

SUBMISSION ON STATEMENT OF ISSUES – PROPOSED ACQUISITION OF T&G FRESH BY J&P TURNER LIMITED

Introduction

- 1 [REDACTED] is a fresh produce business that grows and markets fresh produce. [REDACTED] and [REDACTED], [REDACTED] grows and supplies [REDACTED] in New Zealand for domestic sale and export.
- 2 A meaningful proportion of the production of [REDACTED] is sold through the full-service wholesale channel, including to Turners & Growers Fresh Limited (**T&G Fresh**). [REDACTED] makes this submission [REDACTED] which would be directly affected by JPT's proposed acquisition of 100% of the shares of T&G Fresh (the **Proposed Acquisition**).
- 3 [REDACTED] request that their identity and any commercially identifying details (as marked by square brackets throughout this submission) be treated as confidential and redacted from any public version of this submission.

Impact on small growers and suppliers

- 4 [REDACTED] primary concern is the effect of the Proposed Acquisition on small-to-medium growers who depend on the wholesale channel. The Proposed Acquisition would reduce the number of major full-service wholesale buyers from three to two. For small growers, this means fewer independent wholesalers competing for their produce. Where small growers can currently offer product to competing wholesalers and benefit from the competitive tension between them (including in terms of price and service quality), the Proposed Acquisition would remove that rivalry. A grower who is unhappy with the terms offered by the merged entity would have only one remaining independent full-service wholesale alternative, Market Gardeners Limited (**MG**), rather than the two that exist today.
- 5 The Commission's Statement of Issues recognises that growers with irregular, seasonal, or smaller volumes may have materially fewer alternatives to the full-service wholesale channel. Much of the production of [REDACTED] is seasonal and highly perishable. Once harvested, [REDACTED] limited ability to hold product or wait for a better offer. The merged entity would be aware of this constraint, and the resulting asymmetry could allow it to offer lower prices, impose less favourable terms, with reduced competition from only one remaining independent full-service wholesaler.
- 6 T&G Fresh grows its own produce, including in categories in which [REDACTED] is also active. Following the Proposed Acquisition, the merged entity would be simultaneously buying produce from suppliers such as [REDACTED] and growing competing produce of its own. [REDACTED] is concerned that the merged entity would have the ability and incentive to prioritise its own-grown produce over that supplied by independent growers like [REDACTED], for example by allocating buyer demand to its own product first. This concern is compounded by the fact that the only other major full-service wholesaler, MG, is also vertically integrated into growing in certain produce categories. Independent growers would therefore face only two full-service wholesale buyers, both of whom grow their own, competing, produce.

[REDACTED]

- 7 [REDACTED].

Conclusion

- 8 [REDACTED] is concerned about the impact of the Proposed Acquisition on small suppliers and growers of seasonal, perishable produce who depend on competitive wholesale channels. The reduction from three to two major full-service wholesalers would materially reduce the competitive options available to small growers and increase the merged entity's buyer power in circumstances where growers have limited practical alternatives.
 - 9 [REDACTED] is available to discuss this submission further with the Commission.
- [REDACTED]