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OFFICIAL

**From:** Rod Gregory [REDACTED]  
**Sent:** Saturday, 29 August 2020 2:16 PM  
**To:** Cramond, Tessa <[Tessa.Cramond@acc.gov.au](mailto:Tessa.Cramond@acc.gov.au)>  
**Subject:** Concerns regarding Bluescope agreements that effect the Steeline Members application for authorisation [SEC=OFFICIAL]

Tessa

Thank you for the opportunity to provide a submission on the pending Steeline Members Application for Authorisation.

As is outlined in the application, Steeline and its members are seeking authorisation for two types of conduct:

- (a) Joint advertising and selling activities, including the operation of an online store; and
- (b) Negotiating and entering into supply arrangements for various products, including steel sheet and coil, to benefit its members.

While Selection Steel Trading Pty Ltd does not object to the Steeline members participating in joint advertising and selling activities, including the operation of an online store, we are very concerned the second request for authorisation, that being negotiating and entering into supply arrangements, will result in a continuation of anti competitive behaviour by BlueScope and substantially lessen competition within the metals building product markets. In fact, it is our opinion that formal agreement to this part of the submission without consideration of the current BlueScope arrangements may set a broader precedent.

### **Background**

Selection Steel Trading Pty Ltd is a privately owned sheet and coil steel supplier, with almost 50 years experience in the Australian steel and building industries. We operate from all major capital cities and provide processing capability in Victoria, New South Wales and Western Australia to service our customer needs.

For over 40 years, Selection Steel has been providing the building industry with a true alternative product to BlueScope's Colorbond product. With more customers seeking alternative product options within this market, in 2015 Selection Steel developed UniCote. The UniCote product developed by Selection Steel is tested and supplied to the relevant standards (AS2728), is manufactured using the latest paint technology to ensure quality and offers warranties which are comparable as those offered for other pre-painted product in the Australian market. Further details regarding UniCote can be found on our website : [www.unicote.com.au](http://www.unicote.com.au).

On numerous occasions over the years, Selection has raised its concerns with the ACCC of the anti competitive behaviour BlueScope's Buyer Threshold Agreements (BTA) promote within the Australian Steel Rollforming Industry. [REDACTED]

### **The Concerns**

The existing BlueScope BTAs which provide specific rollformers with substantial incentives for committing to purchase 95%+ of their steel usage from BlueScope provide little opportunity for alternative pre-painted product to be developed within the market, regardless of the commercial benefit available. The buying threshold agreements / rebate structure implemented by BlueScope in effect restricts rollformers and other participants in the building industry from exploring alternative opportunities such as UniCote. As a result of this, builders / end users do not benefit from a true competitive environment and as a result pay a premium.

We note that a number of years ago, Selection Steel enjoyed regular business with a number of Steeline Members, as well as other national rollformers. However, the introduction by BlueScope of BTAs has greatly impacted on this business:

- a. Typically Selection Steel supplied small MOQs, special colours or specific application;
- b. BSL introduced BTAs making it difficult to sell any product to major roll formers like Steeline members and others;
- c. BSL then increased threshold up to 97.5% greatly restricting the ability for customers to purchase any equivalent alternative products;
- d. SST was repeatedly told that “we would like to give Selection Steel a portion” but “we will be penalized greatly”.

Whilst accepting that the Steeline Group currently enter into supply arrangements for sheet and coil product, the existing conditions do not allow them to freely source alternative products at the point of renegotiation. Moreover, without change a collective buying arrangement negotiated by the Steeline Group is likely to be a rollover of existing arrangements.

Selection Steels’ inability to fairly win business following the substantial investment in a truly competitive and equivalent product for the building industry as a result of existing BTAs, is having a financial impact. Moreover, with the proposed Steeline negotiated supply agreements, we are of the belief that the financial impact being felt by all independent rollformers (Steeline Group Members) will be significant as they will be obliged to purchase Colorbond to ensure ongoing rebates and retain business with builders.

In summary, the buying threshold agreements / rebate structure implemented by BlueScope in effect restricts rollformers from exploring alternative opportunities such as UniCote. In fact, Selection notes that we have on multiple occasions, made several attempts to secure business from independently owned (non BlueScope/ Steeline member) rollformers to be advised that the existing agreements do not commercially allow them to buy under high thresholds. Therefore, we again request that BlueScope’s BTA be reviewed as part of this process, remembering that all the major roll formers signed up to these agreements hold a significant market share, estimated at greater than 75% of the defined market.

Selection Steel is proud of its history and ability to build long standing business relationships. We work hard to ensure that we are competitive within the constantly changing steel market. The buyer threshold agreements that BlueScope enter into with customers seems to result in lost business opportunities for Selection Steel and other players in the building markets, regardless of how competitively priced suitable alternatives are. We would ask that the ACCC review these agreements to ensure that they do not unfairly impact on the competitive nature of our industry.

Regards,

**Rod Gregory**

Managing Director

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