



Public Competition Assessment

26 August 2016

Metcash – proposed acquisition of Home Timber & Hardware Group

The ACCC's decision

1. On 21 July 2016 the Australian Competition and Consumer Commission (the **ACCC**) announced its decision not to oppose the proposed acquisition of Home Timber & Hardware Group (**HTHG**) by Metcash Limited (**Metcash**), subject to a court enforceable undertaking provided by Metcash and accepted by the ACCC (the **undertaking**).
2. At the time of the ACCC's decision, Metcash was bidding for HTHG as part of a tender process run by Woolworths Limited (**Woolworths**).
3. The ACCC considered that the proposed acquisition, in conjunction with the undertaking, would be unlikely to contravene section 50 of the *Competition and Consumer Act 2010* (the **Act**). Section 50 prohibits acquisitions that would have the effect, or be likely to have the effect, of substantially lessening competition in any market.
4. The ACCC considered the competitive effects of the proposed acquisition in the following markets:
 - a) the wholesale supply of hardware and home-improvement products to retailers. The retailers impacted are those that acquire goods through wholesalers (such as Metcash and HTHG) and/or buying groups, and are referred to as "independent" retailers¹
 - b) local retail markets for the sale of hardware and home-improvement products
 - c) national or regional markets for the wholesale acquisition of hardware and home-improvement products from manufacturers and suppliers.
5. The ACCC explored the competition issues surrounding Metcash acquiring its only rival full-service wholesaler. The ACCC received significant feedback from independent retailers. The majority were supportive of the proposed acquisition, but others expressed significant concerns. The most significant concerns related to the loss of competition in wholesale supply to independent retailers, and the loss of competition and choice in local retail markets where there is no Bunnings.

¹ This wholesale market does not include Bunnings, but the ACCC recognised that Bunnings is an indirect constraint on the market (this is explained below).

6. To address the concerns, Metcash offered an undertaking. The ACCC concluded that while the undertaking would not replace the previous competition between Metcash and HTHG, on balance, the proposed acquisition combined with the obligations in the undertaking, was not likely to substantially lessen competition in any market.
7. The undertaking is for a period of 10 years and places obligations on Metcash to:
 - not restrict retail hardware stores it supplies from also acquiring products from non-Metcash sources
 - not favour its own hardware stores over nearby independently-owned stores
 - provide a plain-English summary of its obligations to all hardware stores that it supplies.
8. Please note that this and other public competition assessments are subject to the following qualifications:
 - the ACCC considers each transaction on a case-by-case basis and so the analysis and decision outlined in one assessment will not necessarily reflect the ACCC's view of another transaction, even where that other transaction may involve the same or related markets
 - as assessments are brief and also do not refer to confidential information provided by the parties or other market participants, assessments do not set out all of the issues and information considered by the ACCC, nor all of the analysis and reasons of the ACCC.

The parties and the transaction

The acquirer: Metcash

9. Metcash operates a wholesale distribution and marketing company specialising in groceries, fresh produce, liquor and hardware. Its Mitre 10 business is a wholesaler of hardware and home-improvement products to independent retailers, including those trading under Metcash's Mitre 10 and True Value Hardware brands. Metcash also offers support services to retailers trading under its brand banners.
10. Metcash also has interests in eight joint ventures (**JVs**) with retailers to operate about 50 retail hardware stores. Metcash owns and operates five retail hardware stores outright.
11. Metcash supplies products to about 325 Mitre 10 and True Value Hardware bannered retailers and about 500 non-bannered retailers.

The target: Home Timber & Hardware Group

12. HTHG (previously operating as Danks) wholesales hardware and home improvement products to independent retailers, including those that operate under its brands Home Timber & Hardware, Thrifty-Link, Hardings Hardware and Hudson Building Supplies.

13. HTHG supplies over 400 bannered retail stores, comprising a mix of company-owned and independent businesses. Specifically, HTHG owns and operates 43 corporate stores, supplies Home Timber & Hardware and Thrifty Link bannered retailers. It also supplies about 1000 non-bannered retailers.

The transaction

14. At the time of the ACCC's decision, Woolworths was conducting a sale process for both the HTHG and Masters hardware businesses, to be sold separately or as a whole. Metcash was participating in that sale process (with respect to HTHG only), alongside other potential bidders.

Review timeline

15. The following table outlines the timeline of key events for the ACCC in this matter.

Date	Event
6 May 2016	ACCC commenced review under the Merger Process Guidelines.
20 May 2016	Closing date for submissions from interested parties.
29 June 2016	Former proposed decision date of 30 June 2016 delayed to allow the ACCC to consider a section 87B undertaking offered by Metcash.
5 July 2016	ACCC commenced market inquiries on draft section 87B undertaking offered by Metcash.
12 July 2016	Closing date for submissions relating to draft section 87B undertaking.
21 July 2016	ACCC announced that it would not oppose the proposed acquisition and accepted the section 87B undertaking.

16. The total elapsed time from start to finish was just over two months. The total period net of time taken by the parties to submit information or documents and delays requested by the parties was 34 business days.

Market inquiries

17. The ACCC wrote to more than 1000 industry participants to gather information and gain their views about the proposed acquisition. These included retail stores, manufacturers, importers, competitors to Metcash and HTHG, and industry bodies. The ACCC sought submissions on the likely effect of the proposed acquisition on competition, and invited comments on the draft version of the undertaking.
18. The ACCC received more than 150 written submissions and had a large number of telephone discussions with market participants, who expressed a range of views about the likely impact of the proposed acquisition on competition.

19. Market participants who supported the proposed acquisition submitted that a combined Metcash-HTHG would have greater bargaining power with suppliers and greater economies of scale, and would enable independent retailers to compete more effectively with Bunnings.
20. Market participants against the proposed acquisition expressed concerns about:
 - the loss of the only alternative full-service wholesaler to Metcash
 - a lessening of competition and choice in local retail markets, where, for example, a Mitre 10 store and a Home Timber & Hardware store currently compete closely
 - the possible loss of the HTHG brands or particular HTHG trading terms
 - Metcash having ownership interests in more stores, through acquiring the stores HTHG owns, and the potential for Metcash to discriminate against other stores in favour of its retail stores, and
 - the removal of a major distributor for manufacturers and importers.

Industry background

21. The hardware and home-improvement industry is undergoing a period of change. Woolworths entered the industry in 2009 through a joint venture with a US hardware and home improvement retailer, Lowe's. The joint venture invested heavily in establishing a network of Masters-branded 'big-box' stores to challenge Bunnings. Woolworths' entry also involved the acquisition of the wholesaler, Danks (subject to an undertaking accepted by the ACCC). Danks was later renamed HTHG.
22. On 18 January 2016, Woolworths announced its decision to exit its hardware and home-improvement business. This includes its 63 Masters stores and its HTHG business.

Hardware and home-improvement retail formats

23. The hardware and home-improvement industry includes retailers with different retail formats, such as multi-category retailers, category specialists and general retailers.

Multi-category retailers

24. Multi-category retailers include those under the Mitre 10, True Value Hardware, Home Timber & Hardware and Thrifty-Link brands, Bunnings, Masters and many unbannered retailers. These retailers vary in floor space and product range.
25. Bunnings, which is owned by Wesfarmers Limited, is the largest multi-category retailer in the hardware and home-improvement industry in Australia. As at December 2015, Bunnings had 240 'big-box' warehouses, 67 smaller format stores, 32 trade centres and three frame-and-truss centres operating in Australia.
26. Bunnings and Masters do not rely on full-service wholesalers. Instead, they acquire products directly from manufacturers or importers and on-sell them to end-consumers through their own retail outlets.

Category specialists

27. Category specialists tend to cover a single category or a specialised range of product categories. Most focus on trade customers, although they can cater to households (known as 'do it yourself', or DIY, customers). Compared to multi-category retailers, specialists usually offer a deeper range of products within a narrower field. Examples of specialty retailers are Reece and Tradelink (which specialise in plumbing and bathroom products), Beacon Lighting and Paint Place.

General retailers

28. General retailers such as Big W and other variety stores stock a limited range of hardware and home-improvement products, alongside products such as clothing, food and toys.

Wholesalers, buying groups and direct supply

29. Independent hardware and home-improvement retailers often buy products from a combination of sources including wholesalers, buying groups and direct from manufacturers and importers.

Wholesalers

30. The two largest wholesalers in Australia to independent hardware and home-improvement retailers are Metcash and HTHG. In addition to supplying products, Metcash and HTHG also offer to retailers:
- a single ordering and central billing process to deal with multiple suppliers, including a chargeback facility²
 - the negotiation of rebates with suppliers
 - branding and marketing
 - the ability to order small quantities of products (for example, as few as one or two units extracted from a box in the wholesaler's distribution centre)
 - store support services (for example, point-of-sale and ordering systems, IT system support and assistance with store layouts).

Buying groups

31. Buying groups negotiate purchases of hardware and home-improvement products collectively on behalf of their members, which are typically independent retailers. Buying groups combine volumes to negotiate better deals with manufacturers and suppliers. Members then buy products directly from the supplier, but at the price negotiated by the buying group. Two such buying groups are Natbuild and HBT.

² Chargeback facilities enable retailers to source products directly from manufacturers/importers while being invoiced via their account with a wholesaler such as Metcash. It allows the retailers to access prices negotiated by the wholesaler, which may be attractive given the combined volumes the wholesaler can arrange. Retailers also generally make a single monthly payment to the wholesaler for their chargeback products rather than paying individual suppliers separately.

32. Buying groups generally have a more limited range of products than Metcash or HTHG, and do not provide as many of the support services mentioned above. Hardware retailers may use a buying group, in addition to maintaining an account with a wholesaler such as Metcash or HTHG, where the buying group offers attractive terms.

Direct supply

33. Independent retailers usually obtain direct supply of products which are more efficiently delivered directly to the store rather than through a distribution centre. Typically this is because they are difficult to handle (for example, large or hazardous products) or because they have minimum order requirements that justify direct delivery. Such direct supply can be through a chargeback facility provided by the wholesaler, or negotiated directly by the retailer with the supplier.
34. In general, larger retailers have more options than smaller ones for obtaining alternative supply sources (whether direct supply or through buying groups).

Market definition

35. Market definition establishes the relevant field of inquiry for merger analysis, identifying those sellers and buyers that may potentially constrain the commercial decisions of the merger parties and the merged firm, and those participants, particularly customers, which may be affected if the merger lessens competition. The ACCC often characterises markets by their dimensions: product, geographic and, if required, functional (such as manufacturing, wholesaling or retailing).
36. Metcash and HTHG overlap in wholesale and retail operations in the hardware and home-improvement industry.
37. The ACCC considered the competitive effects of the proposed acquisition in the following markets:
- national or regional markets for the wholesale supply of hardware and home-improvement products to independent retailers
 - local retail markets for the sale of hardware and home-improvement products
 - national or regional markets for the wholesale acquisition of hardware and home-improvement products from manufacturers and suppliers.

Product dimension

38. Hardware and home-improvement products include the following categories:
- tools and hardware
 - bathroom and kitchen materials
 - plumbing supplies
 - paint and decoration
 - garden supplies

- timber and building supplies
 - lighting and electrical
 - outdoor living
 - flooring
 - storage and organisation.
39. Hardware and home-improvement customers may be described as ‘trade’ (such as tradespeople and builders) and DIY (such as home-owners). Although the type of customer targeted by a retailer will influence its product mix, DIY-focused retailers do attract trade customers, and vice-versa. The ACCC did not consider it necessary for the purposes of this review to define separate markets for DIY and trade customers.
40. As discussed above, the hardware and home improvement industry includes multi-category, specialist and general retailers. Specialist retailers are generally considered to be less of a close substitute for multi-category hardware and home improvement retailers due to their narrower product range. General retailers are also a weaker substitute because of their limited range compared to multi-category hardware and home improvement retailers.

Functional dimension

41. In this case, the ACCC considers that defining separate retail and wholesale levels of the markets provided a helpful framework for identifying and analysing the competitive constraints on Metcash and HTHG.
42. The ACCC considered that the *retail* operations of Metcash and HTHG (including the stores they both supply) are and will be constrained by competition from other retailers, particularly Bunnings (either as an actual or potential competitor in particular geographic markets).
43. The ACCC considered that the *wholesale* operations of Metcash are and will be constrained, to a degree, by competition faced by the retailers it supplies. For example, if Metcash charged retail stores more for its products, the stores are likely to pass the increase on to consumers. Consumers may then switch to buying more from Bunnings instead and Metcash would be likely to lose sales. The threat of lost sales to Bunnings can therefore constrain the wholesale price at which Metcash sells products to independent retailers. A critical question in this matter was the strength of that constraint (discussed further below).

Geographic dimension

44. The ACCC did not consider it necessary to form a concluded view in respect of the geographic dimension of the wholesale market and considered the effect on competition of the proposed acquisition at both a national and regional level.
45. The ACCC considered the competitive effects of the proposed acquisition on retail competition in local markets. The ACCC usually considers the size of each local market on a case-by-case basis.³ Factors taken into consideration are travel times, road networks, geographic barriers and the distance customers are willing to travel to shop.

³ For example, Woolworths/Lowe’s proposed acquisition of G Gay & Co stores, 2012.

46. The ACCC considers that most customers (both trade and DIY) value convenience and are unlikely to travel far to change retailers in response to price rises at a retailer located conveniently to them. However, for some customers, in particular trade customers, other factors such as service levels mean they may travel further to buy hardware and home improvement products.
47. The ACCC did not consider it necessary to form a concluded view on the precise dimensions of any particular local retail market.

Future with and without the acquisition

48. To determine whether a proposed acquisition is likely to substantially lessen competition in any relevant market, the ACCC considers the effects of the acquisition by comparing the likely future competitive environment if the acquisition proceeds (the “with” position) to the likely future competitive environment if the acquisition does not proceed (the “without” position).
49. Woolworths has announced its intention to sell HTHG, and is seeking bids for the business. In the future without the proposed acquisition, the ACCC considers it likely that HTHG would be acquired by a party other than Metcash, and that HTHG would therefore be likely to continue to operate in competition against Metcash (and others).
50. At the time of the ACCC's decision, however, there was uncertainty regarding the likely future of both the HTHG and Masters businesses.

Competition analysis

51. The ACCC's analysis focussed on whether the proposed acquisition would be likely to result in:
 - (a) increased wholesale prices (including reduced rebates) or decreased services to independent retailers supplied by Metcash (both bannered and unbannered) due to the removal of HTHG as the main alternative wholesale supplier in Australia
 - (b) discrimination by Metcash against independently-owned retailers where a Metcash JV or corporate store competes against an independently-owned store supplied by Metcash
 - (c) muted competition between retailers supplied by Metcash, resulting in higher prices, narrower product ranges or lower service levels at the retail level
 - (d) the removal of HTHG as a significant distribution channel for manufacturers and suppliers.
52. The ACCC considered that competition concerns were most likely to arise in relation to the first two potential effects.

Increased prices or reduced services at the wholesale level

53. A key focus in the ACCC's review was based on concerns from market participants that the proposed acquisition would eliminate wholesale competition between Metcash and HTHG, as the only two full-service wholesalers.
54. The proposed acquisition would remove the closest competitor to Metcash for retailers that rely on third parties for supply. An independent retailer thinking of switching its wholesale supply arrangements away from Metcash to secure better price and non-price terms for some or all of the products it stocks will often be more likely to consider switching to HTHG before alternatives such as buying groups. The proposed acquisition would remove its ability to do this, or to threaten to do this.
55. In considering whether Metcash would be able to increase wholesale prices or reduce services to independent hardware and home-improvement retailers if the proposed acquisition proceeded, the ACCC considered the direct and indirect constraints on Metcash.

Direct constraints: alternative sources of wholesale supply to retailers.

Ability to switch

56. Metcash is more likely to be constrained (in terms of price and service) if retailers have an ability to switch to alternative sources of wholesale supply.
57. Currently many retailers supplied by Metcash have the ability to switch to HTHG. Other options for some retailers include buying groups (for example, Natbuild and HBT) and direct supply from manufacturers/importers. This can involve switching just some of their product lines, or all of them.
58. The removal of HTHG will mean that Metcash will no longer be constrained by the threat of retailers switching to the other full-service wholesaler.
59. Some (in particular smaller) retailers may already face difficulties in switching to buying groups and direct supply. This is because of the administrative burden and commercial disadvantage of losing some or all of the additional services Metcash and HTHG offer. Additionally, many buying groups and direct suppliers have minimum order requirements that smaller DIY-focused retailers may not be able to meet. However, buying groups or direct supply will likely still be a viable alternative for some products. Furthermore, for a proportion of retailers, buying groups and direct supply are a viable option for *all* of the products they sell.
60. The ACCC considered that for many retailers, the proposed acquisition would limit their ability to switch sources of wholesale supply. However, after taking into account the indirect constraints described below, the ACCC did not consider that the resulting lessening of competition met the threshold of being substantial in section 50 of the Act.
61. The ACCC was also concerned that after the proposed acquisition, Metcash may try to restrict the ability of retailers to access alternative sources of wholesale supply. For example, Metcash may try to prevent a retailer buying part of their requirements directly from a supplier. Therefore, the undertaking accepted by

the ACCC prevents Metcash from enforcing or introducing restrictions on retailers utilising alternative sources of wholesale supply.

Barriers to entry and expansion

62. Barriers to entry for a new entrant into wholesaling with a distribution network comparable to Metcash and HTHG are likely to be high. The establishment of an equivalent wholesale business is complex and costly, requiring significant capital investment to establish a distribution centre. The minimum efficient scale and difficulties associated with coordinating with a large number of retailers to establish a new warehouse also present significant barriers.
63. Despite there being high barriers to entry for a large distribution network, the ACCC took into consideration that a group of retailers (particularly retailers that own multiple stores) may be able to establish a wholesaling operation on a smaller scale. The buying groups were started by groups of retailers, and although they do not operate distribution centres, there is the potential for a group of retailers to expand into distribution. Any new entrant establishing a distribution centre would need to get the support of enough retailers.
64. The ACCC considered that the proposed acquisition may provide an incentive to existing buying groups to expand their service offering, should Metcash increase prices or decrease services after the acquisition. The ACCC considered that barriers to such expansion may not be as high as the barriers to establishing a full-service wholesaler. New entry or expansion has the potential to act as a constraint on Metcash's wholesale operations, and provide more choice to retailers. Additionally, the undertaking enables retailers to purchase from sources other than Metcash, which provides opportunities for new potential sources of wholesale supply.

Indirect constraint: other retailers

65. Another constraint on Metcash's wholesale operations is the competition faced by the retailers it supplies, particularly competition from Bunnings. This competition limits Metcash's ability to profitably increase its wholesale prices.
66. The largest hardware and home-improvement retailer in Australia is Bunnings, with a store network that covers a large proportion of the Australian population.
67. The ACCC concluded that Bunnings is likely to act as a significant indirect constraint on Metcash's wholesale operations: particularly in relation to local retail markets where Bunnings is present, and in relation to supply to DIY-focussed retailers. As was explained above, if Metcash charged retail stores more for their products, the stores will likely have to pass that on to consumers. Those consumers may then be likely to switch to buying more products from Bunnings instead. Therefore, Metcash would be likely to lose wholesale sales as its retailers' sales decline.
68. The ACCC concluded that the direct and indirect constraints on Metcash, in combination with the terms of the undertaking, are likely to prevent Metcash from locking in retailers to sourcing supply through Metcash and would be likely to constrain Metcash from increasing wholesale prices or reducing service levels after the acquisition.

Discrimination in favour of Metcash JV and corporate retailers

69. If the proposed acquisition proceeds, Metcash will have an interest in 97 JV or corporate retail stores. Many of these compete for retail sales against independently-owned retailers in the same local market. Metcash would be providing wholesale supply to both the independent and JV or corporate retailers. The ACCC was concerned that after the proposed acquisition, Metcash may discriminate against those independently-owned retailers that compete with Metcash's JV and corporate stores, thereby limiting competition.
70. Without the acquisition, if Metcash attempted to discriminate in favour of its JV or corporate stores, independently-owned retailers could perhaps switch to HTHG. The proposed acquisition would remove this option.
71. The ACCC had particular concerns about the potential for discrimination in local retail markets where there is a local overlap between an independent store and a Metcash JV or corporate store and there is no Bunnings. In these local markets, sales lost by the independent retailer are likely to be largely captured by Metcash's JV or corporate store. In areas where there is a Bunnings, some of those sales would be diverted to Bunnings, making the discriminatory behaviour less likely.
72. The undertaking accepted by the ACCC places obligations on Metcash to not discriminate against independently-owned stores that are within 20 kilometres of a Metcash JV or corporate store. The ACCC considered that this aspect of the undertaking will assist in limiting the potential for discrimination in favour of Metcash JV and corporate retailers.

Muted competition between retailers supplied by Metcash

73. The ACCC considered whether the removal of a wholesaler would limit the scope for independent retailers to compete by differentiating their retail offer.
74. It is unclear whether Metcash intends to consolidate the various brands it would own after the proposed acquisition (Mitre 10, Home Timber & Hardware, True Value Hardware and Thrifty Link). Currently, these brands provide a means for competing retailers to differentiate their offers. The proposed acquisition could result in the offerings of retailers supplied by Metcash becoming more similar. It may also reduce their scope to differentiate their offers from each other, particularly if Metcash consolidates product lines significantly.
75. The ACCC considered that the degree of competitive harm from the proposed acquisition at the retail level was limited, given that most retailers would remain independently-owned. Moreover, most of these retailers compete directly against Bunnings. Metcash's undertaking would also preserve retailers' ability to compete against other independents by differentiating their offers by sourcing products from manufacturers/importers.
76. On balance, the ACCC considered it unlikely that the proposed acquisition would substantially lessen competition in local markets by muting competition between retailers supplied by Metcash.

Competition issues in wholesale acquisition markets

77. HTHG is an important distribution channel for a number of manufacturers and importers of hardware and home-improvement products, particularly those that do not have agreements with Bunnings, Masters or Metcash. The proposed acquisition would reduce the number of significant acquirers of hardware products for wholesale supply from four to three (or three to two if Masters ceases trading).
78. However, acquisition markets are characterised by a large number of smaller acquirers (including retail stores that purchase direct), Bunnings and two significant buying groups.
79. The ACCC concluded that the proposed acquisition raised some competition concerns for the wholesale acquisition of hardware and home-improvement products from manufacturers and suppliers in Australia. However, these were not strong concerns due to the ability of manufacturers and importers to sell to retailers directly or through buying groups.
80. Metcash's undertaking to not restrict retailers from buying goods from other sources is expected to provide opportunities for manufacturers and importers to find new distribution channels to retailers.

Undertaking

81. Metcash provided the undertaking to address the ACCC's concerns about the proposed acquisition's likely effects on competition. As noted above, the undertaking is for a period of 10 years and places obligations on Metcash to:
 - not restrict retail hardware stores it supplies from also acquiring products from non-Metcash sources
 - not favour its own hardware stores over other nearby stores
 - provide a plain English summary of its obligations to all hardware stores that it supplies.
82. A copy of the undertaking is available on the ACCC mergers register and undertakings register.

No restriction of supply options

83. The undertaking places obligations on Metcash not to restrict the ability of independent bannered or unbannered retailers to purchase goods from sources other than Metcash.
84. The undertaking prohibits Metcash from compelling independent retailers to acquire all or most of their products from Metcash. It preserves the ability of independent retailers to bypass Metcash as a wholesaler and get supply from buying groups or directly from manufacturers and importers. The undertaking also prohibits Metcash from compelling manufacturers to supply retailers via a warehouse or a chargeback facility maintained by Metcash.

85. This aspect of the undertaking endeavours to ensure that Metcash cannot restrict the ability of retailers to access alternative options for wholesale supply. It encourages more choice for retailers, which can provide a way in which they can differentiate themselves from competitors. It may also lower barriers to expansion or entry by alternative buying groups, as independent retailers will be able to utilise alternative wholesale options on a partial basis (that is, without committing to leaving a banner group entirely).

Non-discrimination

86. The undertaking places obligations on Metcash not to discriminate against independently-owned bannered or unbannered retailers that are within 20 kilometres of a Metcash JV or corporate store, in relation to Metcash's terms and conditions for its supply of goods and services (including marketing support, discounts and rebates).
87. This aspect of the undertaking addresses the ACCC's concern that the proposed acquisition may lead to Metcash discriminating against its wholesale customers where Metcash competes against these customers at the retail level in local markets.

Compliance safeguards

88. Given the behavioural nature of Metcash's obligations in the undertaking, it is important to have appropriate compliance mechanisms in place.
89. The undertaking requires that Metcash give information about its undertaking obligations to its bannered and unbannered retailers in the form of a plain-English summary. This will ensure retailers are aware of Metcash's obligations and can approach the ACCC if they consider that Metcash is not complying with its undertaking obligations.
90. Retail stores, or anyone else, can contact the ACCC if they have concerns about Metcash's compliance with the undertaking.
91. The undertaking also provides for an independent auditor, who will regularly audit whether Metcash has complied with the undertaking. The independent auditor is accountable to the ACCC.

Conclusion

92. Based on the above analysis, the ACCC concluded that, on balance, the proposed acquisition of HTHG by Metcash, in conjunction with the undertaking, would be unlikely to have the effect of substantially lessening competition in any market.