



Australian
Competition &
Consumer
Commission

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Contact Officer: Kristy Randall
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7 March 2008

Mr Paul Evans
Partner
Freehills
Level 36, QV1
250 St George's Tce
Perth WA 6000

Dear Mr Evans

Re: Exclusive Dealing Notification lodged by Bunnings Group Limited (Bunnings)

I refer to the above exclusive dealing notification lodged by Bunnings on 29 February 2008.

This notification relates to the supply of Ryobi power tools and power garden equipment by Techtronic Industries Australia Pty Ltd (Techtronic) to Bunnings and other retailers. I note that the ACCC has received a similar notification from Techtronic.

Request for additional information

To assist the ACCC in its assessment of the notification, it would be useful if you could address the following questions:

1. Has Bunnings and Techtronic commenced the conduct the subject of the notifications? If not, please advise when Bunnings and Techtronic propose to commence the notified conduct?
2. Could Bunnings please outline what types of Ryobi power tools and power garden tools it currently acquires from Techtronic?
3. Could Bunnings please explain what factors it will use to decide what power tools and power garden tool products duplicate or are similar to Ryobi products and will therefore not be acquired from competitors of Techtronic?
4. Could Bunnings please describe the likely types of power tools and power garden equipment it will:

- no longer acquire from competitors of Techtronic
 - it will supply to customers.
5. Has Bunnings informed its current suppliers of power tool and power garden tool products of the proposed notified conduct? If yes, what has been the reaction of these suppliers?
 6. Could Bunnings please provide its national sales figures for the last financial year for:
 - Ryobi power tools
 - Ryobi power garden equipment
 - Other power tool and power garden equipment brands sold by Bunnings
 - Power tools in total
 - Power garden equipment in total
 7. On page 4 of the Strategic Plan it lists the category changes that Bunnings proposes to make which includes:
 - Implementation of the One Plus merchandising system nationally.
 - Introduction of two entry Green Machine power garden products to the power garden equipment range.
 - Initial introduction of 14 AEG SKU's into the power tools department.
 - In line with performance the Home Lite range will continue to form a key promotional and ranging platform for Bunnings.

Could Bunnings please provide further information to explain these changes? For example, are AEG and Home Lite product ranges different to Ryobi branded products?

8. What incentives exist for Bunnings to continue to price Ryobi products competitively?
9. Will Bunnings receive any rebate as a result of the notified arrangements? If so, please explain the nature of the rebate.
10. What impact does Bunnings expect this arrangement to have on the broader market for power tools, particularly in terms of the range of tools available both generally and in particular locations?
11. What effect does Bunnings expect these arrangements may have on future entrants to the market?

I would appreciate a response to these questions by **Thursday 20 March 2008**.

Consultation with interested parties

To assist the ACCC in its assessment of the notification, letters have been sent to interested parties inviting submissions in response to the notification. Please find enclosed, for your information, a copy of the letter the ACCC sent today to potentially interested parties as part of its public consultation process. The closing date for submissions is **20 March 2008**.

All publicly available submissions will be posted on the ACCC internet site at <www.accc.gov.au>. At the end of the consultation period the ACCC will arrange for you to receive a copy of all publicly available submissions received in relation to the notification.

Should you wish to discuss any aspect of this matter, please do not hesitate to contact Kristy Randall on (02) 6243 1061.

Yours sincerely



David Hatfield
Acting General Manager
Adjudication Branch