

# MEDIA RELEASE



**22 August 2019**

## **Landmark and Ruralco rural services deal not opposed**

The ACCC will not oppose the proposed acquisition of rural services company Ruralco (ASX:RHL) by Nutrien, which operates in Australia through its wholly owned subsidiary, Landmark.

The ACCC's decision is subject to an undertaking requiring Nutrien to divest three rural merchandise stores located in Broome (WA), Alice Springs (NT) and Hughenden (Qld), to a purchaser approved by the ACCC.

The ACCC examined the acquisition very closely as it combines two of three major retail chains in the rural merchandise market. Combined, Landmark and Ruralco will own 20 to 25 per cent of rural merchandise stores, and will provide wholesale supply to many other sites.

"Ultimately, we decided that the transaction was not likely to substantially lessen competition, as rival rural merchandise retailers and wholesalers will continue to provide strong competition," ACCC Deputy Chair Mick Keogh said.

"The independent sector in rural merchandise is strong, and we considered that it is likely to remain strong, due to the close relationship that independent store owners can build with their local farmer customers."

"Customer relationships and service are more important than branding to many customers in this industry, and this provides greater scope for independent retailers to compete than is the case in some other retail industries," Mr Keogh said.

"While we had competition concerns in Broome, Alice Springs and Hughenden, these were resolved by the commitment to divest sites in those locations."

The ACCC also investigated competition impacts that may arise in the provision of wool broking, livestock agency, insurance, finance, real estate and water broking; as well as potential issues that may arise from vertical integration between the retailing and wholesaling of rural merchandise.

"Ultimately we decided that there would not be a substantial lessening of competition in any relevant market," Mr Keogh said.

The ACCC also considered carefully the issue of Landmark's bargaining power with manufacturer/suppliers. The ACCC concluded that while Landmark will be in a strong bargaining position, suppliers still generally have other channels through which to distribute their goods, and any increase in buyer power is not likely to be substantial.

The ACCC will issue a public competition assessment in due course. Further information is available on the ACCC's public register at [Landmark - proposed acquisition of Ruralco](#).

The ACCC is also separately reviewing Elders' proposed acquisition of AIRR and expects to announce the finding of that review on 12 September 2019.

## **Background**

The ACCC commenced a review of the proposed acquisition on 22 March 2019 and [raised concerns about the acquisition in June](#). It [sought submissions](#) from interested parties about the proposed undertaking.

Nutrien (through its Landmark brand in Australia) and Ruralco are retailers and wholesalers of rural merchandise and also offer other rural services.

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. Landmark has been part of rural Australia (through predecessor organisations) 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 has been operating (through predecessor organisations) for more than 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.

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, stock feed and other miscellaneous merchandise. Some rural merchandise stores also offer agronomic advice.

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