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Our ref: IM-70566  
Contact officer: Connie Wu / Karina Geddes  
Contact phone: 08 9325 0637/ 02 9102 4008

25 March 2020

Dear Interested Party

**Re: Request for submissions: InfraBuild's proposed acquisition of Best Bar**

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Best Bar Pty Ltd (**Best Bar**) by InfraBuild Trading Pty Ltd (**InfraBuild**) (the **proposed acquisition**).

InfraBuild is Australia's only manufacturer, and a major distributor of, reinforcing steel products, including reinforcing bar, wire rod, and mesh. Best Bar is a major distributor of reinforcing bar and mesh. Further details regarding the acquisition can be found at **Attachment A**.

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

- how closely InfraBuild and Best Bar currently compete in the distribution of reinforcing bar (including cut and bent bar) and reinforcing mesh to end customers
- the likely impact of the proposed acquisition on the prices end use customers pay for reinforcing bar and reinforcing mesh
- the likely impact of the proposed acquisition on the prices distributors pay manufacturers to acquire reinforcing bar, reinforcing wire rod and/or reinforcing mesh, and the quality of those products
- whether the proposed acquisition will likely give InfraBuild the ability to limit supply of reinforcing bar, wire rod, or reinforcing mesh to competing distributors
- whether imports of reinforcing steel products are readily available and can be economically imported by distributors and / or end users, taking into account current and possible future anti-dumping measures

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 no later than **5pm on 14 April 2020**. Responses may be emailed to [mergers@acc.gov.au](mailto:mergers@acc.gov.au) with the title: *Submission re: InfraBuild / Best Bar - attention Connie Wu / Karina Geddes*.

Due to the impact of COVID-19 on business operations, we understand it may be difficult for you to provide a written submission. If you would like to discuss this matter with us in lieu of providing a written submission, or if you have any questions about this matter, please contact Connie Wu on (08) 9325 0637, or Karina Geddes on (02) 9102 4008.

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 will not publish submissions regarding the proposed acquisition. 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, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Tom Leuner  
General Manager  
Merger Investigations

## Attachment A

### The acquirer – GFG Alliance Australia / InfraBuild

InfraBuild is a company of the Liberty Steel Group, part of the GFG Alliance.

In August 2017, the GFG Alliance acquired the main business assets of Arrium, being:

- iron ore mining assets near Whyalla, South Australia, and iron ore bulk handling facilities at the Whyalla port (now known as SIMEC Mining)
- the Whyalla steelworks (now known as Liberty Primary Steel), and
- the former OneSteel steel distribution, manufacturing and recycling businesses now known as InfraBuild.

InfraBuild (through the InfraBuild Steel businesses) is the only manufacturer of reinforcing steel in Australia, including reinforcing bar and wire rod used to make reinforcing mesh. InfraBuild has manufacturing facilities in:

- Rooty Hill, NSW (where it produces steel billets and has a bar mill for production of reinforcing bar)
- Newcastle NSW (where it has a rod mill for production of reinforcing wire rod and another mill for production of reinforcing bar in coil)
- Laverton, Victoria (where it produces steel billets, and has a bar mill for production of reinforcing bar in coil and a rod mill for production of reinforcing wire rod)

Liberty Primary Steel, which is owned by GFG Alliance, has steel manufacturing operations in Whyalla, SA (where it produces steel billets).

InfraBuild distributes its reinforcing steel products nationally through other InfraBuild companies – primarily InfraBuild Construction Solutions and the Australian Reinforcing Company (**ARC**), as well as a small portion through Midalia Steel.

InfraBuild Construction Solutions and ARC have 57 distribution sites located as follows:

- 21 in NSW and ACT
- 13 in Victoria
- 18 in Queensland
- 3 in Tasmania
- 1 in Western Australia
- 2 in South Australia
- 1 in Northern Territory

InfraBuild also supplies the reinforcing steel products it manufactures to other distributors in Australia, including Best Bar.

InfraBuild converts the wire rod it produces into reinforcing mesh at its mesh processing facilities in Brisbane, Sydney, and Melbourne.

### The target – Best Bar

Best Bar is a major Australian reinforcing bar and mesh distributor, supplying to building

and construction companies.

Best Bar has 9 distribution sites located as follows:

- 3 in Victoria
- 2 in New South Wales
- 2 in Western Australia
- 1 in South Australia
- 1 in the Northern Territory (which will not be part of the proposed acquisition).

Best Bar acquires reinforcing bar and reinforcing wire rods from InfraBuild and from overseas manufacturer/s.

## Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with either of InfraBuild or Best Bar.
3. If you are a distributor of reinforcing steel products, how does your organisation acquire and distribute reinforcing bar, wire rod, and/or reinforcing mesh?
  - a) Do you source domestically from InfraBuild, or from imports, or a combination? What proportion of your purchase requirements are generally met by imports, and who are those importers?
  - b) Do you process and fabricate reinforcing bars? Do you acquire reinforcing mesh from other distributors, or acquire wire rods and process them into reinforcing mesh yourself?
  - c) For reinforcing bar, what length and size of gauges do you acquire from InfraBuild, and/or from imports? For wire rod, what thickness do you acquire from InfraBuild, and/or from imports?
  - d) Who are your major customers?
  - e) What is the volume and value of purchases / sales?
  - f) Do you have long term contracts with manufacturers and/or customers?
  - g) What is the geographic reach of each of your distribution centres?
4. If you are an end customer of reinforcing steel products, how does your organisation acquire those products?
  - a) Do you use different distributors for different projects or within the same project? If so, why?
  - b) Do you source from distributors only in your city or state?
  - c) Do you have long term contracts with any of your suppliers?
5. What factors influence the prices for:
  - a) the wholesale supply of reinforcing bar, wire rods and/or reinforcing mesh to distributors; and
  - b) the supply of reinforcing bar and reinforcing mesh by distributors to end customers in Australia?
6. Please identify and describe other distributors of reinforcing bar or mesh, and the extent to which they compete with InfraBuild and/or Best Bar. Relevant factors may include geographic areas of supply, scale, brand recognition, product quality or service standards. Please provide specific examples where possible.
7. Do end customers source reinforcing bars or mesh from a single distributor? Are separate distributors used for different areas of the country, and/or for different projects? Can products be easily purchased from new suppliers further away? If so, please identify transport costs and other relevant factors.

8. Please outline how closely InfraBuild and Best Bar currently compete in the distribution of reinforcing steel products. Factors you may wish to consider include: price, product range, quality of products and services, geographic areas of supply, timeliness of supply, responding to each other's promotional activities, and winning and losing customers between each other. Please provide specific examples where possible.
9. Could competing distributors of reinforcing bar and mesh expand supply in response to a combined "InfraBuild/Best Bar" attempt to increase prices by, for example, 10%? Please consider competitors' excess capacities and any obstacles to expansion.
10. Please identify any possible new distributor of reinforcing products in Australia. What entry costs would be incurred by a new entrant? Has there been successful new entry recently? Please provide details.
11. The ACCC understands that InfraBuild is the only local manufacturer of reinforcing bar and wire rod. Could domestic steel manufacturers readily 'switch' production of other steel products to reinforcing steel products in response to a price increase for reinforcing steel products?
12. Do overseas suppliers adequately offer the reinforcing bars and/or wire rod that distributors require? Can these products be readily imported? Are there any capacity or other constraints affecting the conversion of imported wire rod into reinforcing mesh?
13. Please discuss the types of reinforcing steel products imported by distributors that are currently subject to anti-dumping measures. Please include the size of the duty applied to each product, the country from which the product is imported, and how long the anti-dumping measures have been in place. If there are currently no anti-dumping measures, please indicate the likelihood that measures may be put in place in the next two years.
14. The ACCC understands that wire rods that have undergone drawing and other processing steps to become reinforcing mesh need to comply with certain Australian standards. Are you able to easily source imported wire rods and process them into reinforcing mesh in order to comply with Australian standards?
15. 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 under section 50 of the Act.