



PO Box 1199, Dickson ACT 2602  
470 Northbourne Ave, Dickson ACT 2602  
Ph (02) 6243 1111 Fax (02) 6243 1199  
[www.accc.gov.au](http://www.accc.gov.au)

Attention: Business writers

## **WOOLWORTHS / ACTION PROPOSED ACQUISITION RAISES COMPETITION CONCERNS: A.C.C.C.**

The Australian Competition and Consumer Commission today published a *Statement of Issues* identifying its preliminary competition concerns in respect of eight Action supermarkets which are the subject of a proposed acquisition by Woolworths.

After conducting an extensive investigation, the ACCC has formed the preliminary view that the proposed acquisition is likely to substantially lessen competition in retail markets in the local areas of Mudgeeraba and Mermaid Waters in Queensland and Willetton, Spearwood, Noranda, Maddington, Woodvale and Kalgoorlie in Western Australia.

"The ACCC invites further information from the market in respect of its preliminary views", ACCC Chairman, Mr Graeme Samuel, said today. "The ACCC also invites Woolworths to use the opportunity of this *Statement of Issues* to consider a court enforceable undertaking to resolve the ACCC's concerns.

"The Statement of Issues has been published in accordance with the ACCC's guidelines for informal merger reviews and outlines the facts and competition concerns which underpin these preliminary views.

"The ACCC anticipated that the acquisition would also raise issues in the markets for the procurement of perishable products which are not easily exported from or imported to Western Australia. Initially, market participants indicated there were competition concerns which gave rise to the ACCC forming an initial view that the acquisition had the potential to substantially lessen competition in some of these markets. Following further market inquiries, evidence was not forthcoming from market participants to substantiate the ACCC's initial views. The ACCC considers there is insufficient evidence to support the proposition that there is likely to be a substantial lessening of competition in any of these markets".

The *Statement of Issues* invites market participants to provide further information to the ACCC by 15 September 2005 as to whether or not there are competition concerns in the markets identified by the ACCC. Depending on any further information provided to the Commission, the ACCC intends to make a final decision regarding the acquisition by mid October. Those interested in making a submission will find further information in the Public Register on the ACCC website, [www.accc.gov.au](http://www.accc.gov.au).

### Media inquiries

Mr Graeme Samuel, Chairman, (03) 9290 1812 or mobile/pager 0408 335 555

Dr Stephen King, Commissioner, (03) 9290 1863 or 0439 988 901

Ms Lin Enright, Director, Public Relations, (02) 6243 1108 or 0414 613 520

### General inquiries

Infocentre: 1300 302 502

MR 212/05

31 August 2005

## BACKGROUND

On 24 May 2005, FAL, Metcash and Woolworths announced that they had agreed to the acquisition of FAL's businesses by Woolworths Ltd and Metcash Trading Ltd.. The proposed transaction would result in the acquisition by Metcash of FAL's franchise and supply operations and 60 Action stores and the acquisition by Woolworths of the FAL New Zealand business and 22 Action stores and development sites (16 in Western Australia, 5 in Queensland and 1 in northern New South Wales). Previously, on 27 January 2005, the ACCC indicated that it would not challenge the proposed acquisition of FAL, including Action stores, by Metcash.

The ACCC reviews mergers and acquisitions of all sizes and in all sectors of the economy to determine whether they would likely result in a breach of section 50 of the *Trade Practices Act 1974*. Section 50 prohibits mergers and acquisitions that are likely to substantially lessen competition in a market.