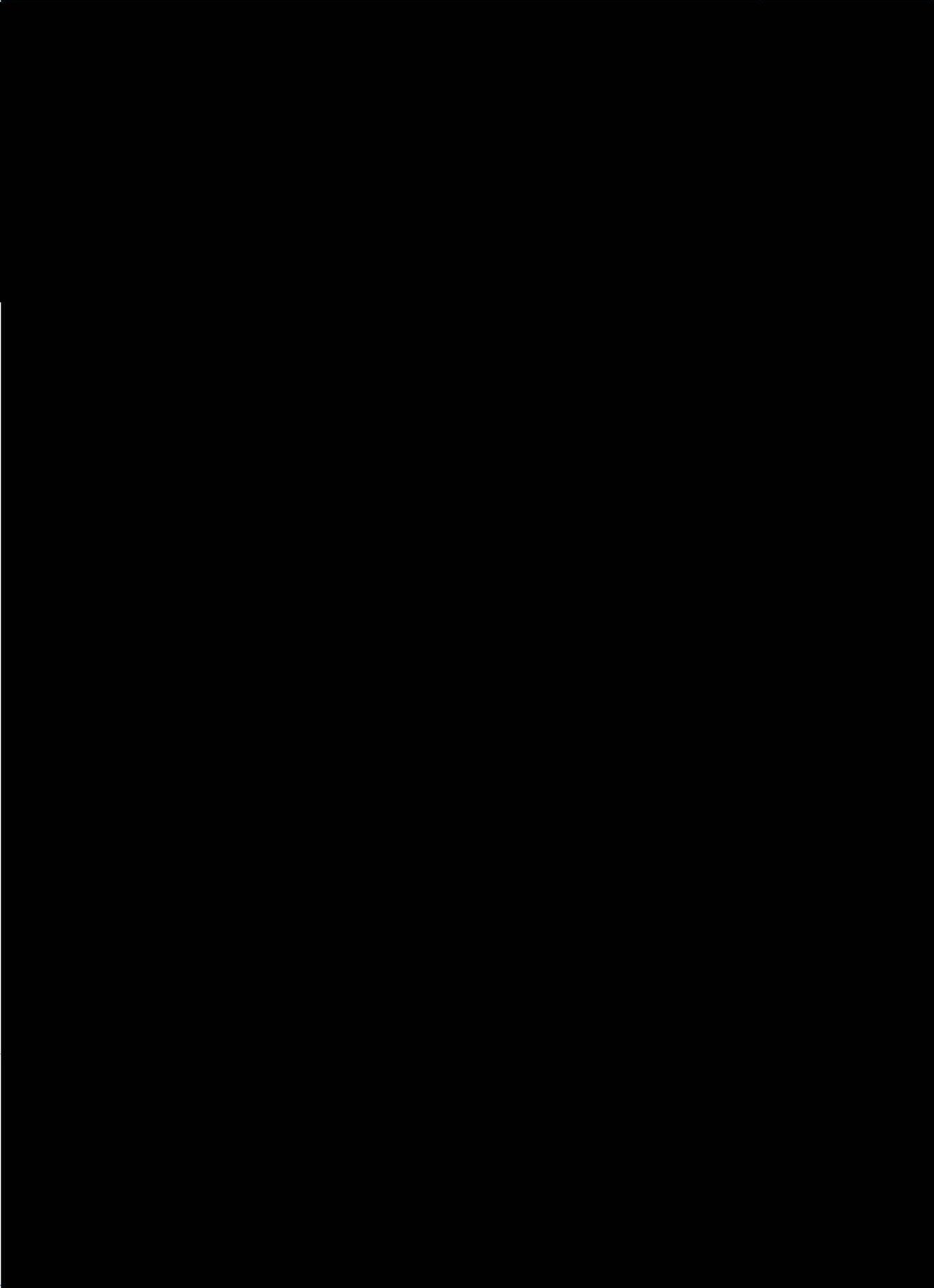
Item	Discussion	Who / When
14		
15		

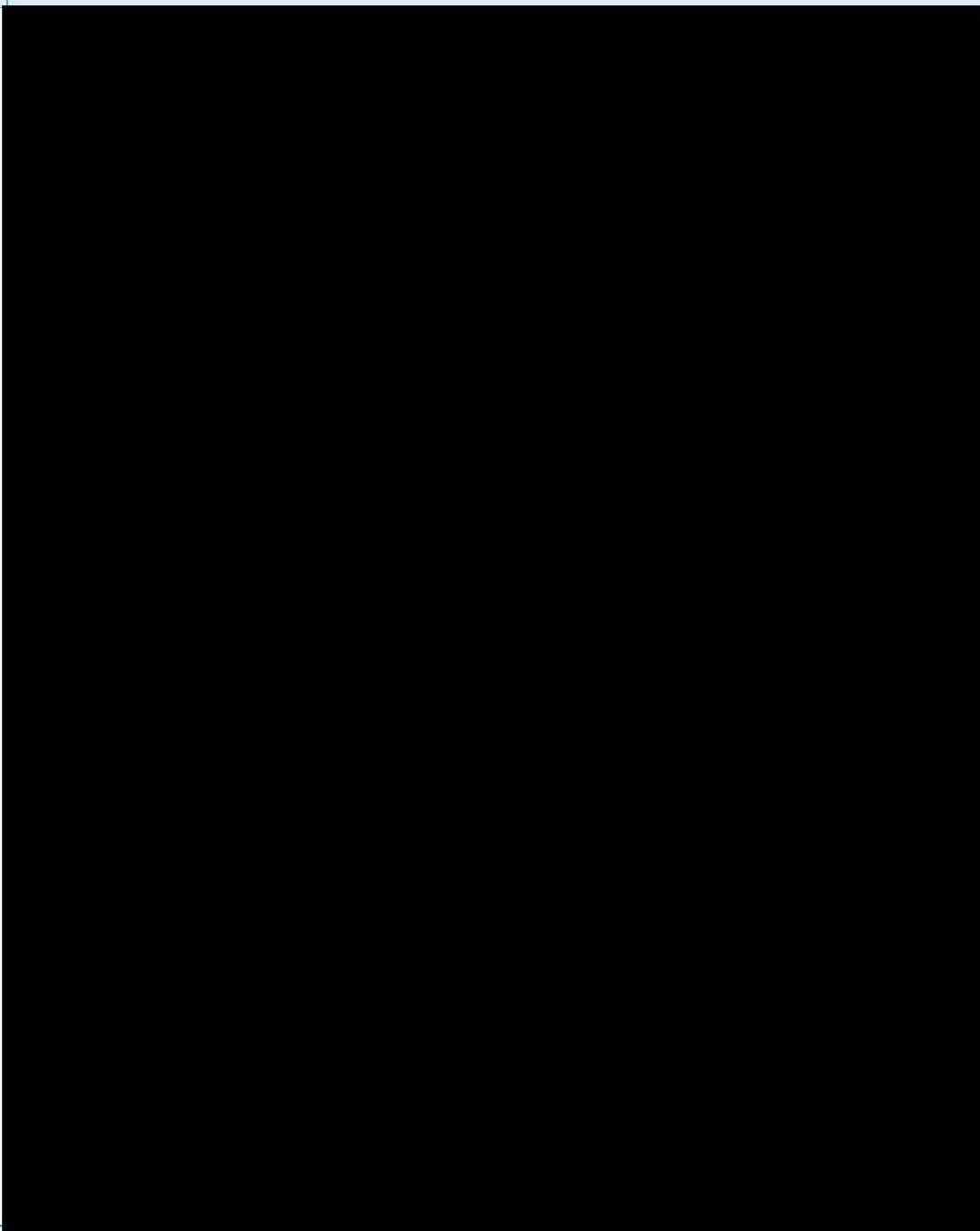
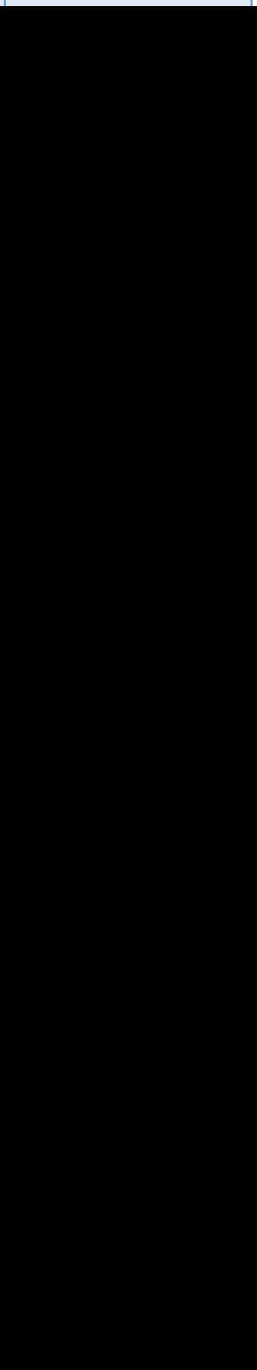
Item	Discussion	Who / When
16		

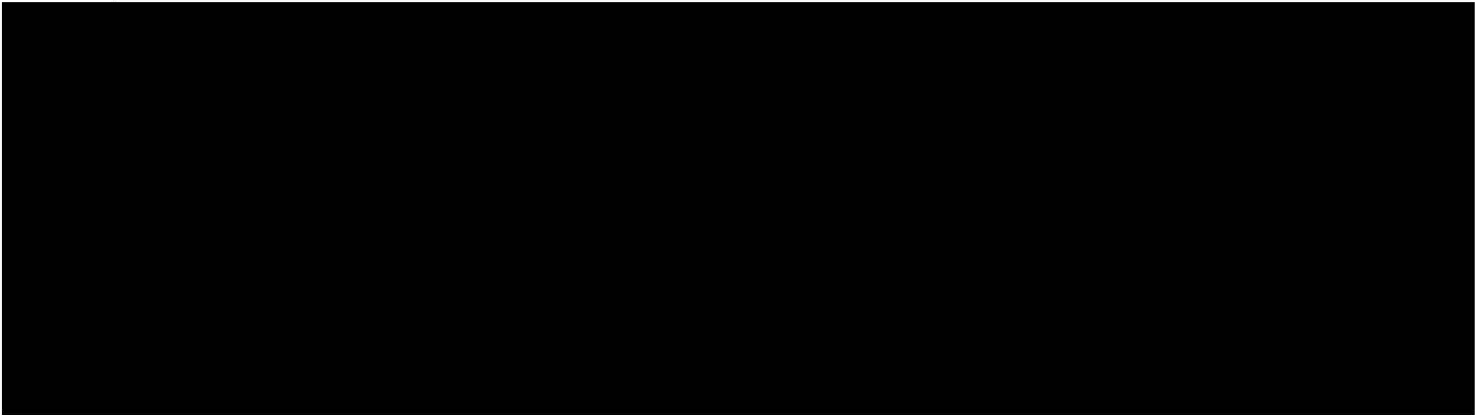
Item	Discussion	Who / When
17		
18		



Item	Discussion	Who / When
19		
20		

Item	Discussion	Who / When
21		
22		

Item	Discussion	Who / When
23		





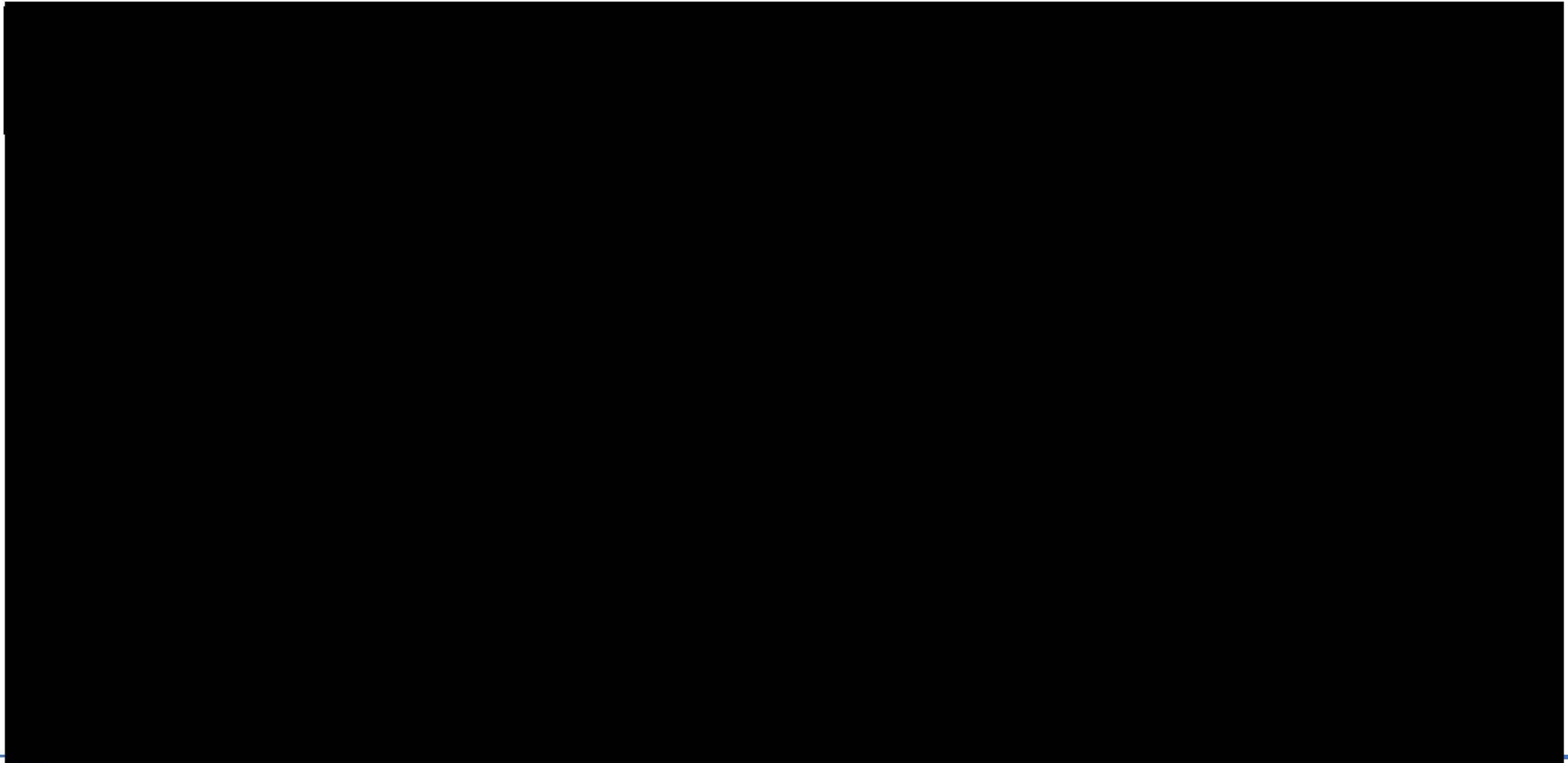
# 11<sup>th</sup> SMPL National Steeline Members Conference

The Old Woolstore Hotel 15<sup>th</sup> November 2019

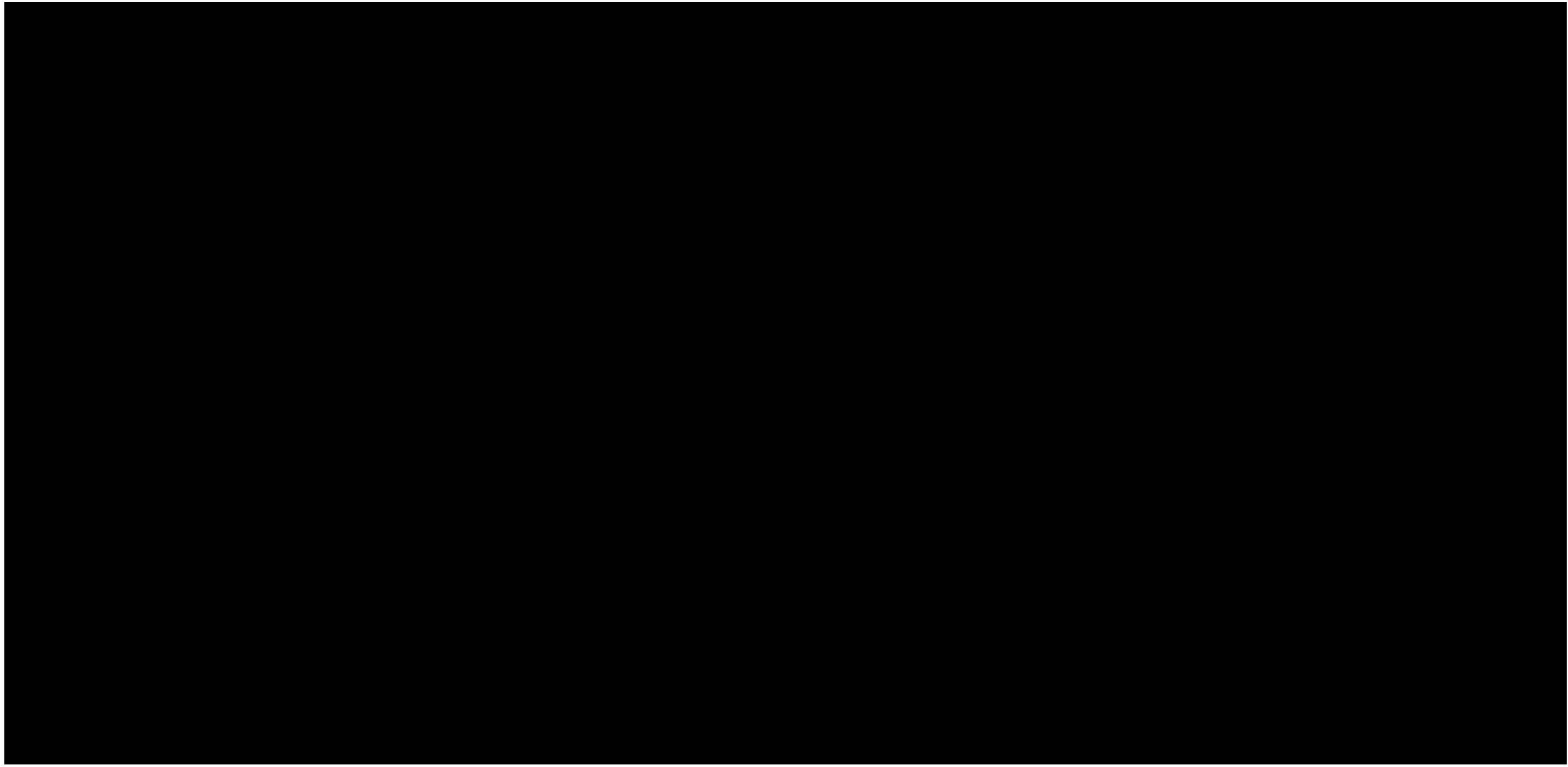
Welcome to  
**HOBART**  
POPULATION  
6 MILLION



# AGENDA



# Steeline Conference Protocol (Ref Policy P6)



# ACCC Review – Joint Selling / Collective Bargaining



Search

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### Welcome to the ACCC

We are Australia's competition regulator and national consumer law champion. We promote competition and fair trading and regulate national infrastructure to make markets work for everyone.

[Read more](#)

### Know your consumer rights

We help you understand your consumer rights when buying goods or services including what to do if you are not happy.

[Read more](#)

### Be fair & competitive

We help you understand your business rights and responsibilities under the Australian Consumer Law. Compete fairly, be truthful and tell us when others do the wrong thing.

[Read more](#)

### Regulating & monitoring national infrastructure

We regulate and monitor industries where there is limited competition to protect and strengthen market processes. Working with all stakeholders, we strive to ensure compliance, transparency and fair outcomes.

[Read more](#)

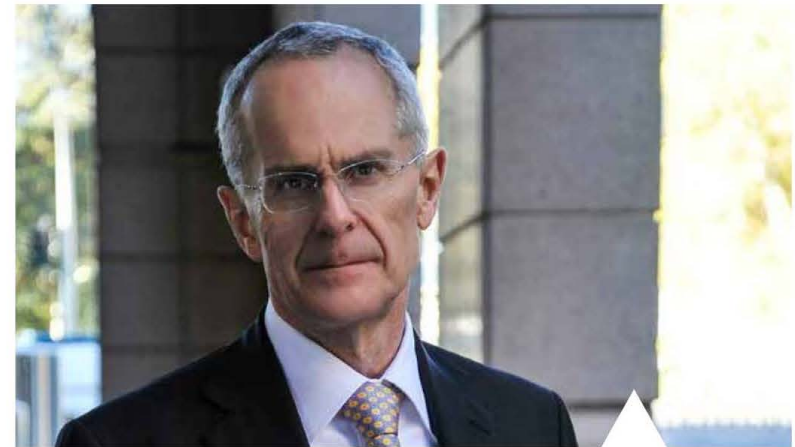


# ACCC Review – Joint Selling / Collective Bargaining



## Who we are

The ACCC is an independent Commonwealth statutory authority whose role is to enforce the *Competition and Consumer Act 2010* (Cth) and a range of additional legislation, promoting competition and fair trading, and regulating national infrastructure for the benefit of all Australians.



2018-19 review: ACCC Chair, Rod Sims



## ACCC Review – Joint Selling / Collective Bargaining



### Proposed Joint Selling examples

- Advertising and marketing activities where Steeline (SMPL) advertises prices for certain products on behalf of, and which are agreed to, by all Steeline Members
  - **eg Steeline Sheds / Brochures – with “agreed prices”...**
- Negotiating and agreeing to National Supply Agreements with national customers, who may be supplied by a number of Members, where the agreements might contain a schedule of fixed prices, agreed rebates, or allocated territories for supply by Members
  - **with a proposed schedule of rates and/or rebates**
- Operating, or agreeing to operate online sales, where customers can order products for agreed prices from Steeline, which are then allocated to, and fulfilled directly by the nearest Member store

## ACCC Review – Joint Selling / Collective Bargaining



### Remember – all Steeline Members are essentially **COMPETITORS**

- Steeline is a buying group composed of a number of local and regional roofing and steel retailers.

- The *Competition and Consumer Act* generally requires businesses to act independently of their competitors when making decisions about pricing, which firms they do business with, and the terms and conditions of doing business.
- **Competitors who act collectively in these areas are at risk of breaching the competition provisions of the Act... (Cartel behavior = price fixing, market sharing)**

# ACCC Review – Joint Selling / Collective Bargaining



Search



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Publications

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Home > Business > Anti-competitive behaviour

## Business

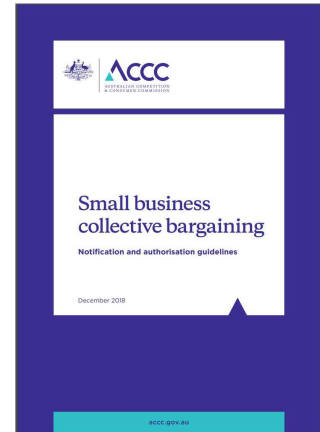
- Business rights & protections
- Treating customers fairly
- Advertising & promoting your business
- Pricing & surcharging
- Industry codes
- Anti-competitive behaviour**

## Collective bargaining & boycotts



The *Competition and Consumer Act* generally requires businesses to act independently of their competitors when making decisions about pricing, which firms they do business with, and the terms and conditions of doing business. Competitors who act collectively in these areas are at risk of breaching the competition provisions of the Act.

- Collective bargaining
- Collective boycott
- Exemptions**
- Apply for an authorisation or make a notification**
- More information



# ACCC Review – Joint Selling / Collective Bargaining



## What is collective bargaining?

**Collective bargaining** occurs when two or more businesses come together as a group to negotiate with a customer or a supplier (known as the target business)<sup>1</sup> about terms, conditions and/or prices. The group may choose to appoint a representative, such as an agent or industry association, to negotiate on their behalf.

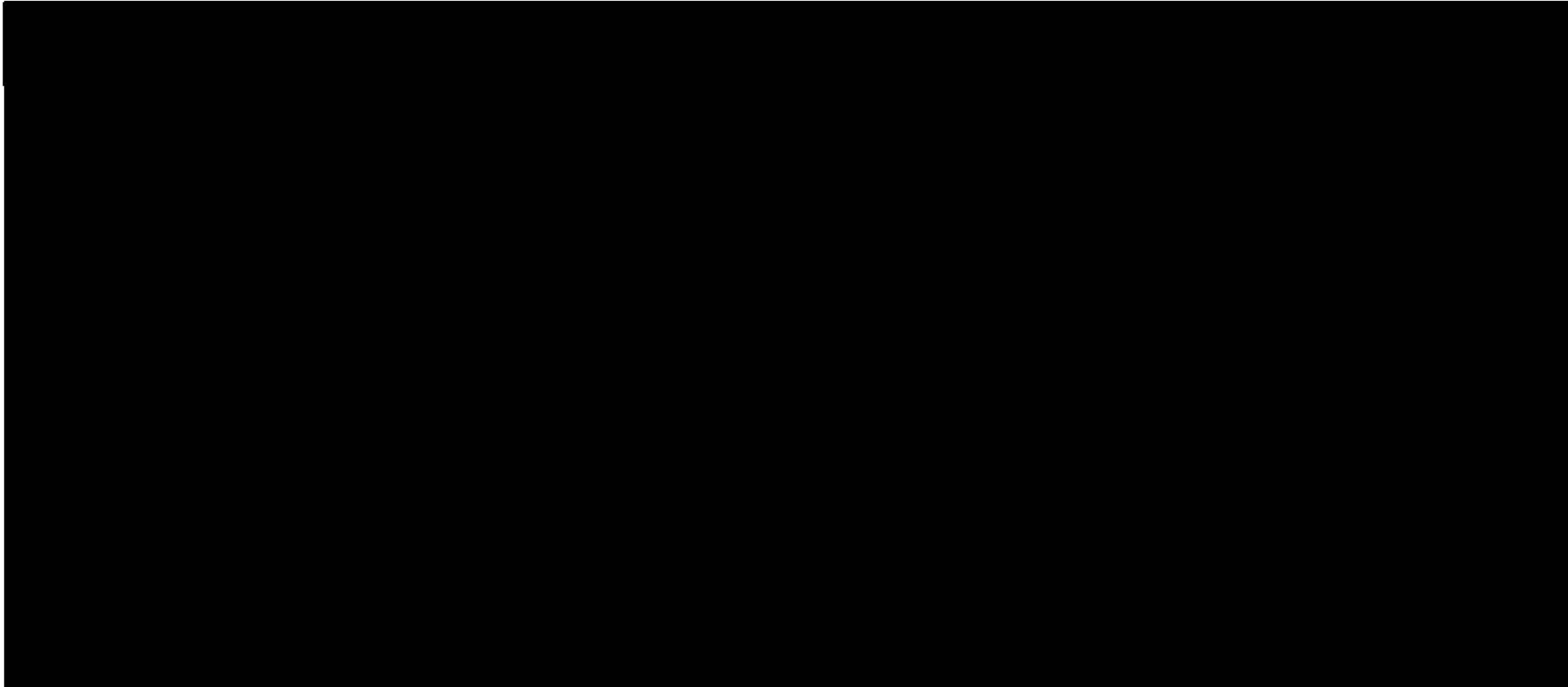
## When does collective bargaining risk breaching the Act?

Collective bargaining, with or without a collective boycott, often raises concerns under the competition provisions of the Act because, in broad terms, the Act requires businesses to operate independently of their competitors when making decisions about:

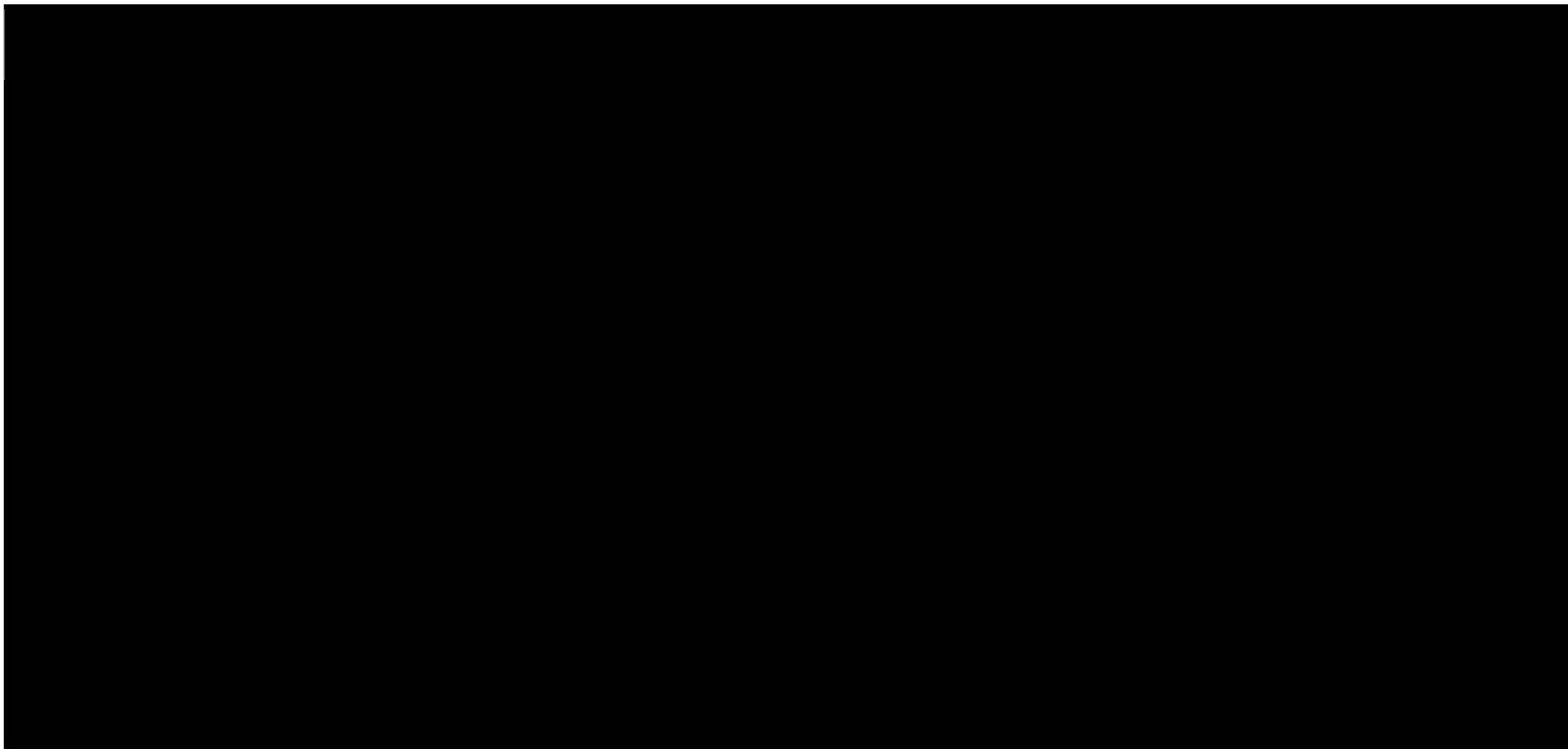
- pricing <sup>2</sup>
- which businesses they deal with, and
- the terms and conditions on which they do business.



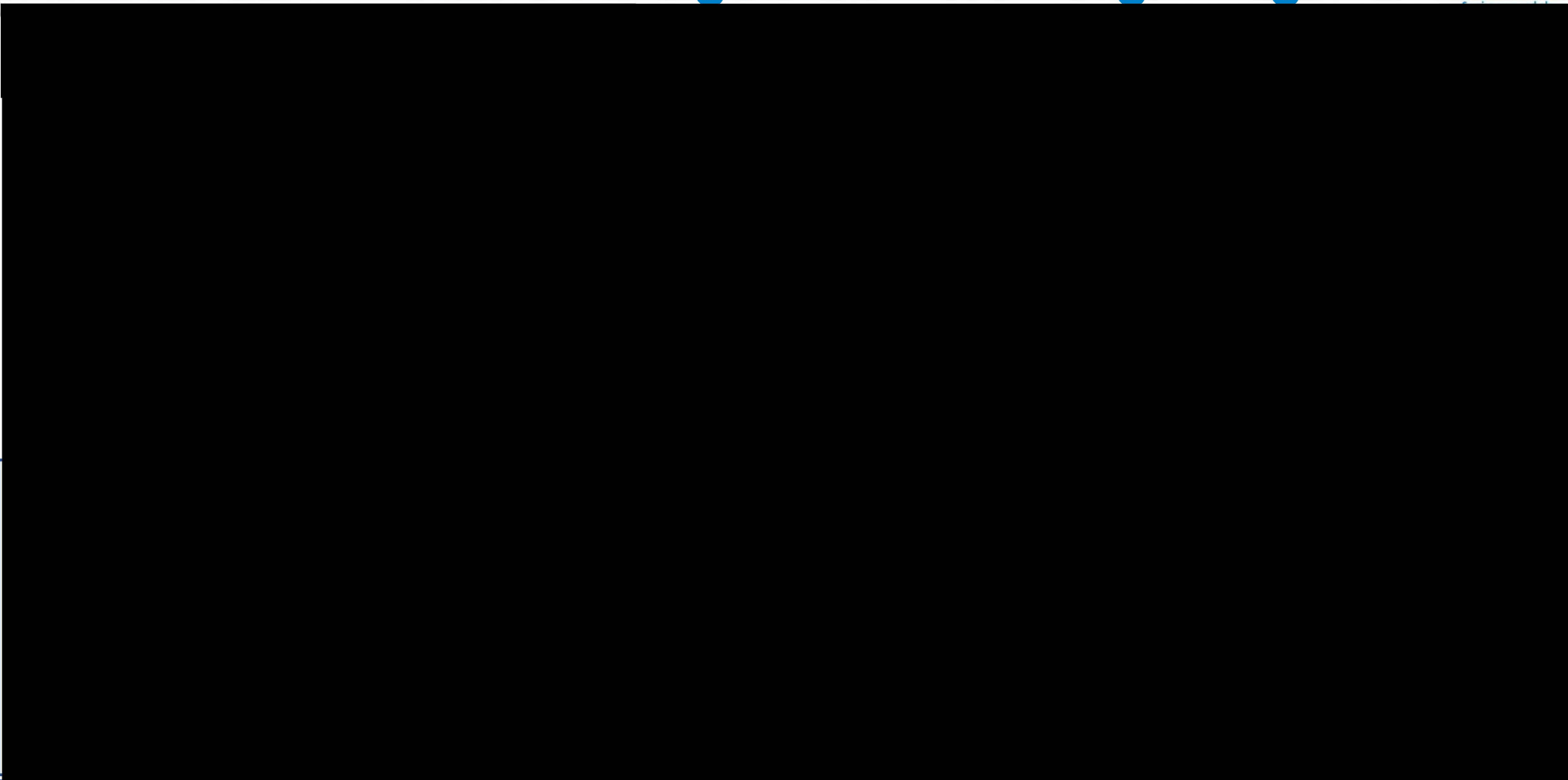
# ACCC Review – Joint Selling / Collective Bargaining



# ACCC Review – Joint Selling / Collective Bargaining



# ACCC Review – Joint Selling / Collective Bargaining



# ACCC Review – Joint Selling / Collective Bargaining



## AUTHORISATION / ACCC – the Pros & Cons

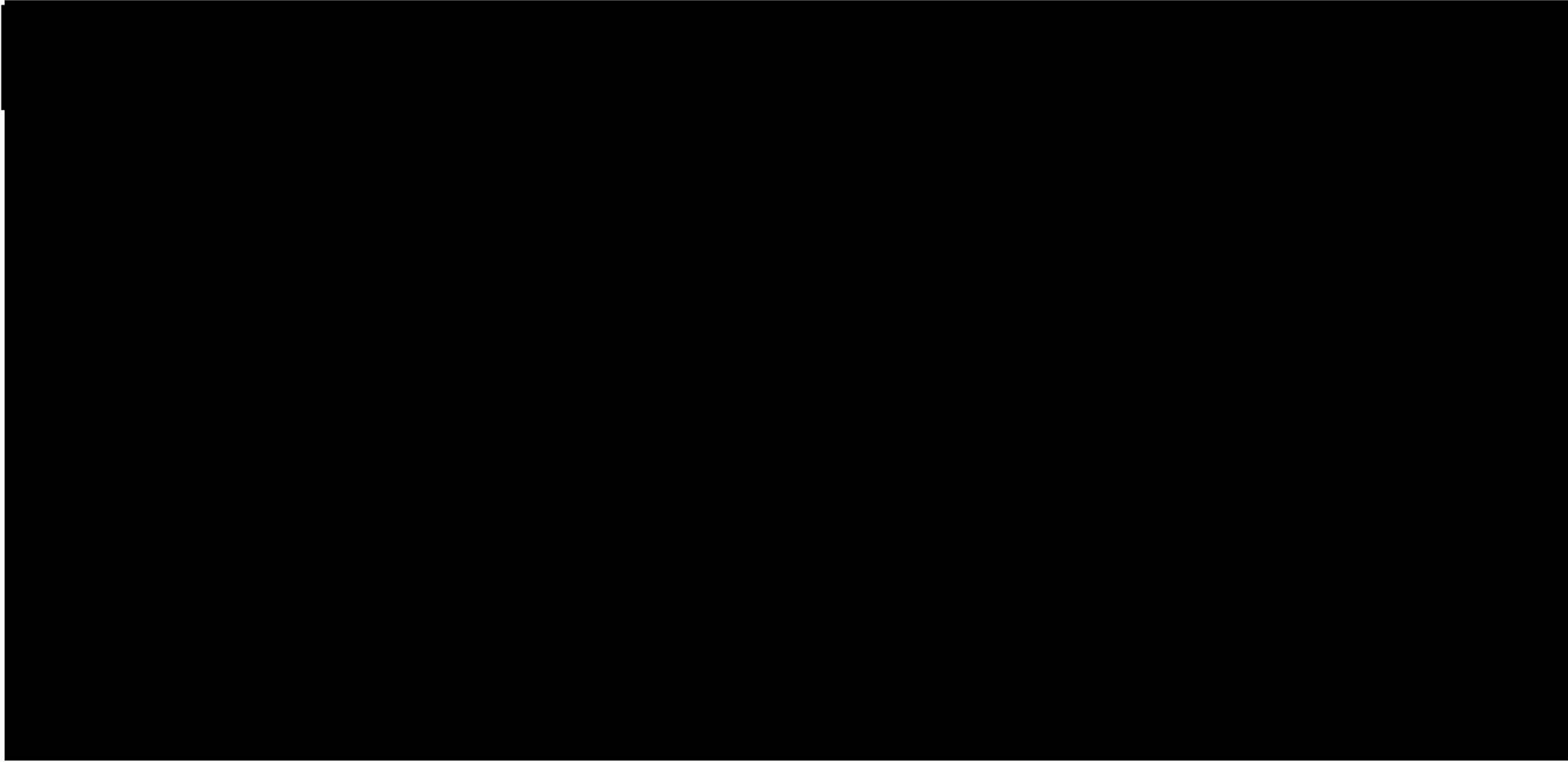
**PROS** (Assuming Application successful)

**CONS**

--	--



# ACCC Review – Joint Selling / Collective Bargaining





Service over and above

## 11<sup>th</sup> SMPL National Conference – Mini Conference:

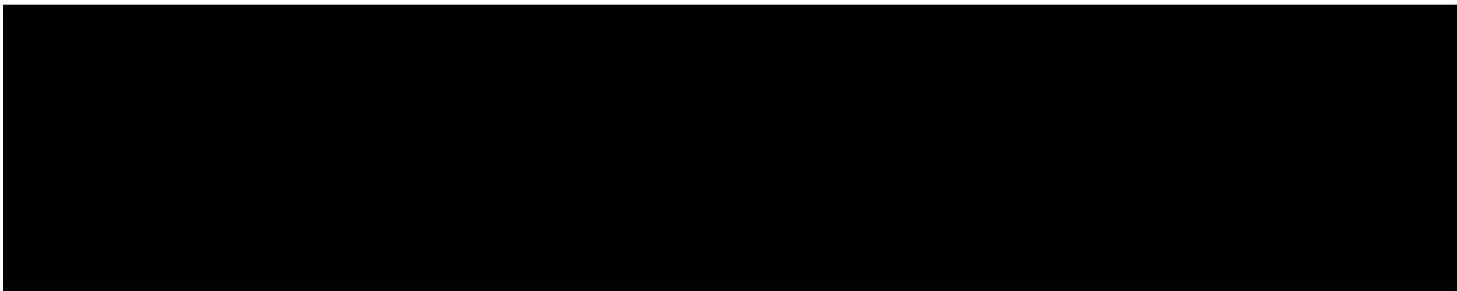
15<sup>th</sup> November 2019

The Old Woolstore Apartment Hotel, Hobart TAS



### AGENDA:

Had been sent to all Members via email ahead of the Conference.



**Minutes: Thursday 14<sup>th</sup> November 2018**

Discussion / Actions		
Item	Discussion	Who/When
1		
2		

**Minutes: Friday 15<sup>th</sup> November 2019**

Discussion / Actions		
Item	Discussion	Who/When
1		
2		
3		

Item	Discussion	Who/When
4	[Redacted]	[Redacted]
5	[Redacted]	[Redacted]
6	<b>Potential STEELINE Joint Selling / Collective Bargaining</b> [Redacted]	[Redacted]

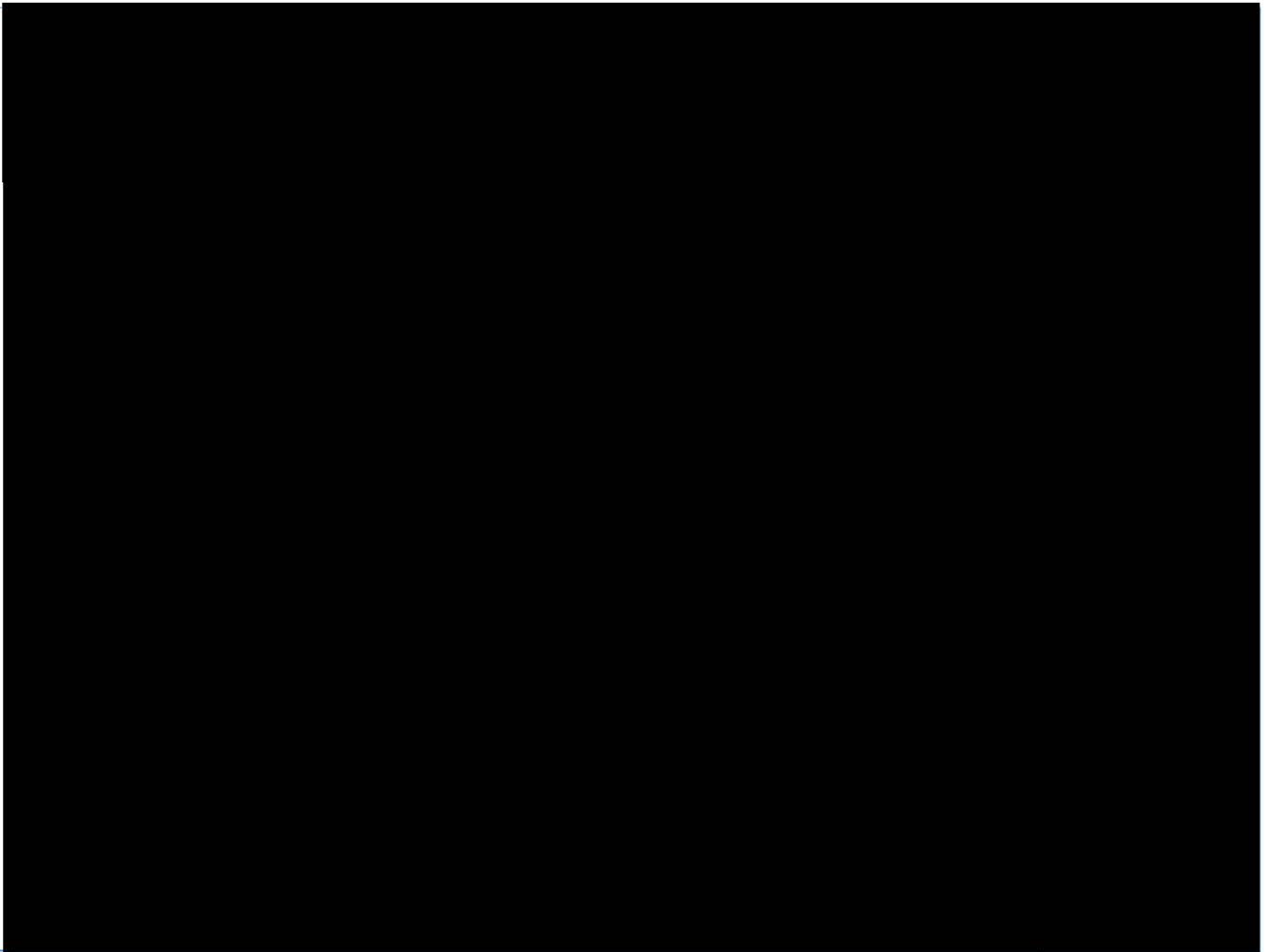
<b>6</b> <b>cont.</b>		
	<p><u>RESULT</u></p> <ul style="list-style-type: none"> <li>The Members voted unanimously – agreed to go ahead.</li> </ul> <p><u>ACTION</u></p> <ul style="list-style-type: none"> <li>AW to contact MBaker McKenzie and get the process moving.</li> </ul>	AW QTR-1 2020
<b>Item</b>	<b>Discussion</b>	<b>Who/When</b>
<b>7</b>		

Item	Discussion	Who/When
8		
9		
10		

<b>10</b> <b>cont.</b>		
<b>Item</b>	<b>Discussion</b>	<b>Who/When</b>
<b>11</b>		
<b>12</b>		

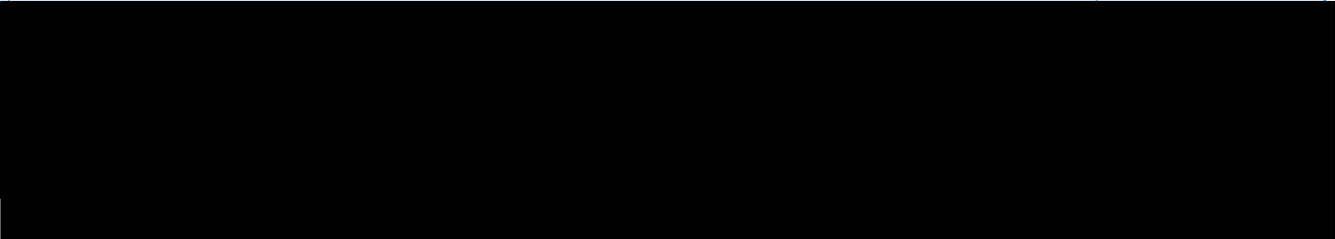


**12**  
**cont.**

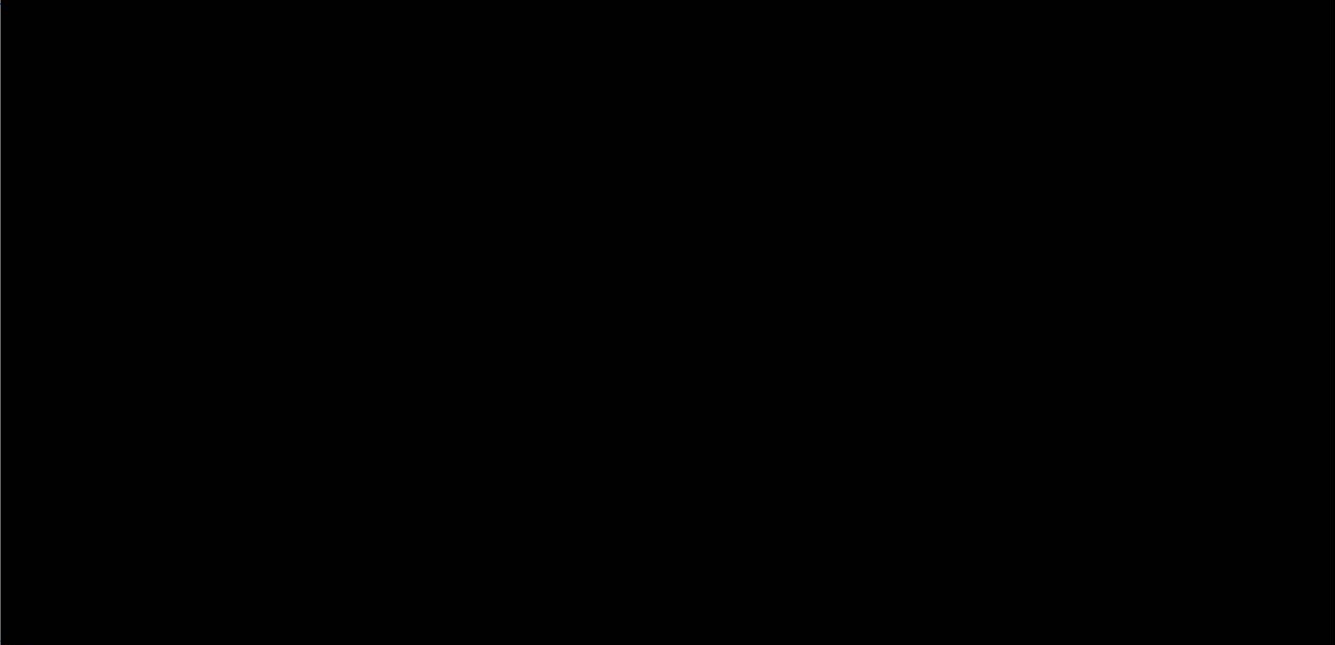


Item	Discussion	Who/When
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**13**



**14**



14 cont.		
Item	Discussion	Who/When
15		

Item	Discussion	Who/When
16		
17		

Item	Discussion	Who/When
18		
19		

Item	Discussion	Who/When
20		

