

[RESTRICTION OF PART OF PUBLICATION CLAIMED]

**Metcash Trading
Limited**

6 August 2007

Trade Practices advice

Additional submission to exclusive dealing notification

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Metcash Trading Limited

Additional submission to exclusive dealing notification

1 Introduction

This submission is provided in response to a letter from the Australian Competition and Consumer Commission dated 26 July 2007 (**Commission's Letter**). This submission (referred to hereafter as the **Additional Submission**) supplements the information provided by Metcash in its submission accompanying the Notification dated 1 November 2006 (**Submission**), its supplementary submission dated 16 March 2007 (**Supplementary Submission**), its further submission dated 31 May 2007 (**Further Submission**), and Metcash's meeting with the Commission on 21 June 2007. The Additional Submission addresses each of the questions asked in the Commission's Letter.

2 Response to questions

Set out below are the questions contained in the Commission's Letter and Metcash's response.

In its questions, the Commission has drawn a distinction between "Basic Data" and "Advanced Data". While Metcash has applied this distinction in providing its responses, in reality, there will be no distinction made between Basic Data and Advanced Data. All retailers (whether they use one of the Software Brands or not) will continue to receive Data from Metcash (if they so choose).

Basic Data

- (1) **I understand Metcash will continue to supply the Basic Data to all retailers including those who do not use one of the specified Software brands. In this regard Metcash advised that no retailer will be worse off than at present should they choose to continue to operate non-accredited software. In respect of this assertion please advise whether the Basic Data will continue to be provided in a format compatible with retailers' existing software systems?**

Metcash does not submit that no retailer will be worse off than at present should they choose to continue to operate non-accredited software. Rather, Metcash submits the following:

- Metcash will continue to supply the Basic Data to all retailers. In this limited sense only, retailers who choose not to use one of the Software Brands will be no worse off than at present (that is, they will still receive the Basic Data).
- However, Metcash does not guarantee that the Basic Data will continue to be provided in a format compatible with retailers' software systems if those retailers do not use one of the Software Brands. As host files and programs are updated, the ability of the non-accredited software systems to read and interpret the Data provided by Metcash may become limited.

(2) Will retailers using non-accredited software continue to be able to order stock electronically and receive electronic invoices from Metcash?

Metcash expects that, initially, retailers using software supplied by non-accredited software vendors will be able to use their software to order stock electronically and receive electronic invoices from Metcash. However, over time, Metcash expects data elements to change and be upgraded, and this is likely to prevent those retailers from using their software to order stock electronically and receive electronic invoices from Metcash (although those retailers could still use a Metcash supplied PDA (Portable Data Assistant) to electronically order stock).

(3) In the event retailers, using non-accredited software, experience difficulties in continuing to interpret the Basic Data, to what extent, if any, will Metcash provide information and/or assistance to retailers to resolve such difficulties? Will Metcash provide the same information and/or assistance to all retailers, large and small, including for example a four lane single store and Foodworks head office?

Metcash does not currently provide retailers with assistance in relation to the ability of their software to read the Data. [RESTRICTION OF PART OF PUBLICATION CLAIMED]. In the event that retailers experience difficulties in interpreting the Data provided by Metcash, they could seek technical support from their respective software vendor.

Advanced Data

(4) Is it correct that Metcash cannot guarantee that retailers' software will be capable of reading the Advanced Data? To what extent, if any, will Metcash provide assistance to vendors or retailers in relation to the Advanced Data if they do not use one of the Software Brands?

For those retailers who use one of the Software Brands, Metcash will work with the relevant software vendor to ensure that the retailer's software is capable of reading the Advanced Data.

Metcash does not guarantee that software systems other than the Software Brands will be capable of reading the Advanced Data. Metcash will not provide assistance to non-accredited software vendors or retailers using software systems other than the Software Brands in relation to the Advanced Data.

(5) With the exception of Western Australia IGA retailers, where it is a term of their franchise agreement, will retailers using the accredited software have a choice of whether to allow Metcash to retrieve scanned data from their systems?

All retailers, except WA IGA retailers, will have a choice whether to allow Metcash to retrieve scanned data from their systems.

Non-accredited software vendors

(6) Will Metcash continue to provide non-accredited software vendors with the relevant 'file specification codes' to enable them to interpret the Basic Data?

Yes. Metcash will continue to provide all software vendors (who request them) the relevant 'file specification codes' to interpret the Basic Data. However, Metcash does not guarantee that the file specification codes will be able to interpret the Basic Data.

(7) Please advise whether Metcash's intention to change 'file formats' will have an adverse effect on a software vendor's ability to interpret the Basic Data, even where file specification codes have been provided?

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- (8) **To what extent, if any, will Metcash provide assistance, such as host support services, to retailers or vendors not using the Software Brands to enable them to interpret the Advanced Data?**

In relation to retailers, see the response at (3) above. Metcash does not and will not provide assistance to any retailer in relation to the ability of its software system to read the Data (whether Basic Data or Advanced Data).

In relation to non-accredited software vendors, see the response to (6) above. Metcash will not provide any assistance to non-accredited software vendors to enable their systems to interpret the Advanced Data.

The purpose of the rationalisation of software vendors is to enable Metcash to focus its resources on working with a smaller number of software vendors and thereby provide a greatly enhanced product (Data) to retailers.

- (9) **Metcash advised that non-accredited software providers will not be precluded from seeking to become accredited. It will remain open to them to become accredited, provided they can show a commitment to the development of software in-line with the IGA/Metcash requirements or functionality and can offer a high quality product. In this regard, to what extent will Metcash provide information and/or assistance to vendors wishing to become accredited software providers?**

In addition to a commitment to develop the software consistently with IGA's and Metcash's requirements, Metcash would require the software vendor to have a highly developed product. Provided these two conditions are met, there is likely to be a strong business case for Metcash to work with the vendor and provide it with as much information and/or assistance as required.

However, the minimum standards required to become an accredited software vendor is likely to progressively increase as the functionality of the Software Brands are enhanced.

Further, a review by the IGA Steering Committee (predominantly made up of IGA retailers) would be required to provide accreditation to non-accredited software systems.