

MEDIA RELEASE



12 September 2019

Elders and AIRR rural services deal not opposed

The ACCC will not oppose the proposed acquisition of rural wholesale buying group Australian Independent Rural Retailers (AIRR) by Elders (ASX: ELD).

Elders is an important competitor in rural retailing, but currently has minimal operations in wholesaling to independent rural retail stores. AIRR is an important wholesaler to independent rural stores, but has minimal assets of its own in rural retailing.

“The ACCC examined the proposed transaction closely, because it could give rise to vertical integration concerns. In particular, the ACCC assessed the risk that independent stores would be discriminated against by Elders in a way that harms competition,” ACCC Deputy Chair Mick Keogh said.

“We tested these vertical issues closely with industry participants and independent retailers. Market feedback suggested that most independent retailers consider they have sufficient alternative supply options if Elders attempted to discriminate against them.”

“It also appears that existing or potential new buying groups or wholesalers could expand in response to any future change in AIRR’s offering,” Mr Keogh said.

The ACCC also considered whether the transaction could result in reduced competition in towns where Elders and independent stores supplied by AIRR are in close proximity to each other.

“The vast majority of locations impacted have other stores competing with Elders and the AIRR-supplied stores, which are likely to prevent a softening of competition,” Mr Keogh said.

“In those cases where there were limited alternatives to the Elders and independent AIRR-supplied store, market feedback indicated that there were alternative wholesale supply options for the relevant independent store.”

The ACCC also considered the issue of Elders’ bargaining power with manufacturers or importers of rural merchandise. The ACCC concluded that while Elders would be in a strong bargaining position, suppliers still generally had other channels through which to distribute their goods, and any increase in buyer power was not likely to be substantial.

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

“There is significant consolidation in the rural retail sector, given the Elders proposal and the Landmark-Ruralco deal. We will look very closely at any further consolidation,” Mr Keogh said.

Further information is available on the [ACCC’s public register](#)

Background

Elders is a publicly listed company that provides a large range of rural services including the retail of rural merchandise through its retail stores.

Elders has approximately 450 points of presence across Australia which are predominantly comprised of company-owned, JV and real estate stores as well as financial services franchised stores. Elders' rural merchandise retail network comprises approximately 216 of these 450 sites. It acts as a wholesaler to its own stores and supplies a small amount of product on a wholesale basis outside the Elders network. It also provides wool broking and livestock and real estate agency services in Australia, and operates a red meat supply chain in Indonesia and China.

AIRR is predominantly a buying group, which wholesales rural merchandise. It also owns six rural merchandise retail stores in Victoria (in Shepparton, Cranbourne, Stawell, Ararat, Camperdown and Violet Town).

AIRR supplies rural merchandise to nearly 2,000 independent retail stores across the country on a wholesale basis.

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