



Our ref: IM-72355
Contact officer: Winnie Cheung
Contact phone: (03) 9290 1425

Land of the Ngunnawal people
23 Marcus Clarke Street
Canberra ACT 2601
GPO Box 3131
Canberra ACT 2601
Tel 02 6243 1111
Fax 02 6243 1199
www.accc.gov.au

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Dear Interested Party

Request for submissions: Etex's proposed acquisition of BGC Lightweight Materials

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on Etex Australia Pty Ltd's (**Etex**) proposed acquisition of BGC Lightweight Materials from BGC (Australia) Pty Ltd (the **proposed acquisition**).

Etex and BGC Lightweight Materials both supply plasterboard (and related plasterboard accessories) and fibre cement in Australia. Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- how closely Etex and BGC compete with each other
- the likely impact of the proposed acquisition on prices and/or service quality for plasterboard and fibre cement, and
- whether customers would have sufficient alternative suppliers for plasterboard and fibre cement.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **27 November 2023** via email to mergers@acc.gov.au with the title: *Submission re: Etex/BGC Lightweight Materials - attention Winnie Cheung*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Winnie Cheung on (03) 9290 1425.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at [ACCC mergers register](#).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential.

Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

The proposed acquisition

Etex is proposing to acquire the business assets of BGC Lightweight Materials from BGC (Australia) Pty Ltd. BGC Lightweight Materials comprises BGC Plasterboard and BGC Fibre Cement. The proposed acquisition does not include the assets of any other BGC business in Australia such as asphalt, cement, windows, engineered suspended flooring, brick or pre-cast materials.

Etex

Etex is a global manufacturer and supplier of various building materials and solutions. In Australia, Etex supplies:

- plasterboards (and related accessories) under the brand Siniat
- fibre cement products under the brand names Equitone and Kalsi, and
- passive fibre protection products and high temperature insulation materials and solutions under the brand names Promat and Skamol.

Etex operates three plasterboard manufacturing plants, located in Victoria, NSW and Queensland, as well as a metal profile production facility in Queensland.

BGC Lightweight Materials

BGC Lightweight Materials is a division of the BGC Group. In Australia, BGC Lightweight Materials supplies:

- plasterboard and related accessories through BGC Plasterboard under the GTEK brand, and
- fibre cement through BGC Fibre Cement.

BGC Plasterboard operates a plasterboard manufacturing facility in WA.

Attachment B

1. Please provide a brief description of your business or organisation, including any commercial relationship(s) with Etex and/or BGC Lightweight Materials.

Questions for customers (including distributors)

2. Discuss how, and from which supplier, you procure each of (i) plasterboard and (ii) fibre cement, including whether it is through formal tender or other methods, typical duration of contract(s), whether contracts are typically for national or state-based supply and whether you also procure other related accessories and services (such as structural engineering and on-site installation support services) from the same supplier.
3. Discuss how closely Etex and BGC Lightweight Materials compete in the supply of (i) plasterboard and (ii) fibre cement. In your response, please consider factors such as the geographic location, product range, product quality, warranties, pricing and service quality of each supplier.
4. For each of (i) plasterboard and (ii) fibre cement, identify and describe the alternative suppliers that compete with Etex and BGC Lightweight Materials. In your response, please specify the location/s in which they compete (e.g. state-based, national or other) and consider factors such as pricing and service quality.
5. Address the geographic distance over which you generally source each of (i) plasterboard and (ii) fibre cement, and your ability to source from further away in response to a price increase. In your response, please identify transport costs and any other relevant factors.
6. How regularly do you switch suppliers of (i) plasterboard and (ii) fibre cement?
 - a. What factors influence your decision to switch?
 - b. Have you used any quote from another supplier to get better prices or service quality from your existing supplier? Please provide any examples.
7. Discuss what building products are the closest substitutes for (i) plasterboard and (ii) fibre cement.

Questions for competitors

8. Identify whether you supply (i) plasterboard and (ii) fibre cement products in Australia. Please specify the location/s in which you supply the products, the extent to which you supply directly to customers and through distributors or hardware stores, whether you manufacture or import the products, and how you obtain the raw materials for the manufacturing of the relevant products.
9. Identify and describe your competitors for the supply of (i) plasterboard and (ii) fibre cement. In your response, please consider factors such as the geographic location of each supplier, pricing and service quality. Please also provide market shares where possible, and the basis for such shares.
10. Address how easy or difficult it is to transport (i) plasterboard and (ii) fibre cement across Australia, including identifying transport costs, and transport costs as a proportion of your average pricing, for (i) plasterboard and (ii) fibre cement.

11. Discuss the likelihood of new entry or expansion into the supply of (i) plasterboard and (ii) fibre cement. In your response, please comment on the capital costs required to build a manufacturing plant and establish distribution networks, lead time and any other relevant factors. Please provide any examples of new entry or expansion in the last 5 years.
12. Comment on whether you consider BGC to be a close competitor to you. In your response, please explain why or why not.

Other information or competition issues

13. Outline any concerns you may have about the proposed acquisition, including any impact on price for (i) plasterboard and (ii) fibre cement or service quality.
14. Please provide any additional information or comments, or identify other competition issues, that you consider relevant to the ACCC's consideration of the proposed acquisition.