



**Australian
Competition &
Consumer
Commission**

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24 October 2012

Dear Madam/ Sir

Collective bargaining notifications CB00227-CB00279 lodged by PaintRight Ltd

I refer to the above collective bargaining notifications lodged with the Australian Competition and Consumer Commission (the ACCC) on 26 September 2012.

I am writing to inform you of the outcome of the ACCC's assessment of the notifications. On the basis of the information available, the ACCC considers that the likely benefit to the public from the collective bargaining conduct will outweigh the anti-competitive detriment to the public. The ACCC does not intend to take any further action in relation to the notifications at this stage.

The notified conduct

PaintRight Ltd proposed to negotiate on behalf of its 55 member stores, who are independently owned paint retailers, for the provision of goods and services from 53 named suppliers. The proposed collective bargaining arrangement is voluntary and does not involve a collective boycott – that is, stores can, for example, negotiate for supplies outside the proposed group arrangements.

The immunity conferred by the notifications commenced on 10 October 2012. PaintRight lodged a group of notifications in 2009, for similar arrangements, that have recently expired.

ACCC consideration

The ACCC may revoke the immunity provided by a collective bargaining notification at any time if the ACCC considers the relevant tests in section 93AC of the *Competition and Consumer Act 2010* are satisfied. Generally, if the ACCC concludes that the benefit to the public likely to result from the collective bargaining arrangement will not outweigh the detriment to the public, the ACCC can remove the immunity provided by the notification.

The ACCC considers that the proposed collective bargaining arrangement is likely to result in public benefits by reducing transaction costs for stores and targets and may also facilitate competition in the retail supply of paint and other accessories which

may both lead to lower prices for consumers. Moreover, the ACCC considers that the potential for anti-competitive detriment is limited, including because the collective bargaining arrangements is voluntary for stores and suppliers and the bargaining group is relatively small compared with the size of the industry.

As stated above, on the basis of the information available, the ACCC considers that the likely benefit to the public from the collective bargaining arrangement will outweigh the anti-competitive detriment to the public. The ACCC does not intend to take any further action in relation to the notifications at this stage.

A copy of this letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please contact John Rouw on (03) 9290 1402.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'Richard Chadwick', with a long horizontal stroke extending to the right.

Dr Richard Chadwick
General Manager
Adjudication Branch