

Submission on Proposed Acquisition of Convoy Kegs New Zealand by Kegstar

From:

Date: 28 August 2025

Introduction

I am writing on behalf of myself as a small producer and . I wish to express our concerns regarding the proposed acquisition of Convoy Kegs New Zealand by Kegstar, following Convoy's liquidation.

Impact on Small Producers

Our , relies heavily on keg rental services, which form a significant portion of our sales alongside packaged cans. The proposed acquisition would leave the New Zealand market with a single provider of keg pooling services, substantially reducing competition. Experience in previous instances demonstrates that when competition is reduced or eliminated, prices increase and service quality can decline. For small producers like us, higher costs and reduced flexibility would place significant pressure on already fine-margin operations.

Viability of Alternative Solutions

Alternatives such as purchasing our own fleet of kegs or using one-way plastic kegs are not practical: - Owning a fleet: The cost of purchasing and managing our own keg fleet is prohibitively high for a small, two-person operation. Logistical demands for returns and maintenance are beyond our capacity. - One-way plastic kegs: These are significantly more expensive per use, environmentally unsustainable, and prone to shorter shelf life due to oxygen transmission. Storage requirements also exceed what is feasible on our premises. Consequently, there are no realistic alternatives for small producers if the proposed acquisition reduces competition in the market.

Industry-Wide Implications

The industry in New Zealand is composed of a few large players and many small producers, all of whom rely on keg pooling services. A lack of competition creates a monopoly scenario, threatening the sustainability of small producers. Any disruption or failure of the sole provider would have widespread adverse effects across the industry.

International Perspective

Concerns have been raised in Australia regarding a similar acquisition of the only two keg pooling providers, which would substantially lessen competition and negatively impact craft breweries that cannot feasibly maintain their own fleets. The New Zealand Commerce Commission's review aligns with these concerns, highlighting the risks of reduced competition in our local market.

Conclusion

We strongly urge the Commission to carefully consider the negative impacts on small producers and the broader industry. The proposed acquisition risks creating a monopoly in the keg rental market, limiting options, increasing costs, and threatening the viability of small, passion-driven producers who are essential to New Zealand's sector. We are happy to provide further evidence or details as required.

Submitted by: