

MEDIA RELEASE



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Concerns about Landmark's proposed acquisition of Ruralco

The ACCC has released a statement of issues raising preliminary competition concerns about Nutrien's proposed acquisition of Ruralco (ASX: RHL).

Nutrien operates in Australia through its wholly owned subsidiary, Landmark. Landmark and Ruralco supply rural merchandise such as fertiliser, fencing and animal health products and other services through their branded retail store networks.

Both companies also have wholesale businesses supplying rural merchandise to independent stores.

"A merged Landmark-Ruralco would be by far the largest retail and wholesale supplier of rural merchandise in Australia, with Elders the only other large national chain," ACCC Deputy Chair Mick Keogh said.

"The combined entity would supply around 650 rural merchandise stores (including both corporate and member stores), which is approximately 45 per cent of all rural merchandise stores nationally."

"We are seeking submissions in response to our statement of issues, and will continue examining what impact the loss of a major national retail competitor might have on prices, product range (including private label brands) and other areas of competition," Mr Keogh said.

The ACCC has identified a number of local areas, including Broome (WA), Alice Springs (NT), Cooma (NSW) and Hughenden (Qld), where Landmark's rural merchandise stores compete with Ruralco stores and there would be few remaining competitors.

The ACCC is considering whether delivery from outside these regions would provide sufficient competition to the Ruralco-Landmark retail stores.

Ruralco is a major wholesaler to independent rural merchandise stores through its CRT operation, and Landmark also has a smaller wholesale operation.

The ACCC is considering whether the proposed acquisition would reduce competition at the wholesale level, or whether the remaining wholesalers or buying groups (AIRR, NRI and AgLink) will provide sufficient competition.

In addition, the ACCC is examining whether a merged Landmark-Ruralco would be more likely to discriminate against retailers which are wholesale customers that compete with its retail stores.

The ACCC's review has also considered overlaps between Landmark and Ruralco in the supply of wool broking, livestock agency and live export, insurance broking, financial services and real estate agency services. The ACCC's preliminary view is that the proposed deal is unlikely to substantially lessen competition in these areas.

Submissions from interested parties on the statement of issues should be provided by 27 June 2019. The ACCC's final decision is scheduled for 15 August 2019.

The statement of issues is available on the ACCC website.

Background

Landmark supplies rural merchandise through its 225 retail stores across the country as well as supplying independent stores on a wholesale basis. Landmark also provides wool broking, livestock agency and export services, real estate agency and agricultural insurance broking services. The Landmark brand has existed in Australia for more than 150 years.

Ruralco is a publicly listed company in Australia, formed in 2006 when Combined Rural Traders (CRT) and Roberts Limited merged. Ruralco, however, has been operating (through predecessor organisations) for over 150 years.

Ruralco provides a very similar range of services to Landmark: It operates 106 rural merchandise stores nationally (operating under a number of brands but notably Roberts and Rodwells) and also supplies member stores via its wholesale arm, CRT. These members may be branded as either CRT or Town & Country. In addition to those other services offered by Landmark, Ruralco also offers water broking services.

Rural merchandise is an umbrella term for the various agricultural products purchased by farmers for use in operating a farm and includes: fertiliser, agricultural chemicals, seed, fencing, animal health products and other miscellaneous merchandise. Some rural merchandise stores also offer agronomic advice.

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