

Partner Jennifer Barron
Contact Cherrie Fung
T +61 2 9263 4727
cfung@gtlaw.com.au
Our ref JXB:CCF:1038801



L 35, Tower Two, International Towers Sydney
200 Barangaroo Avenue,
Barangaroo NSW 2000 AUS
T +61 2 9263 4000 F +61 2 9263 4111
www.gtlaw.com.au

6 September 2019

By email: theo.kelly@accc.gov.au and kobi.maybury@accc.gov.au

Theo Kelly and Kobi Maybury
Adjudication Branch
Merger and Authorisation Review Division
Australian Competition and Consumer Commission
23 Marcus Clarke Street Canberra 2601

Dear Theo and Kobi

CAUDIT - Collective Bargaining Notification

We refer to the collective bargaining notification lodged on 29 August 2019 (**Notification**) and our call on 3 September 2019.

As noted in the Notification, over the last 3 years, CAUDIT's procurement activities have reduced costs and simplified processes associated with vendor engagement, assisted CAUDIT members to access attractive offers for products and services allowing them to reduce their costs, and improved communication between vendors and the CAUDIT membership.

These benefits are particularly important given that CAUDIT's members are organisations which serve educational purposes.

Simplified processes

CAUDIT's activities reduce bureaucratic burden for its members.

It generally takes CAUDIT several weeks to negotiate an offer from a vendor, which members may accept or use as the starting point for a further individual negotiation. CAUDIT understands that CAUDIT's process significantly reduces the amount of time its members spend engaged in negotiations, both in terms of weeks to reach agreement, and the number of person hours required.

Overall, CAUDIT understands that its procurement activities have reduced the time for many members from many months of negotiation (8-12 weeks on average and up to 12-18 months for very complex arrangements) to 1-2 weeks to consider, possibly further negotiate, and sign the contract where agreement is reached. This also results in cost savings for members and vendors.

Improved pricing and terms

CAUDIT is generally able to negotiate a material discount on top of the standard education discount. CAUDIT considers this is generally in the range of 15-25%. This represents significant savings to the members (who may also negotiate further discounts). However, those savings are difficult to quantify robustly, including because members contract directly with vendors.

CAUDIT is also able to negotiate more attractive terms for its members, which individually lack the bargaining power to do so. For example, many vendors have standard terms on the basis of foreign laws, where CAUDIT has frequently been able to negotiate a change to apply the laws of New South Wales, which provides more certainty for members.

Regular take up by members of offers, including very high take up for certain offers, demonstrates that members value the role CAUDIT plays in negotiating vendor offers. By way of example, a very large proportion of CAUDIT's members have taken up the offer CAUDIT has negotiated with Microsoft.

Improved communications

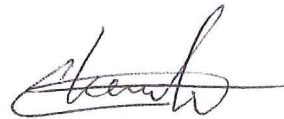
CAUDIT's procurement activities and in particular engagement with vendors have led to CAUDIT's development of significant expertise in the software industry. CAUDIT supports its members with educational activities, such as provision of technology roadmaps and process information and regular webinars to improve their day to day performance. As a result of CAUDIT's educational program, members are better able to engage with vendors, because their knowledge of software products and processes is improved.

Please let us know if you would like to discuss any of the points above or in the Notification.

Yours faithfully
Gilbert + Tobin

A handwritten signature in blue ink, appearing to read 'J. Barron'.

Jennifer Barron
Partner
+61 2 9263 4063
jbarron@gtlaw.com.au

A handwritten signature in blue ink, appearing to read 'Cherrie Fung'.

Cherrie Fung
Lawyer
+61 2 9263 4727
cfung@gtlaw.com.au