

Merger reform for a more competitive economy: Government response to consultation

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# Merger reform

This note explains the Australian Government’s updated merger reform policy following extensive consultation with stakeholders. It also includes proposed notification thresholds.

In April 2024, the government announced reforms to Australia’s merger rules to promote competition, protect consumers and provide greater certainty by streamlining the approvals process.[[1]](#footnote-2)

For mergers in the national interest, the process will be faster, simpler and more transparent. The Australian Competition and Consumer Commission (ACCC) will have stronger powers to better target, identify and scrutinise transactions that are likely to increase the cost of living for consumers and harm other businesses, making the economy less productive.

Merger policy and administration will also evolve over time in response to economic analysis of evidence, ensuring the system is responsive and targeted.

The reforms will be implemented principally through amendments to the *Competition and Consumer Act 2010* (Cth) (CCA) and associated subordinate legislation.

## Treasury Laws Amendment (Mergers and Acquisitions Reform) Bill 2024

On 24 July 2024, Treasury released the exposure draft of what is now the *Treasury Laws Amendment (Mergers and Acquisitions Reform) Bill 2024.* The exposure draft was informed by previous consultation which ran from November 2023 to January 2024.

The Exposure Draft set out the framework for the new merger control system and its key elements, including notification rules, timelines, the suspensory rule, tests for competition and public benefit determinations, limited merits review in the Australian Competition Tribunal (Tribunal), and transitional arrangements.

Treasury consulted widely to inform the policy and legislation design, with stakeholders representing the perspectives of consumers, businesses (including SMEs and multinational businesses), agriculture, legal practitioners, academics and industry associations. The government’s response to stakeholder feedback is summarised at Attachment A.

## Next step towards merger reform for a more competitive economy

Subject to its passage through Parliament, the new system will commence on 1 January 2026. To make it easier for businesses and support transition, the date from when businesses can *voluntarily* notify the ACCC has been brought forward to 1 July 2025.

There are other important elements of the final legislation which have been amended from the draft to make the system easier for businesses, including allowing the ACCC to issue ‘waivers’ for businesses that are uncertain whether they meet notification thresholds or other requirements or is unlikely to raise competition concerns. The timelines have been clarified with additional safeguards, including for ‘clock stoppers’, in response to feedback from businesses about the need for efficient and timely reviews. The statutory timelines for the ACCC will mean that, including the ACCC’s current informal pre-assessment process, Phase 1 will reduce from an average of 75 days to 30 days (a 60% reduction). The total of Phase 1 and Phase 2 will reduce from an average of 192 days to 120 days (a 37% reduction).

In addition, The Tribunal will have the discretion to allow new information if relevant to the ACCC determination and the person was not afforded a reasonable opportunity to make submissions during the ACCC’s review. To facilitate mergers that are likely to result in a net public benefit, the ACCC may approve them if the public benefits that are likely to result from the merger outweigh the likely public detriment.

Other key changes that have been made in response to stakeholder suggestions to simplify the legislation include: the clarifications to the ‘substantial lessening of competition’ test will apply for the purposes of merger assessments only, simplifying the definition of ‘acquisition’ by adopting concepts from the *Corporations Act 2001* (Cth) (*Corporations Act*), and removing the Tribunal fast-track review option.

Treasury will consult on subordinate legislation, which will cover general and additional targeted notification thresholds, fees, the ACCC’s public register, associated notification form requirements and transparency safeguards during 2024-25.

The ACCC will consult on and issue guidelines in the first few months of 2025, subject to the passage of legislation. The ACCC has published a ‘Statement of Goals’ which describes the work being undertaken to ensure the new system is implemented effectively.

## Notification Thresholds

Following consultation, the government has determined that there will be general notification thresholds that apply, in conjunction with additional targeted notification requirements that capture other high-risk acquisitions. In summary, the notification thresholds will comprise:

* A **single economy-wide monetary threshold** focused on large mergers, where the combined merger parties (including the acquirer group) have above $200 million combined Australian turnover AND are buying businesses or assets above either $50 million Australian turnover OR $250 million global transaction value. This will ensure that large acquisitions (e.g., ANZ Group acquiring Suncorp Bank) would need to be notified.
* Lower thresholds will apply for **very large businesses** buying smaller businesses or assets (above $500 million Australian turnover buying above $10 million Australian turnover). This would ensure very large businesses making smaller acquisitions (e.g., Woolworths acquiring SUPA IGA Karabar) would need to be notified.
* To target **serial acquisitions**, for businesses with combined Australian turnover above $200 million, a 3-year cumulative $50 million turnover threshold ($10 million for very large businesses) will capture acquisitions in the same or substitutable goods or services. This would ensure that the aggregation of market share through small acquisitions would need to be notified (e.g., Petstock completing a large number of small acquisitions and becoming the second largest specialty pet supplies retail chain in Australia).

The government will not be proceeding with economy-wide market concentration thresholds given stakeholder feedback on their uncertainty and complexity when applied in practice. Instead, the government is exploring a low-cost targeted screening tool to determine whether businesses in concentrated local markets need to notify transactions or not.

The government will also ensure that acquisitions that are unlikely to have an impact on Australia will not need to be notified. Additionally, benign land acquisitions involving residential development and certain commercial property acquisitions will be exempt from notification.

The government intends through subordinate legislation to ensure that there is adequate scrutiny of acquisitions by supermarkets, of acquisitions by unlisted or private companies that meet the monetary notification thresholds and result in them holding an interest in a target above 20%, and of acquisitions that meet the monetary notification thresholds and that result in certain changes in the level of control.

Further information on the notification thresholds (including exemptions) is summarised at Attachment B. Further detail on thresholds will be consulted on through the development of subordinate legislation later in 2024-25.

## Statutory review and evaluation

To ensure the system is operating as intended into the future, there will be a review of the notification thresholds 1 year from commencement of the new system, as well as a statutory review of the new system after 3 years from its commencement. The statutory review will be designed and supported by the Australian Centre for Evaluation.

# Attachment A: Exposure draft legislation consultation – stakeholder feedback and Australian Government response

References to section numbers are to current or draft provisions of the *Competition and Consumer Act 2010* (Cth) (CCA) unless specified.

| Element | Summary of exposure draft legislation | Stakeholder consultation feedback | Australian Government response |
| --- | --- | --- | --- |
| **Notification** | | | |
| **Definition of ‘acquisition’ and associated concepts** | Acquisitions of shares or assets that meet certain thresholds will be notifiable, subject to certain exceptions.  Acquisitions that do not give control over the target are excluded.  Whether ‘control’ is presumed to exist will depend on whether the acquirer’s voting power is more or less than 20%, unless rebutted.  ‘Control’ is the capacity to determine the policy of a body corporate in relation to one or more matters.  Acquisitions of land or patents (currently within an existing ordinary course of business exemption) would be captured. | There are benefits to a mandatory notification system however it needs to be appropriately designed to only capture transactions capable of affecting competition.  Legislative complexity should be reduced.  The definition of an ‘acquisition’ and associated exclusions should be made clearer, given the obligations and penalties for non-compliance.  Adopting a definition of ‘control’ based on the *Corporations Act 2001* (Cth) (*Corporations Act*) or other jurisdictions such as the European Union would increase certainty.  The rebuttable presumptions with 20% voting power may create uncertainty as to whether there is ‘control’ and notification is required.  Including acquisitions of land and patents that are in the ordinary course of business in the definition of an ‘acquisition’ may unnecessarily capture some acquisitions. | The definitions will continue to be based on the acquisition of shares or assets and will be simplified and clarified.  ‘Control’ will be defined as the capacity to determine the outcome of decisions about an entity’s financial and operating policies, aligning more closely with the *Corporations Act*.[[2]](#footnote-3)  The rebuttable presumptions will be removed to increase certainty.  To ensure that the system is fit for purpose as businesses evolve and to minimise avoidance, the Minister will be able to determine, following consultation, whether certain categories of transactions should be notifiable or exempt from notification. For example:   * the government proposes to introduce notification requirements if a target is a non-listed body corporate and the acquisition results in the acquirer holding more than 20% voting power (and the monetary notification thresholds are met). * acquisitions that do not confer or change control may generally be exempted but certain identified transactions may be notifiable (such as changes in the type of control, from joint control to sole control or changes in joint control). * land acquisitions involving residential property development and certain commercial property acquisitions will be exempt from notification (unless captured by additional notification requirements). |
| **Takeovers and listed entities** | Acquisitions that do not give control over the target are excluded.  Whether ‘control’ is presumed to exist will depend on whether the acquirer’s voting power is more or less than 20%, unless rebutted.  Temporary holdings by financial institutions and insurance companies are exempt from the new system.  The ACCC will be required to list each acquisition it reviews on its public register.  Acquisitions which are required to be notified that are put into effect before the ACCC makes its determination will be void. | Requiring a notified acquisition to be made public before it can be put into effect may have consequences for hostile unconditional on-market and off-market takeover bids.  A bright line safe harbour would increase certainty for businesses.  Voiding of listed securities, including for takeovers governed by Chapter 6 of the *Corporations Act*, may impact settlement and clearing securities markets transactions. | To clarify and minimise the impact on takeovers and capital markets, acquisitions that result in up to 20% voting power of publicly listed entities or an unlisted widely held company (entities to which Chapter 6 of the *Corporations Act* applies) will be excluded from mandatory notification, aligning with the takeovers threshold in the *Corporations Act*.  Transparency is a key objective of the new system, however it is important that orderly operation of capital markets is not unduly affected.  Surprise hostile takeovers will be able to be confidentially reviewed and listed on the public register after 17 business days. This will allow the ACCC to make a confidential decision if the transaction is not likely to raise concerns.  The court will have the power to make any such orders as it deems appropriate as an alternative to voiding for all types of transactions, including for transactions involving listed securities and other acquisitions such as international transactions, where voiding may be inappropriate or ineffective. |
| **Goodwill exemption for restraints of trade** | Parties may notify the ACCC of restrictions related to an acquisition.  The ACCC may declare that the exemption for provisions in business sale contracts to protect goodwill (section 51(2)(e) of the CCA) does not apply to a restriction that is not directly related or not solely for the protection of goodwill of a business. | Agreements that contain restrictions that are solely to protect purchasers in respect of the goodwill of the business being purchased (such as non-compete clauses) are currently exempt from prohibitions against anti-competitive conduct in Part IV of the CCA.  The proposed narrowing of this exemption and declaration process adds complexity. | To simplify the legislation, the existing scope of the goodwill exemption will be retained.  Parties must notify the ACCC of provisions in business sale contracts to protect goodwill.  The ACCC will be able to declare that the goodwill exemption does not apply, if the provision is not necessary for the protection of the purchaser in respect of the goodwill of the business (for example, if a non-compete clause covers a wider geographical area than the target business activities).  If the ACCC does not make such a declaration, this does not limit the powers of the ACCC or a court in relation to such clauses. |
| **Notification waiver** | The notification thresholds will be set in subordinate legislation. | A ‘notification waiver’ process would assist in addressing uncertainty with notification obligations.  This process could also be used to manage the transition from the current approach to merger control to the new system. | To increase certainty and support efficient administration of the new system, a process will be introduced to allow parties to seek a ‘notification waiver’ from the ACCC.  Upon application, the ACCC will be able to determine that an acquisition is not required to be notified.  Details of the waiver process will be finalised in subordinate legislation. |
| **Supporting administrative efficiency** | A Treasury Minister may set the form of the notification and public benefit application.  The new system does not apply to internal restructures and reorganisations of related bodies corporate, trusts or partnerships. | It is important that the ACCC receives the information that it requires in the notification form however it must be proportionate to avoid undue burden, given certain powers and processes are linked to the notification form.  Internal restructures or reorganisations of government trading enterprises or government business enterprises may be captured under the new system. | A Treasury Minister will have the power to set the notification and public benefit application forms. This power will be able to be delegated to Treasury senior executive service employees or the ACCC.  Internal restructures or reorganisations within State or Commonwealth entities will also be excluded from the new system. This would apply to intra-Commonwealth/State/Territory authority restructures and not between or among Commonwealth/State/Territory authorities. |
| **Transparency and predictability** | The ACCC will publish information about all notified acquisitions on a public register, including reasons for determinations and when acquisitions are subject to Phase 2 review.  If the ACCC decides that a notification is to be subject to Phase 2 review, it must give the notifying party written notice of this decision.  The ACCC may issue a notice of competition concerns in Phase 2 (discussed below) or public benefit assessment during the public benefit process. Parties will have an opportunity to respond orally or in writing.  The ACCC must give written notice of its determination to the notifying party. | The ACCC should regularly report on statistics relating to the new system and key performance indicators, such as the time taken to assess acquisitions, and the use of the ACCC’s information gathering powers and extension notices.  The ACCC should be required to provide written preliminary concerns, not just its decision, when referring a matter from Phase 1 to Phase 2. | To facilitate transparency and predictability, the ACCC will publish information about notified acquisitions on a public register, including reasons for its determinations. This will also shape the boundaries of merger control over time as a body of previous determinations, including the economic and legal reasoning, will develop to guide stakeholders. The ACCC will also be required to report annually on information related to notified acquisitions to improve community awareness and ACCC accountability.  The ACCC will give parties written notice of the decision that a notification is subject to Phase 2 review. The notice will identify the parties, describe the economic activities in which they engage, the nature of the theory of harm, as well as matters to be investigated further at Phase 2.  To promote procedural fairness, the ACCC will provide reasons for its determination to the notifying party for notifications and public benefit applications. |
| **Assessment** | | | |
| **Substantial market power amendment to ‘substantial lessening of competition’ test** | Section 4G is a general definition that applies to references to ‘lessening of competition’ across the CCA.  The proposed amendments to section 4G add a general definition for ‘substantial lessening of competition' which includes ‘creating, strengthening or entrenching a substantial degree of power in the market’. | There was support for changes to ensure focus on substantial market power.  The proposed amendments to section 4G, intended to clarify that the definition of ‘substantial lessening of competition’, may have unintended consequences for the non-merger provisions of the CCA (e.g., misuse of market power in section 46), including potentially stifling pro-competitive conduct. | The amendments to clarify the ’substantial lessening of competition’ test will apply only for the purposes of merger assessments. The ACCC will assess whether an acquisition, if put into effect, would or could, in all the circumstances, have the effect, or be likely to have the effect, of substantially lessening competition.  For these purposes, the acquisition may have the effect or be likely to have the effect of substantially lessening competition in a market if the acquisition would, in all the circumstances, have the effect, or be likely to have the effect, of creating, strengthening or entrenching a substantial degree of power in the market.  This does not affect or limit the meaning of ‘substantial lessening of competition’ used elsewhere in the CCA. |
| **Test for decision-maker to apply, including relevant matters the ACCC may have regard to** | Relevant matters the ACCC may have regard to for the ‘substantial lessening of competition’ test include the need to maintain and develop effective competition within markets, the conditions for competition, the financial and economic power of the parties to the acquisition, barriers to entry, technical innovations, etc. | The proposed relevant matters are too prescriptive and uncertain.  There were different views on how to resolve this, including: removing them and relying on established jurisprudence; only including broad principles; or clarifying to reduce complexity and updating the language. | To simplify the legislation, ‘relevant matters’ will be removed, and the economic factors for the competition assessment and the evidence based economic analysis will be set out in the Explanatory Memorandum.  This is important for ensuring the new system focuses on economic harms from mergers and can adapt to new economic challenges over time.  The ACCC will also consult on substantive guidelines in 2025, which will include how it will apply the ‘substantial lessening of competition’ test. |
| **Serial acquisitions** | The ACCC is able to take into account the combined effect of all acquisitions within the previous 3 years that involve the same industry as the current acquisition, for the purposes of determining whether the current acquisition has the effect or likely effect of substantially lessening competition. | The ACCC should have regard to the combined effect of the current acquisition and earlier acquisitions but should not automatically be required to consider them.  Rather than an ‘industry’, the ACCC should direct a party to provide information about prior acquisitions in a particular ‘market’ or ‘markets’. | The legislation will clarify that the ACCC may (not must) consider the cumulative effect of serial acquisitions in its competition assessment.  The reference to ‘industry’ will be replaced with ‘goods or services that are the same, substitutable for, or otherwise competitive with, each other’ (disregarding any geographical dimension).  This is to ensure that the ACCC can take into account the combined effect of acquisitions involving the same or substitutable goods or services, and across different geographic areas.  The combined effect of past acquisitions over the past 3 years is also relevant to whether an acquisition meets the notification thresholds. |
| **Public benefits** | The ACCC may approve an acquisition that substantially lessens competition if it would be likely to result in a public benefit that substantially outweighs the public detriment. | Lifting the bar so that a public benefit needs to ‘substantially outweigh’ any harm to competition may stop acquisitions that would otherwise provide a net benefit to the community.  There should be an expedited public benefit assessment pathway for acquisitions where the parties consider the competition harms are clear. | To facilitate mergers that are of net public benefit to the community and to increase certainty, the ‘public benefit’ test (currently applying to merger authorisation) will be retained.  A sequential approach to the consideration of competition and public benefits provides more exit points for merger parties. The ACCC will consider the impact on competition, within timeframes that are consistent with international best practice. The competition assessment is necessary for the ACCC to be satisfied of the net public benefit. Where parties provide sufficient information to enable the ACCC to expedite its competition assessment within the time limits and determine an acquisition is likely to substantially lessen competition, the ACCC can quickly proceed to the public benefit process (where relevant). |
| **Legal standards for ACCC decision-making including competition and public benefits tests** | There are different standards for different ACCC decisions.  ‘Reasonably suspects’ is used to move from Phase 1 to 2, ‘reasonably believes’ is used in the competition assessment, and ‘satisfied on reasonable grounds’ is used in the substantial public benefit consideration.  The ‘reasonably believes’ standard is used for the ACCC’s consideration of conditions to remedy a substantial lessening of competition; the ‘satisfied on reasonable grounds’ standard is used for the equivalent public benefit consideration of conditions. | Aligning the legal decision-making standards for the competition and public benefit tests would minimise inconsistency.  The legal standard for the substantial lessening of competition test (‘reasonably believes’) is too low and introduces a subjective element. An objective standard would be preferable.  The test for the ACCC to determine that an acquisition may be put into effect with conditions is too limited. | The tests applied by ACCC will be simplified by requiring the ACCC (or Tribunal upon review) to be ‘satisfied’. This is a standard term used in administrative decision-making.  ‘Satisfied’ will replace the references to 'reasonably believes' in the competition test (which may include conditions), and 'satisfied on reasonable grounds' in the public benefit test (which may include conditions). It will also replace the reference to ‘reasonably suspects’ in relation to moving from Phase 1 to Phase 2. |
| **Rigorous economic analysis of mergers** | If the ACCC decides an acquisition should proceed to Phase 2, the ACCC may issue a notice of competition concerns that sets out the ACCC’s preliminary assessment and the grounds on which the ACCC makes that assessment (including the material information, facts and evidence), within 25 business days or as soon as practicable thereafter. The parties have 15 business days to respond. | The short time period for the parties to respond to the ACCC’s competition concerns may not provide sufficient procedural fairness.  If the ACCC does not provide the notice of competition concerns on time, that delay may have consequences. | The ACCC must issue a notice of competition concerns in Phase 2, unless the ACCC determines the acquisition may be put into effect on or before the 25th business day of Phase 2.  The notice of competition concerns must set out the ACCC’s preliminary assessment and the grounds on which the ACCC makes the assessment, referring to the evidence or other material on which those grounds are based. This will promote good decision-making by the ACCC based on sound economic and legal principles, while ensuring procedural fairness for the parties.  To ensure there is sufficient time for businesses to engage, notifying parties will have more time (25 business days) to respond to a notice of competition concerns. Timelines can also be extended by agreement. |
| **Suspensory timelines supporting prompt review** | The ACCC may extend the determination period for a Phase 1 review, a Phase 2 review, and a substantial public benefit application.  The ACCC must be notified of any material changes of fact and may determine a new effective notification date.  The ACCC may determine there is no effective notification date where it considers the notified acquisition to be incomplete or misleading in any material respect. | Stakeholders are supportive of a merger system that will deliver faster decisions.  However, the ability to restart or extend the timelines (e.g., if material changes of fact, incomplete or misleading notifications, issuance of a compulsory information request) reduces certainty.  The 90-day timeframe for internal review by the ACCC of intermediate decisions (incomplete or misleading notifications, material changes of fact etc.), should be shorter. | The timelines have been clarified to provide more certainty, with additional procedural safeguards.  To increase certainty, restarting the statutory timeline if a notification is materially incomplete or is false or misleading or there is a material change of fact can only occur in Phase 1.  Where a notification is false or misleading or there is a material change of fact in Phase 2, the ACCC will have the option to ‘stop the clock’ (restarting once further information is received).  The ACCC will be able to ‘stop the clock’ 10 business days after issuing a section 155 notice if the parties do not respond within this period or if the parties are late to respond to an informal information request.  The timeframe for internal reviews of intermediate decisions will be reduced to 7 days for the ACCC (previously 90 days) and 14 days for the Tribunal (previously no timeframe) to ensure timely resolution of procedural decisions affecting timelines. |
| **Review of administrative decisions and procedural safeguards** | | | |
| **Review of administrative decisions and procedural safeguards** | Third parties may seek review of ACCC determinations.  The Tribunal may only have regard to certain information in its review. New information may only be taken into account if it was not in existence at the time of the ACCC’s determination or if it is to clarify existing evidence.  Parties seeking review of ACCC determinations have the option of a 90-day ‘standard review’ by the Tribunal, or a ‘fast track review’ with a 60-day review period and additional information limits. | Third party review rights introduce uncertainty, undermine efficiency and add potential cost.  Merger parties may not be able to respond to evidence that raises issues (i.e., third party concerns or internal ACCC analysis such as economic modelling) that was not provided to the parties during the ACCC review.  Stakeholders were supportive of faster review processes but indicated that they would be unlikely to use the fast-track Tribunal process. | Third party review rights will be retained, recognising that similar rights currently exist, but with strengthened requirements to ensure only appeals with sufficient merit may proceed.  In considering whether to allow the third party to apply for review, the Tribunal must have regard to the person’s interest in the matter, the efficient administration of the system, whether the application has any reasonable prospects of success and any other relevant matters.  The Tribunal can dismiss applications (including those brought by third parties) if it is satisfied the application is: frivolous, vexatious, misconceived or lacking in substance; has no reasonable prospects of success; or is otherwise an abuse of process of the Tribunal. The Tribunal can also award costs if satisfied that it is appropriate to do so.  The Tribunal may permit notifying parties to provide information relevant to the ACCC’s determination and reasons if they were not given reasonable opportunity to respond before the ACCC made the determination.  To simplify the legislation, the Tribunal fast track review option has been removed.  The Tribunal will be able to seek information or ask questions of technical experts (e.g., economists and industry experts). The Tribunal may also allow participants in the proceedings or the ACCC to ask questions of the technical expert. |
| **Transitional arrangements** | | | |
| **Facilitating a smooth transition to the new system** | Businesses must notify the ACCC of notifiable acquisitions from 1 January 2026 and will be able to voluntarily notify under the new system from 1 December 2025.  Businesses can continue to voluntarily engage with the ACCC via its informal merger review system until 31 December 2025.  Merger authorisation will be closed to new applications from 1 July 2025.  The existing mergers prohibitions in sections 50 and 50A will be repealed from 1 January 2026.  The ACCC may investigate a below-the-threshold merger for breach of any other relevant provisions of the CCA, including section 45. | Appropriate transitional arrangements are important to reduce uncertainty and undue burden for businesses and the ACCC.  A longer transitional period and grandfathering arrangements would assist the transition to the new system. | An extended transitional period will be provided to support businesses in the transition to the new system.  Merger parties will be permitted to voluntarily notify and opt into the new mandatory and suspensory system from 1 July 2025.  To reduce burden on businesses and the ACCC, businesses that have received informal ‘clearance’ or been granted merger authorisation under the current system between 1 July 2025 and 31 December 2025 will be exempt from notification, provided the acquisition is put into effect within one year.  To support smooth transition in the initial years, section 50 will be retained for non-notifiable/non-notified acquisitions.  Section 50 will be amended so that it does not apply to acquisitions notified under the new system, to clearly delineate the two approaches. Amendments will also be made to clarify that the substantial lessening of competition test can include creating, strengthening or entrenching substantial market power, so it is consistent with the new system. |

# Attachment B: Notification thresholds summary







1. [Merger Reform: A Faster, Stronger and Simpler System for a More Competitive Economy (treasury.gov.au)](https://treasury.gov.au/sites/default/files/2024-05/p2024-518262-merger-reforms-paper.pdf). [↑](#footnote-ref-2)
2. See section 50AA of the *Corporations Act*. This means only acquisitions of shares that are capable of affecting competition by conferring control are captured, with a focus on the substance, rather than the form. [↑](#footnote-ref-3)