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Dear Interested Party

Re: Request for submissions: PrixCar's proposed acquisition of Wallenius Wilhelmsen Logistics Australia

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of Wallenius Wilhelmsen Logistics Australia Pty Ltd (**WWLA**) by PrixCar Services Pty Ltd (**PrixCar**) (**the proposed acquisition**). As consideration for the sale of WWLA, PrixCar will issue the Wallenius Wilhelmsen Logistics group company (**WWL**) a 20 per cent equity interest in PrixCar.

PrixCar provides pre-delivery inspection (**PDI**) services for motor vehicles, including the inspecting, processing and storage of imported vehicles, and transport from the port to the vehicles' owner. PrixCar's owners are transport and logistics company Toll, shipping line K Line, and the Qube group, which also owns terminal operator Australian Amalgamated Terminals Pty Ltd (**AAT**).

WWLA provides warehousing and specialised technical services and other processing for 'high-and-heavy' equipment and machinery, including heavy trucks and agricultural equipment. WWLA is part of WWL, which is involved in shipping and terminal operations. WWL also owns terminal operator Melbourne International RoRo & Auto Terminal Pty Ltd (**MIRRA**T).

PrixCar and WWLA both provide PDI services for light trucks.

Please find further details about the parties and the proposed acquisition in **Attachment A**.

The ACCC's review is focused on the potential impact of the proposed acquisition on competition. In particular, the ACCC is considering:

- the extent of competition between PrixCar's and WWLA's operations, and the potential impact of the proposed acquisition on the price or quality of their respective services
- the effects on competition, if any, of Qube (which owns AAT), K Line or Toll gaining an ownership interest in WWLA's operations

- the effects on competition, if any, of WWL (which owns MIRRAT) gaining an ownership interest in PrixCar.

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 11 December 2017**. Responses may be e-mailed to mergers@acc.gov.au with the title: *Submission re PrixCar-WWLA – attention Serena Wong / Tim Byrne*. If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Serena Wong on 02 9230 9188.

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. It will not disclose submissions to third parties (except its 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. The ACCC's [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
A/g General Manager
Merger Investigations

Attachment A

The proposed acquisition

PrixCar proposes to acquire WWLA. As consideration for the sale, WWL (the owner of WWLA) would acquire a 20 per cent equity interest in PrixCar.

The impact of the proposed acquisition on the ownership of PrixCar would be as follows:

	Interest in PrixCar before the proposed acquisition	Interest in PrixCar after the proposed acquisition
Toll	50%	40%
K Line Auto (50% owned by K Line, 50% owned by Qube)	50%	40%
WWL	0%	20%

PrixCar

The import and export of vehicles involves a distinct logistics supply chain, where vehicles are transported on special-purpose roll-on, roll-off (**RoRo**) vessels and unloaded at special-purpose automotive terminals, before further processing, storage and transportation to car dealerships.

PrixCar operates in this automotive import/export supply chain, providing motor-vehicle pre-delivery inspection (**PDI**) services including inspection, processing, storage, and transportation of imported motor vehicles. PrixCar's services include fitting any missed or additional accessories to vehicles, detailing, rectifying paint and panel damage, customs services and insurance 'surveys', for Australia's automotive importers and distributors and various government and private organisations.

PrixCar also provides PDI services to light trucks.

PrixCar has storage facilities in each major Australian mainland capital port and wharf-side storage and processing facilities in New South Wales, Victoria, Queensland, South Australia and Western Australia.

Wallenius Wilhelmsen Logistics Australia

WWLA provides land-based logistics services, including warehousing and specialised technical services or processing for high and heavy (**H&H**) equipment and machinery. H&H equipment is both rolling and static, such as heavy trucks, buses and campervans, harvesters, tractors, graders, excavators and cranes. WWLA leases facilities in the Brisbane, Melbourne, Perth and Wollongong areas. H&H equipment and machinery is not necessarily transported as RoRo cargo; frequently, the relevant equipment is broken down and shipped in parts via container.

WWLA also provides 'supply-chain management services'. WWLA does not provide any passenger-vehicle PDI services or any land-based transport services in general. The H&H services WWLA provides do not necessarily relate to equipment transported on Wilhelmsen Wallenius group ships.

WWLA also provides PDI services to light trucks.

WWLA is part of the Norwegian Wallenius Wilhelmsen Logistics group (**WWL**). The group operates an ocean shipping business using large RoRo vessels to carry such cargo as motor vehicles and agricultural and construction machinery. Most cargo the group carries to Australia comes from Europe, South Africa and the Americas.

In addition to WWLA, WWL's Australian operations include Melbourne International RoRo & Auto Terminals Pty Ltd (**MIRRAT**), which operates an automotive terminal at Webb Dock West, Melbourne.

The AAT undertaking

Qube has an indirect interest in PrixCar and also wholly owns terminal operator Australian Amalgamated Terminals Pty Ltd (**AAT**), which operates automotive terminals in the ports of Brisbane, Kembla (Wollongong) and Melbourne.

In 2016, Qube, which then owned half of AAT, sought clearance from the ACCC to acquire the other half, from a Brookfield-led consortium. In November 2016, the ACCC announced it would not oppose the acquisition, after Qube offered the ACCC a court-enforceable undertaking in relation to AAT's future operations of its automotive terminals.

The undertaking prevents AAT from discriminating against users of AAT terminals, including discriminating in favour of Qube related entities, and requires that Qube and AAT not prevent or hinder access to AAT terminals. The undertaking compels Qube and AAT to comply with open access and berthing allocation rules, price and non-price dispute processes and ring-fence confidential information supplied to AAT by Qube's competitors, shipping lines, and car manufacturers.

AAT's current leases over its terminals at Webb Dock West and Appleton Dock in Melbourne end on 31 December 2017.

A copy of the AAT undertaking is available on the ACCC's website:
<http://registers.accc.gov.au/content/index.phtml/itemId/1199804>

The MIRRAT undertaking

Melbourne International RoRo & Auto Terminal Pty Ltd (**MIRRAT**) is owned by WWL. In 2013-14, the ACCC conducted a public review of MIRRAT's bid to acquire the lease of an automotive terminal at Webb Dock West in the Port of Melbourne.

In March 2014, the ACCC announced it would not oppose the acquisition, after MIRRAT offered the ACCC a court-enforceable undertaking in relation to its future operations of its automotive terminal. The undertaking prevents MIRRAT from discriminating against terminal users (being rival shipping lines and terminal services providers) in favour of a related body corporate, or engaging in conduct for the purposes of preventing or hindering access services to the terminal.

MIRRAT must comply with obligations in the undertaking including open access conditions, berthing allocation rules, 'ring fencing' obligations in relation to confidential information it receives from users of its terminals, and price and non-price dispute processes.

The MIRRAT undertaking will come into effect when MIRRAT commences operations at the Webb Dock West terminal as the terminal operator, which includes responsibility for the berthing of vessels at the terminal (expected to be on 1 January 2018).

A copy of the MIRRAT undertaking is available on the ACCC's website:
<http://registers.accc.gov.au/content/index.phtml/itemId/1161199>

Attachment B

Background

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 any of PrixCar, WWLA, Toll, Qube, K Line or WWL.

Competition between PrixCar and WWLA

3. How closely do PrixCar and WWLA compete with each other? Specifically:
 - a. How closely do PrixCar and WWLA compete in the supply of PDI services for light trucks?
 - b. Please identify any other services that PrixCar and WWLA supply in competition with each other.
 - c. Please identify any particular types or sizes of customers over which PrixCar and WWLA compete.
 - d. In respect of those services and customers over which PrixCar and WWLA compete, how responsive are their prices and/or service levels to the activities of the other?
4. Please identify the main competitors to PrixCar and WWLA, and the services that the competitors supply. How effective are they in competing with PrixCar and WWLA in respect of PDI services for light trucks or other services that PrixCar and WWLA both supply?
5. Please identify any businesses that could become competing suppliers to PrixCar and/or WWLA in the future. How likely are they to do so? What barriers are they likely to face? Would the proposed acquisition affect these barriers (if any)?
6. Could car companies and agricultural-equipment importers that presently use PrixCar or WWLA readily bring those services in-house? How likely is this in response to an increase in the price of PrixCar or WWLA's services, and why?

Vertical ownership

The proposed acquisition would result in the following new ownership linkages:

- Qube (which owns AAT) acquiring an indirect interest in WWLA's operations
- K Line (a global shipping liner) acquiring an indirect interest in WWLA's operations
- Toll acquiring an interest in WWLA's operations and
- WWL (a global shipping liner, which also owns MIRRAT) acquiring an ownership interest in PrixCar.

Questions 7 and 8 below relate to these new ownership linkages.

In responding to questions 7 and 8, please note that the ACCC's review is limited to considering changes in PrixCar's, Qube's, AAT's, K-Line's, Toll's, MIRRAT's or WWL's ability and/or incentives to favour their related entities which occur as a result of the proposed acquisition. The ACCC is not reconsidering pre-existing vertical integration between these parties. Nor is the ACCC reconsidering the appropriateness of the existing undertakings given by AAT and MIRRAT to address potential concerns associated with pre-existing vertical integration.

7. In respect of each of the new ownership linkages described above, please consider:
 - a. In what circumstances would one or more of the direct or indirect shareholders in the combined PrixCar/WWLA have the ability and incentive to favour PrixCar/WWLA over its competitors?
 - b. Would the proposed acquisition change the ability or incentives of PrixCar/WWLA's direct and indirect shareholders to favour a combined PrixCar/WWLA?? If so, please explain how.
 - c. What effect might changes associated with the proposed acquisition have on competition or customers, if any?
 - d. Are your concerns addressed by the undertaking previously provided to the ACCC by Qube/AAT or MIRRAT? If not, please consider whether the undertaking could be amended to address your concerns.
8. In respect of each of the new ownership linkages described above, please consider:
 - a. In what circumstances would a combined PrixCar/WWLA have the ability and incentive to favour one or more of its direct and indirect shareholders over their competitors?
 - b. Would the proposed acquisition change the ability or incentives of PrixCar/WWLA to favour one or more of its direct and indirect shareholders over their competitors? If so, please explain how.
 - c. What effect might changes associated with the proposed acquisition have on competition or customers, if any?
 - d. Are your concerns addressed by the undertaking previously provided to the ACCC by Qube/AAT or MIRRAT? If not, please consider whether the undertaking could be amended to address your concerns.

Other information

9. Please provide any additional information or comments, or identify other competition issues, that you consider are relevant to the ACCC's consideration of the proposed acquisition under section 50 of the Act.