

28 Galileo LP

Submission to the Commerce Commission

Re: Proposed Merger of Gull and NPD

1. Introduction

28 Galileo LP (Galileo) welcomes the opportunity to submit on the proposed merger between Gull and NPD.

Galileo is an investment partnership comprising a number of aligned investors, including Māori partners **Tātau Tātau o Te Wairoa Commercial (Tātau Tātau)**, **Tauhara North No.2 Trust (Tauhara)**, and **Ngāi Te Rangi Settlement Trust**, alongside institutional investment partners. Collectively, these partners represent a combination of long-term capital, regional commitment, and intergenerational investment perspectives.

Galileo's investment approach is grounded in supporting intergenerational wealth whilst simultaneously informing a reduction in cost of living for our members.

For the reasons outlined below, Galileo supports the proposed merger.

2. Investment Perspective and Iwi Partnership

The participation of Māori partners in Galileo reflects a distinctive investment philosophy:

- A long-term, intergenerational horizon
- A focus on sustainable market structures
- A commitment to delivering tangible benefits to communities
- A commitment to partner in building better businesses for the long term with consideration for environmental, social and governance impacts

The inclusion of **Tātau Tātau**, **Tauhara**, and **Ngāi Te Rangi** brings:

- Regional insight and connection to communities most affected by fuel pricing
- A strong emphasis on affordability and access
- A commitment to responsible and values-driven investment

Our partners are not passive investors. We represent communities that are directly impacted by fuel costs and therefore have a strong interest in maintaining competitive market dynamics.

This perspective reinforces Galileo's support for businesses that act as credible challengers and deliver real benefits to consumers.

3. Competition and Market Dynamics

3.1 Role of Gull as a Challenger

The New Zealand fuel market is characterised by a relatively concentrated competitive structure. In such markets, challenger brands are critical to maintaining competitive tension.

Gull has demonstrated its effectiveness as a challenger through:

- Consistent price competition
- Market disruption through efficient operating models
- Delivery of cost savings to consumers

3.2 Impact of Scale

For challenger brands in capital-intensive sectors, scale is essential to keep the cost base competitive.

The proposed merger with NPD is expected to:

- Enhance Gull's operational scale
- Improve supply chain efficiency
- Strengthen its ability to compete with larger incumbents

From Galileo's perspective, increased scale will enable Gull to sustain and potentially increase its competitive impact.

3.3 Consumer Outcomes

The ultimate test of competition is consumer benefit.

A stronger Gull is likely to:

- Maintain downward pressure on fuel prices
- Extend pricing benefits more consistently across regions
- Improve overall market responsiveness

This is particularly important for regional communities, including those represented by Galileo's iwi partners.

4. Efficiency and Resilience

4.1 Operational Efficiency

The merger is expected to generate efficiencies through:

- Integrated logistics and distribution
- Increased infrastructure utilisation
- Improved procurement capability

These efficiencies are likely to support:

- Lower operating costs
- Sustained competitive pricing

4.2 Market Resilience

Fuel supply is critical infrastructure.

A more resilient market requires:

- Multiple capable participants
- Strong supply chains
- The ability to respond to disruption

The proposed merger strengthens one of the key non-incumbent participants in the market, contributing to overall system resilience.

5. Long-Term Capital and Market Confidence

Galileo's investment, including that of its iwi partners, is based on a long-term commitment to the New Zealand economy.

Key considerations include:

- Stability and predictability of regulatory settings
- Recognition of pro-competitive investment
- Support for market structures that enable sustainable competition

Approval of the merger would signal:

- Support for long-term capital investment
- Recognition of the importance of challenger brands
- Confidence in market-led solutions to improve consumer outcomes

6. Conclusion

28 Galileo LP, including our Māori partners **Tātau Tātau**, **Tauhara**, and **Ngāi Te Rangi**, supports the proposed merger between Gull and NPD.

In our assessment:

- The merger will strengthen a credible challenger in a concentrated market
- It will enhance efficiency, scale, and resilience
- It will deliver improved outcomes for consumers over the long term

The transaction represents a constructive evolution of the market, consistent with the objectives of promoting competition and consumer welfare.

7. Recommendations to the Commission

28 Galileo LP recommends that the Commerce Commission:

- **Approve the proposed merger**, recognising its role in strengthening a viable and effective challenger brand
- **Acknowledge the importance of scale in capital-intensive markets**, particularly for sustaining competition
- **Recognise the pro-competitive impact of Gull**, including its demonstrated influence on pricing behaviour
- **Give weight to efficiency gains and supply chain improvements** that are likely to benefit consumers
- **Support long-term investment, including iwi participation**, as a contributor to market resilience and competitive balance

Should you require any further information in support of this submission, we would welcome the opportunity to kōrero further.

For and on behalf of 28 Galileo LP

Roimata Ah Sam
28 Galileo Chairperson