

Statement of Preliminary Issues

Comhla Vet/Vet First

28 October 2026

Introduction

1. On 20 October 2026, the Commerce Commission (the Commission) registered an application (the Application) from Comhla Vet Limited (Comhla Vets) seeking clearance to acquire 100% of the shares of Veterinaryfirst Limited, trading as Petfirst Veterinary and Farmfirst Veterinary (Vet First) (the Proposed Acquisition).¹
2. As required by the Commerce Act 1986 (the Act), we assess mergers and acquisitions using the substantial lessening of competition test, which we describe further below.
3. The Commission will only give clearance if it is satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.
4. This Statement of Preliminary Issues (SoPI) sets out the competition issues that we have identified to date and will consider during our assessment, and that we currently consider to be important in deciding whether to grant clearance.² Our assessment of the Proposed Acquisition is at an early stage and this SoPI is based primarily on the material provided by the parties in connection with the Application. Other issues may become apparent as we progress our assessment.
5. Through publishing this SoPI, we aim to:³
 - 5.1 increase the transparency of our process;
 - 5.2 provide interested parties with an opportunity to identify any further competition issues which they consider we should assess and also to consider and submit on the matters identified; and
 - 5.3 gather further information which might assist our assessment.
6. We invite interested parties to provide comments on the likely competitive effects of the Proposed Acquisition. We request that parties who wish to make a submission do so by **11 November 2026**.

¹ A public version of the Application is available on the [case register](#) on our website.

² The issues set out in this statement are based on the information available when it was published and may change as our assessment progresses. The issues in this statement are not binding on us.

³ Commerce Commission, *Mergers and Acquisitions Guidelines* (May 2022) at [6.105]. Available on our website at www.comcom.govt.nz.

7. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

The parties

The applicant – Comhla Vet

8. Comhla Vet is a New Zealand incorporated company that controls and manages a network of veterinary clinics in New Zealand and Australia and is ultimately owned by Nexeus Global Limited. Its network of 52 veterinary clinics across New Zealand provide both in-clinic veterinary services to companion animals, and on-farm services to production animals through the following brands:⁴
 - 8.1 West Coast Vets;
 - 8.2 Selwyn Rakaia Vets;
 - 8.3 Veterinary Clinic Morrinsville;
 - 8.4 Buller Vets Limited;
 - 8.5 Vetlife;
 - 8.6 Vetsone Limited;
 - 8.7 VetSouth; and
 - 8.8 Totally Vets.
9. Comhla Vet forms part of the broader Comhla Group, a vertically integrated business with operations across several levels of the veterinary supply chain in New Zealand. These wider Comhla Group's businesses are Fortis Vet (a veterinary product wholesaler), Agilis Vet (a veterinary product wholesaler, focused primarily on production animals), Heartland nutrition (a supplier of trace elements/minerals and feed stuffs for dairy cows), and DRL (a veterinary diagnostic laboratory).⁵

The target – Vet First

10. Vet First owns and operates 17 veterinary clinics in New Zealand. Prior to 2025, Vet First clinics operated under the "VetEnt" brand. Now, it operates a dual brand strategy with:
 - 10.1 Petfirst Veterinary (focussing on companion animals); and
 - 10.2 Farmfirst Veterinary (focussing on production animals).

⁴ The Application at [24]-[25].

⁵ The Application at [26].

11. Many of Vet First's clinics are mixed or full-service, and provide veterinary services to both companion and production animals.⁶

Our framework

12. Our approach to analysing the competition effects of the Proposed Acquisition is based on the principles set out in our Mergers and Acquisitions Guidelines.⁷ As required by the Act, we assess mergers and acquisitions using the substantial lessening of competition test.
13. We determine whether an acquisition is likely to substantially lessen competition in a market by comparing the likely state of competition if the acquisition proceeds (the scenario with the acquisition, often referred to as the factual), with the likely state of competition if the acquisition does not proceed (the scenario without the acquisition, often referred to as the counterfactual).⁸ This allows us to assess the degree by which an acquisition might lessen competition.
14. If the lessening of competition as a result of the Proposed Acquisition is likely to be substantial, we will not give clearance. When making that assessment, we consider, among other matters:
 - 14.1 constraint from existing competitors – the extent to which current competitors compete and the degree to which they would expand their sales if prices increased (or purchases if prices decreased);
 - 14.2 constraint from potential new entry – the extent to which new competitors would enter the market and compete if prices increased; and
 - 14.3 the countervailing market power of customers or suppliers – the potential constraint on a business from the ability of customers or suppliers to exert substantial influence on negotiations.

Market definition

15. We define markets in the way that we consider best isolates the key competition issues that arise from an acquisition. In many cases this may not require us to precisely define the boundaries of a market. A relevant market is ultimately determined, in the words of the Act, as a matter of fact and commercial common sense.⁹
16. Both Comhla Vet and Vet First (together, the Parties) acquire veterinary products from veterinary product suppliers and wholesalers. The Parties also provide in-clinic veterinary services to companion animals, and on-farm veterinary services to

⁶ The Application at [30]-[31].

⁷ Mergers and Acquisitions Guidelines above n3.

⁸ *Commerce Commission v Woolworths Limited* (2008) 12 TCLR 194 (CA) at [63].

⁹ Section 3(1A). See also *Brambles v Commerce Commission* (2003) 10 TCLR 868 at [81].

production animals in New Zealand.¹⁰ Companion animal services are provided to household pets such as dogs, cats, birds, rabbits and guinea pigs. Production animal services are provided to farm animals such as cattle, sheep and deer.¹¹

17. In the Application, Comhla Vet submits that the relevant markets for assessing the competitive effects of the Proposed Acquisition are:¹²
 - 17.1 local markets for the supply of veterinarian services to companion animals; and
 - 17.2 local markets for the supply of veterinarian services to production animals.
18. Regarding product dimension, consistent with how such markets have been defined in other jurisdictions,¹³ Comhla submits that it is appropriate to consider the treatment of companion animals separately from production animals because:¹⁴
 - 18.1 there is no demand-side substitutability between production and companion animal veterinary services. If the merged entity were to impose a Small but Significant and Non-transitory Increase in Price (SSNIP), clients who require veterinary care for livestock could not switch to a veterinary clinic providing care for companion animals – and vice versa; and
 - 18.2 from a supply-side perspective, the majority of veterinarians practice either in companion animals or farm animals, and, there are material differences in how services are carried out in the context of production animals. For example, services are provided on-farm (rather than in-clinic), and there is a greater focus on disease prevention and control for herds, rather than individualised treatment for companion animals.
19. Comhla Vet further submits that other dimensions, such as the provision of after-hours care, could be considered, but that in its view, no separate analysis is necessary given that the Parties do not compete in this respect.¹⁵
20. Regarding geographic dimension, Comhla Vet submits that it is appropriate to define separate local markets, with catchment boundaries (which depend on the topography of the area ie, rural/regional versus urban) reflecting the distance

¹⁰ The Application at [125]. The Parties overlap in the provision of companion animal veterinary services in Alexandra, Cromwell, Darfield, King Country, Leeston, Lincoln, Ashburton, Wanaka, Ferrymead, Mosgiel and Havelock North, and production animal veterinary services in Alexandra, Cromwell, Darfield, King Country, Leeston, Lincoln, Ashburton, Wanaka and Te Awamutu. See the Application at [74].

¹¹ The Application at [45].

¹² The Application at [4] and [48].

¹³ The Application at [56].

¹⁴ The Application at [55].

¹⁵ The Application at [58]. Relatedly, Comhla Vet considers it is not necessary to define separate markets for the supply of restricted veterinary medicines, non-restricted veterinary medicines or the retail supply of pet products since such products and services are ancillary to, and alongside, veterinary services. See the Application at [70].

customers would be willing and able to travel to obtain veterinary services following a SSNIP.¹⁶ Comhla Vet further submits that:¹⁷

- 20.1 for companion animal services, Comhla Vet’s proposed catchments are 30km in rural areas, 20km in semi-urban areas and 10km in urban areas; and
 - 20.2 for production animal services, Comhla Vet considers a 50km radius to be appropriate irrespective of area typology.
21. Comhla Vet further submits that demand for production animal services is more prevalent in rural and semi-urban areas than in urban areas, and that, unlike companion animal services, production animal veterinary services are commonly provided on-farm. These factors may influence the geographic extent of competition in each market.¹⁸
22. We will consider whether the markets submitted by Comhla Vet are the appropriate markets for assessing the competition effects of the Proposed Acquisition, or whether it might be appropriate to define additional, narrower or broader market(s) on the basis of product, geography, and/or customer type. As the Proposed Acquisition will combine buyers of veterinary supplies/products, we will also consider whether it is appropriate to test the effect of the Proposed Acquisition on acquisition market(s). We set out in Attachment A what we are particularly interested in the views of the Parties, and other interested parties, on to assist in our assessment of market definition.

Without the Proposed Acquisition

23. We will consider what the Parties would do if the Proposed Acquisition did not go ahead. We will consider the evidence on whether the without-the-acquisition scenario is best characterised by the status quo, or whether the Parties would seek alternative options.

Preliminary issues

24. We will assess whether the Proposed Acquisition would be likely to substantially lessen competition in the relevant market (or markets) by assessing whether horizontal (unilateral), coordinated or vertical effects might result from the Proposed Acquisition. The questions that we will be focusing on are:
- 24.1 unilateral effects: would the loss of competition between the Parties enable the merged entity to profitably raise prices or reduce quality or innovation by itself?¹⁹

¹⁶ The Application at [59].

¹⁷ The Application at [61].

¹⁸ The Application at [62].

¹⁹ For ease of reference, we only refer to the ability of the merged entity to “raise prices” from this point on. This should be taken to include the possibility that the merged entity could reduce quality or innovation or worsen an element of service or any other element of competition (ie, it could increase quality-adjusted prices).

- 24.2 coordinated effects: would the Proposed Acquisition change the conditions in the relevant markets so that coordination is more likely, more complete or more sustainable?
- 24.3 vertical effects: would the Proposed Acquisition increase the merged entity's ability and/or incentive to foreclose rivals?

Unilateral effects: would the merged entity be able to profitably raise prices by itself?

- 25. Unilateral effects arise when a firm merges with a competitor that would otherwise provide a significant competitive constraint (particularly relative to remaining competitors) such that a merged entity can profitably increase price for products sold or decrease the price for goods acquired above (or below) the level that would prevail without the merger without the profitability of that increase being thwarted by rival firms' competitive responses.²⁰
- 26. In the Application, Comhla Vet submits that the Proposed Acquisition would not be likely to substantially lessen competition due to unilateral effects in:
 - 26.1 any market(s) for the acquisition products;
 - 26.2 local markets for the supply of veterinarian services to companion animals; and
 - 26.3 local markets for the supply of veterinarian services to production animals.

Acquisition of veterinary products

- 27. In the buying of goods (in this case, veterinary products), unilateral effects may arise where a merged firm can profitably lower prices paid to its suppliers.²¹ In turn this may reduce the ability and incentives for suppliers to invest in capacity or innovation, or lead to exit of suppliers, thereby reducing overall choice and quality for customers.
- 28. In the Application, Comhla Vet submits that the Proposed Acquisition will not substantially lessen competition in any acquisition market(s) because:²²
 - 28.1 the Parties do not materially compete in acquisition markets;
 - 28.2 neither party has exclusivity agreements with upstream suppliers or represent a material portion of supply for suppliers or wholesalers;
 - 28.3 suppliers would continue to have access to alternative supply channels through rival veterinary clinics – the Proposed Acquisition does not remove a material “outside option” for suppliers; and

²⁰ Mergers and Acquisitions Guidelines above n3 at [3.62].

²¹ Aside from lower prices, suppliers could be also be adversely affected by receiving other worsened terms.

²² The Application at [101] and [121]-[126].

- 28.4 suppliers have a degree of countervailing power that would discipline the merged entity and that these types of suppliers have previously sponsored new entry.

Supply of veterinary services

29. In the supply of goods (in this case, veterinary services), unilateral effects may arise where a merged entity can profitably increase its wholesale price above the level that would prevail without an acquisition without the profitability of that increase being thwarted by customer or end-consumers defecting, for example due to rival firms' competitive responses.²³
30. In the Application, Comhla Vet submits that the Proposed Acquisition would not substantially lessen competition in any local markets for the supply of veterinary services, because: ²⁴
- 30.1 all veterinary clinics exhibit a similar level of constraint on one another, and the independent clinics remaining in local markets where there is currently overlap between the Parties would appropriately constrain the clinics of the merged entity;
 - 30.2 large New Zealand owned groups with existing footprints in local markets can springboard further expansion;
 - 30.3 there are low barriers for greenfield entry at the national or local level due to low capital and startup costs and regulatory requirements , and physical footprint is not necessary (ie, mobile veterinarians); and
 - 30.4 for production animal veterinary services, large customers can exercise a degree of countervailing power, such as large dairy farms with their own in-house vets.

Assessing the potential for unilateral effects

31. In any relevant upstream markets relating to the acquisition of veterinary products and in any relevant downstream markets for the supply of veterinary services, we will consider:
- 31.1 closeness of competition: the degree of constraint that Comhla Vet and Vet First would impose upon one another if the Proposed Acquisition does not go ahead. To the extent that any constraint is material, we will assess whether the lost competition (or potential competition) between the Parties with the Proposed Acquisition could be replaced by rival competitors;

²³ Mergers and Acquisitions Guidelines above n3 at [3.62]. In addition to price rises, unilateral effects could also arise where a merged entity can profitably reduce volumes, quality or innovation or worsen an element of service or any other element of competition below the level that would prevail without an acquisition – such changes leading to an increase in quality-adjusted prices.

²⁴ The Application at [90]-[100].

- 31.2 remaining competitive constraints: the degree of constraint that existing competitors would impose on the merged entity;
 - 31.3 entry and expansion: how easily rivals could enter and/or expand; and
 - 31.4 countervailing power: whether suppliers and/or customers have special characteristics that would enable suppliers to resist a price decrease, or in the case of customers to resist a price increase, by the merged entity and, if so, whether this is true for all relevant suppliers and/or customers, or only a subset.
32. We set out in Attachment A what we are particularly interested in the views of the Parties, and other interested parties, on to assist us in our assessment of unilateral effects.

Coordinated effects: would the Proposed Acquisition make coordination more likely?

33. An acquisition can substantially lessen competition if it increases the potential for the merged entity and all or some of its remaining competitors to coordinate their behaviour and collectively exercise market power or divide up the market such that output reduces and/or prices increase. Unlike a substantial lessening of competition which can arise from a merged entity acting on its own, coordinated effects require some or all of the firms in the market to be acting in a coordinated way.²⁵
34. In the Application, Comhla Vet submits that the Proposed Acquisition would not be likely to substantially lessen competition due to coordinated effects because, in its view, the relevant markets are not vulnerable to coordination, nor is the Proposed Acquisition likely to change conditions on those markets so that coordination is more likely, complete or sustainable. Comhla Vet submits that this is because:²⁶
- 34.1 the relevant markets would remain highly fragmented and competitors would disrupt the potential for any coordination;
 - 34.2 neither the Parties, nor competitors in the markets generally, have ongoing contractual or commercial interactions with each other; and
 - 34.3 there is limited price transparency between competing veterinary clinics, including because of differentiated services and a range of different charges that apply.
35. We will assess whether any of the relevant markets are vulnerable to coordination, and whether the Proposed Acquisition would change the conditions in the relevant markets (or adjacent/related markets) so that coordination is more likely, more complete or more sustainable. We invite submissions on why the Proposed Acquisition may, or may not, increase the risk of coordinated effects.

²⁵ Mergers and Acquisitions Guidelines above n3 at [3.84].

²⁶ The Application at [127]-[128].

Vertical or conglomerate effects: would the Proposed Acquisition result in an increase in the ability and/or incentive for the merged entity to foreclose rivals?

36. An acquisition between suppliers (or buyers) who are not competitors, but who operate in related markets can result in a substantial lessening of competition due to vertical or conglomerate effects. This can occur where an acquisition gives the merged entity a greater ability or incentive to engage in conduct that prevents or hinders rivals from competing effectively.²⁷
37. In the Application, Comhla Vet submits that the Proposed Acquisition would not be likely to substantially lessen competition in any relevant market(s) due to vertical or conglomerate effects because:²⁸
 - 37.1 Comhla Vet does not currently have market power at the wholesale level, with SVS, Provet and Kahu Vet all having a larger market share than Fortis Vet;
 - 37.2 rival veterinary clinics would continue to have access to alternative wholesale supply channels and to direct product suppliers; and
 - 37.3 Comhla Vet does not have any exclusive access to a “must have” or key input that it could foreclose access to benefit Comhla clinics.
38. Comhla Vet further submits that the Proposed Acquisition would not materially increase its ability or incentive to engage in customer foreclosure, because: ²⁹
 - 38.1 the merged entity would continue to purchase input products from competing wholesalers and directly from suppliers; and
 - 38.2 following the Proposed Acquisition , Comhla Vet would not control a material or significant portion of total market demand and competing suppliers would remain able to supply veterinary clinics outside the merged entity.
39. We will assess whether the Proposed Acquisition could substantially lessen competition due to vertical or conglomerate effects, including the extent of vertical integration in the veterinary industry and whether the merged entity would have any market power in upstream or downstream markets. We invite submissions on whether the Proposed Acquisition has the potential to raise vertical or conglomerate effects.

Next steps in our assessment

40. The Commission is currently scheduled to make a decision on whether to give clearance to the proposed acquisition by **16 December 2026**. However, this date may be extended with the agreement of the applicant. if the material before the Commission at that time does not allow it to be satisfied that the Proposed

²⁷ Mergers and Acquisitions Guidelines above n3 at [5.11]-[5.15].

²⁸ The Application at [112]-[114].

²⁹ The Application at [118].

Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.³⁰ In particular, if we need to test and consider the issues identified above further, the decision date is likely to extend.

41. As part of our assessment, we will be identifying and contacting parties that we consider will be able to help us assess the preliminary issues identified above.

Making a submission

42. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference "Comhla Vet/ Vet First" in the subject line of your email, or by mail to The Registrar, PO Box 2351, Wellington 6140. Please do so by close of business on **11 November 2026**.
43. If you would like to make a submission but face difficulties in doing so within the timeframe, please ensure that you register your interest with the Commission at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.
44. Please clearly identify any confidential information contained in your submission and provide both a confidential and a public version. We will be publishing the public versions of all submissions on the Commission's website. If you make a submission and we do not acknowledge receipt of that submission within two working days, you should resubmit your submission.
45. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability. We recognise, however, that there may be good reason to withhold certain information contained in a submission under the OIA, for example in circumstances where disclosure would unreasonably prejudice the supplier or subject of the information.

³⁰ The Commission maintains a [case register](#) on our website where we update any changes to our deadlines and provide relevant documents.

Attachment A: Matters which we are interested in receiving information on

- A1. We set out below the information which we are particularly interested in receiving feedback on. However, this is not an exhaustive list, and we are interested in receiving any information which the Parties, and other interested parties, consider is likely to be relevant to our assessment.

Veterinary services

- A2. From providers of veterinary services, we are particularly interested in hearing about:
- A2.1 whether veterinary services are homogenous, or whether there are different types of services for particular types of companion animals and/or production animals, or depending on whether the treatment is urgent or non-urgent;
 - A2.2 the geographic area in which production animal veterinary services can be cost-effectively supplied to customers, including:
 - A2.2.1 the typical distance around each veterinary clinic for which most customers for production animal services would reside; and
 - A2.2.2 the extent to which and instances where veterinary clinics would supply production animal services outside of the usual bounds of a clinic's catchment area and the costs associated with that;
 - A2.3 whether clinics offer companion animal services, production animal services or both, and the ease with which clinics could add those different services if not already offered;
 - A2.4 how providers view the competition between Comhla Vet and Vet First for the supply of veterinary services, including the extent to which providers have observed the Parties competitively reacting to each other, and whether there are any particular locations in New Zealand that the Parties would be the main or only competitors;
 - A2.5 the extent to which providers compete closely with Comhla Vet and Vet First in the supply of veterinary services and how this competition occurs (including how competitors' services compare in terms of factors such as price, quality and ability to meet different customers needs);
 - A2.6 the extent to which different types of companion and production animals have different requirements for veterinary services;
 - A2.7 the extent to which the location of a veterinary clinic impacts on its ability to provide on-site veterinary services for production animals;
 - A2.8 the ease or difficulty of opening a new veterinary clinic and steps required to do so; and

- A2.9 the impact that the Proposed Acquisition may have on the state of competition in the relevant market(s).
- A3. From customers of veterinary services (such as farmers and owners of companion animals), we are particularly interested in hearing about:
- A3.1 how customers view competition between Comhla Vet and Vet First for the supply of veterinary services, including the extent to which customers have observed the Parties competitively reacting to each other, and the extent to which customers can play the Parties off against each other to get a better price or service;
 - A3.2 who the major competitors are to Comhla Vet and Vet First in the supply of veterinary services and how this competition occurs (including how competitors' services compare in terms of factors such as price, quality and ability to meet different customers' needs); and
 - A3.3 what is required for customers to switch suppliers of veterinary services including the length of any service contract and extent to which there are any exclusive arrangements for the supply of veterinary services for production animals.

Vet products

- A4. From suppliers of veterinary products (such as those that manufacture and supply medicines, products, equipment and consumables) we are particularly interested in hearing about:
- A4.1 whether veterinary services are homogenous, or whether there are different types of services for particular types of companion animals and/or production animals, or depending on whether the treatment is urgent or non-urgent;
 - A4.2 the extent to which veterinary supplies are purchased in bundles;
 - A4.3 how suppliers view competition between Comhla Vet and Vet First for the sale of veterinary products including:
 - A4.3.1 whether there are any products in which Comhla Vet and Vet First are the only or main buyers;
 - A4.3.2 any differences in purchasing contracts or arrangements for supply of different products;
 - A4.3.3 the extent to which suppliers have observed the Parties competitively reacting to each other; and
 - A4.3.4 the extent to which suppliers can play the Parties off against each other to get a better price or service;

- A4.3.5 the extent to which suppliers of veterinary products supply other buyers aside from Comhla Vet and Vet First, and the ease with which suppliers could switch further sales to those other buyers;
 - A4.3.6 the degree of competitive constraint from alternative uses of veterinary products, if any, including the ability for suppliers to switch between supplying different types of animals;
 - A4.3.7 the extent to which veterinary products are supplied outside the companion and production animal veterinary channel and the ease with which suppliers could switch further sales to those channels;
 - A4.3.8 the extent to which suppliers could produce or supply products for sale outside the companion and production animal veterinary channel.
 - A4.3.9 whether suppliers would have the ability to resist a price reduction (or a worsening of non-price terms) by the merged entity, and what gives suppliers that ability; and
 - A4.3.10 the impact of that the Proposed Acquisition may have on the state of competition for the sale of veterinary supplies.
- A5. From customers of veterinary products (such as wholesalers and distributors as well as veterinarians/veterinary clinics), we are particularly interested in hearing about:
- A5.1 whether products, equipment, consumables are broadly homogenous between different suppliers and if so, what those differences are including with respect factors such as price, quality, and ability to meet different customer needs;
 - A5.2 how customers view the competition between Comhla Vet and VetFirst for the purchase of veterinary supplies, including the extent to which customers have observed them competitively reacting to each other;
 - A5.3 the extent to which customers compete closely with Comhla Vet and/or Vet First for the purchase of veterinary supplies and if so, why/how; and
 - A5.4 who the major competitors are to Comhla Vet and Vet First in the purchasing of veterinary supplies, and how this competition occurs (including how these competitors' services compare in terms of factors such as price, quality and the ability to meet different customers' needs).