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Public version

Statement of Unresolved Issues

Kegstar New Zealand Limited/Konvoy New Zealand Limited

3 December 2025

Introduction

1. On 25 July 2025, the Commerce Commission (Commission) registered an application (the Application) from Kegstar New Zealand Limited (Kegstar) seeking clearance for it to acquire the kegs, beacons attached to those kegs or held in inventory, and the New Zealand keg records from Konvoy New Zealand Limited (Konvoy) pursuant to an asset sale agreement (the Proposed Acquisition).[1]

2. To give clearance for the Proposed Acquisition, we must be satisfied that it will not have, or would not be likely to have, the effect of substantially lessening competition in a market in New Zealand.[2]

3. Since registering the clearance application from Kegstar, we have published:

   3.1 a Statement of Preliminary Issues (SoPI) setting out the issues that we considered important at the start of our investigation in deciding whether or not to grant clearance;[3] and

   3.2 a Statement of Issues (SoI) setting out the potential competition issues that we had identified following our initial investigation.[4] [5]

4. This Statement of Unresolved Issues (SoUI) sets out the Commission's further views on the potential competition issues that have not been resolved to date and that we therefore continue to test. This is so Kegstar and Konvoy (together, the Parties) and other interested parties have an opportunity to comment and provide us with additional information. This SoUI is focused on the issues that continue to concern us and is designed to be read in conjunction with the SoI, which sets out the relevant background and analysis in more detail and can be accessed here.

5. In reaching the views set out in this SoUI, we have considered information provided by the Parties and other industry participants, as well as information we have gathered. We have not yet made any final decisions on the issues outlined below (or any other issues) and our views may change, and new competition concerns may arise, as the investigation continues.

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1 A public version of the Application is available here.
2 Commerce Act 1986, s66(3).
3 The SoPI dated 5 August 2025 is available here.
4 The SoI dated 25 September 2025 is available here.
5 The SoPI and SoI also provide background information about Kegstar and Konvoy as well as the industry in which they operate.

Process and timeline

6. The Commission is currently scheduled to decide whether or not to give clearance to the Proposed Acquisition by **4 December 2025**. However, we are seeking an agreement from Kegstar to extend this date, so it has further opportunity to provide us with relevant information to address the unresolved issues. We will update the case register on our website once a new decision date is agreed with Kegstar.[6]

7. We invite submissions and supporting evidence from the Parties and other interested parties on the issues raised in this SoUI. We request responses by close of business on **19 December 2025**, including a public version of any submission.

8. All submissions received will be published on our website with appropriate redactions.[7] All parties will have the opportunity to cross-submit on the public versions of submissions from other parties by close of business on **23 January 2026**.

9. 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 us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

Summary of our Statement of Issues

10. In our SoI, we set out our preliminary view that the Proposed Acquisition would be likely to substantially lessen competition in the relevant national markets for the supply of pay-per-fill (PPF) services due to potential unilateral effects.

11. Our preliminary view was that the markets which best isolate the potential competition issues that might arise from the Proposed Acquisition were national markets for the supply of PPF services to:[8]

    11.1 small, medium and large brewers with their own pubs;

    11.2 small, medium and large brewers without their own pubs; and

    11.3 microbrewers and brewpubs.[9]

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6 The Commission maintains a clearance register on our website at https://comcom.govt.nz/case-register where we update any changes to our deadlines and provide relevant documents.

7 Confidential information must be clearly marked (by highlighting the information and enclosing it in square brackets). Submitters must also provide a public version of their submission with confidential material redacted. At the same time, a schedule must be provided which sets out each of the pieces of information over which confidentiality is claimed and the reasons why the information is confidential (preferably with reference to the Official Information Act 1982).

8 The SoI at [7].

9 When assessing the size of a brewer we followed the standard set out by the Brewers Guild which tranches customers based on their annual volume produced. The Brewers Guild has the following categories: large (greater than 2 million litres per annum), medium (200,001 to 2 million litres per annum), small (50,001 to 200,000 litres per annum) and micro (up to 50,000 litres per annum). Brewers Guild, *"NZ Beer Awards Entry Guide 2025"*, accessed at https://brewersguild.org.nz/wp-content/uploads/2025/05/2025-NZBA-Entry-Guide-FINAL.pdf.

12. We defined separate customer markets because our view was that the merged entity could identify and price discriminate against customer groups which have differing abilities to switch to competitive alternatives outside of PPF services (such as self-supply).[10] In this sense, we considered the Proposed Acquisition could therefore impact different customer groups differently.[11] However, we also considered that the outcome of our assessment would not change depending on whether self-supply is taken into account as part of market definition or our assessment of countervailing power.[12]

13. Our preliminary view was that the Proposed Acquisition should be considered against a counterfactual in which Konvoy continued to provide PPF services in competition with Kegstar.[13]

14. At the time we published the SoI, we were concerned that the Proposed Acquisition would substantially lessen competition in the relevant markets for the supply of PPF services due to unilateral effects, because:

    14.1 Kegstar and Konvoy are the only two PPF service providers in New Zealand.[14]

    14.2 Kegstar and Konvoy are each other's closest competitor, and the Proposed Acquisition would remove the existing vigorous competition (on price, service, quality and national footprint) between them to supply PPF services to customers. As a result, Kegstar may be able to profitably increase PPF prices charged to brewers above the level that would prevail without the Proposed Acquisition, or decrease the quality of service below the level that would prevail absent the Proposed Acquisition.[15]

    14.3 We were not satisfied that there were viable alternative options to the supply of PPF services that would be sufficient to constrain an exercise in market power by the merged entity.[16] This is because at the time we published the SoI:[17]

        14.3.1 The Parties did not appear to compete with anyone else. Although Kegstar submitted that the Parties compete with providers of keg leasing, keg financing services and third-party logistics providers,[18] market feedback suggested that these options did not provide a material constraint on PPF supply. Further, we considered that it is unlikely that keg leasing and keg financing providers, or third-party logistics providers, would expand into PPF services post-acquisition.

        14.3.2 It did not appear likely that brewers would substitute PPF services with using plastic kegs. The majority of market participants we spoke with

10 The SoI at [8].
11 The SoI at [8].
12 The SoI at [9].
13 The SoI at [66].
14 The SoI at [13.1].
15 The SoI at [13.2].
16 The SoI at [13.3].
17 The SoI at [13.3].
18 The Application at [7.1].

did not consider plastic kegs to be an option for domestic use for a variety of reasons, including because they are not environmentally friendly.

14.3.3 It did not appear likely that brewers could sell more of their beer in cans and bottles as a substitute for selling beer in kegs.

14.4 We did not consider it likely that a new PPF provider would enter and effectively compete with the merged entity. As such, we were not satisfied that the merged entity would be constrained by the threat of new entry.[19]

14.5 We further considered that some customers, such as those that supply their own venues, and microbrewers and brewpubs which have sufficient capital and the ability to handle the logistical burden of self-supply, may be able to self-supply their kegs and keg logistics requirements.[20] These customers may therefore have some degree of countervailing power. However, we anticipated that there were unlikely to be a substantial number of customers with the ability to self-supply, particularly in terms of small, medium and large brewers without their own pubs that distribute kegs nationally.[21] Furthermore, we considered it is likely that the merged entity would be able to identify captive customers and price discriminate accordingly.[22]

15. In the SoI, we set out our view that the Proposed Acquisition would not be likely to cause a substantial lessening of competition due to coordinated effects in the relevant national markets for the supply of PPF services.[23] This is because post-acquisition, the only remaining supplier in these markets would be Kegstar (ie, it would have no other competitors to coordinate with). We did not discuss coordination further in the SoI. Our view regarding coordinated effects has not changed since the SoI.

Submissions received in response to the SoI

16. We received four submissions in response to the SoI from:

16.1 Kegstar;[24]

16.2 NERA Economic Consulting (NERA) on behalf of Kegstar;[25]

16.3 Konvoy;[26] and

16.4 Anonymous B.[27]

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19 The SoI at [13.4].
20 The SoI at [13.5].
21 The SoI at [13.5].
22 The SoI at [13.5].
23 The SoI at [14].
24 Public version of Kegstar’s submission can be found here.
25 Public version of NERA’s submission on behalf of Kegstar can be found here.
26 Public version of Konvoy’s submission can be found here.
27 Public version of Anonymous B’s submission can be found here.

Submissions from the Parties

17. The submissions received from Kegstar and Konvoy are summarised below.

Counterfactual

18. Kegstar submits there is no "real chance" that Konvoy would continue to provide PPF services in the counterfactual because Konvoy is in receivership and liquidation, and there is no "real chance" that the liquidation process will be terminated.[28] Further, Kegstar submits that:

    18.1 the New Zealand market can only sustain one PPF provider, noting the ability for a PPF provider to profitably offer a competitive PPF service to other keg supply and logistics solutions is dependent on having sufficient scale and density in a particular region;[29]

    18.2 Konvoy has no pathway to sustainable profitability without either increasing prices or decreasing its unit costs,[30] with the latter not being a feasible pathway while two PPF providers are operating in the New Zealand market – meaning that prices would inevitably rise if Konvoy were to continue to operate; and

    18.3 Konvoy's assets could in theory be sold to a third party who might use them to provide a PPF service.[31] However, the Commission would need to identify a likely purchaser who would intend to supply PPF services in competition with Kegstar,[32] and Kegstar considers that the prospect of a third party entering the market to supply PPF services is speculative and should not form the basis of the counterfactual.[33]

19. Konvoy submits that a correct assessment of the available evidence demonstrates there is no substantial lessening of competition in any New Zealand market as a result of the Proposed Acquisition.[34] It further submits that:

    19.1 the SoI's approach to identifying the relevant counterfactual(s) is incorrect;[35]

    19.2 the counterfactuals set out in the SoI are speculative, "leading to incorrect conclusions" about the Proposed Acquisition's competitive effects;[36] and

    19.3 the SoI does not reflect:[37]

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[28] Kegstar's submission on the SoI at [2.5]-[2.6].
[29] Kegstar's submission on the SoI at [2.11]-[2.13].
[30] Kegstar's submission on the SoI at [2.20].
[31] Kegstar's submission on the SoI at [2.9].
[32] Kegstar's submission on the SoI at [2.9].
[33] Kegstar's submission on the SoI at [2.10].
[34] Konvoy's submission on the SoI at [1.3(b)].
[35] Konvoy's submission on the SoI at [2.1].
[36] Konvoy's submission on the SoI at [1.4(a)].
[37] Konvoy's submission on the SoI at [1.4(a)(i)-(iii)].

19.3.1 the evidence that the market cannot sustain two PPF providers in the counterfactual;

19.3.2 [

19.3.3].

20. Regarding Konvoy's liquidation status, Konvoy submits:[38]

20.1 [

20.2

20.3]; and

20.4 Konvoy is in liquidation, noting that only the courts can terminate the liquidation process.

Self- supply and the scope of relevant market(s)

21. Kegstar submits that the SoI adopts a narrow market definition and emphasised that the ability for customers to switch to self-supplying kegs provides competitive pressure.[39] It further submits:[40]

21.1 brewers can and do use a combination of different options to deliver their products to venues, such as partially or fully self-supplying their own kegs and keg logistics, which may include partially/fully outsourcing logistics to third-party logistics providers, wholesalers or distributors, bottling or canning beer for sale at retail stores or licensed venues, or through taproom sales;

21.2 most brewers in New Zealand own a portion of their keg fleets and can switch away from PPF services if required;

21.3 the capital costs and/or administrative requirements for alternative keg logistics solutions are not material barriers to switching; and

21.4 Kegstar cannot price discriminate as there are no brewers who are captive to PPF services and brewers of all sizes have the ability to switch to self-supply. As such, there is no clear pattern or trend of when or how brewers self-supply their kegs and keg logistics compared to when they use PPF services.

[38] Konvoy's submission on the SoI at [1.4(a)(iii)(aa)-(ee)].
[39] Kegstar's submission on the SoI at [1.3(c)].
[40] Kegstar's submission on the SoI at [1.3(c)(i)-(iv)].

22. Kegstar further submits that PPF providers are constrained by brewers' ability to switch to self-supply, noting that the Commission has overstated the costs involved to self-supply kegs and kegs logistics solutions and has mischaracterised these as barriers to switching.[41] Kegstar submits:

    22.1 the associated costs are "operational considerations that brewers routinely manage" and are also incurred by brewers using PPF services;[42] and

    22.2 there is evidence which indicates that brewers of varying sizes can and do use alternative solutions to PPF, and that brewers do not require access to PPF services to supply their products.[43]

23. NERA's submission focuses on the implications that the existing price level has on market definition analysis. NERA's submission concludes that the Commission should exercise caution in relying on switching data and survey findings given pricing is at an unsustainably low level.[44] In reaching this conclusion, NERA submits that:

    23.1 When defining markets, it is important to apply a small but significant and non-transitory increase in price (SSNIP) from the competitive price level.[45] When applying a SSNIP to prices that are below the sustainably competitive level there is a risk that markets are defined too narrowly. [46] As a result, products that would be economic substitutes at the competitive level might not be captured because they are not economic substitutes at the sub-competitive level.[47]

    23.2 The factual evidence implies that both Kegstar and Konvoy are currently pricing below the sustainable competitive level.[48]

    23.3 As a result of the current, unsustainable, competition between Kegstar and Konvoy the switching data and survey evidence might look "quite different" to what it would be with sustainable competitive prices.[49] For instance, there might be less switching from self-supply to PPF between Kegstar and Konvoy, and the proportion of customers that self-supply may be higher.[50]

24. Konvoy submits that the SoI's approach to assessing customers' alternatives and customers' willingness to switch is incorrect.[51] It further submits that customers' alternative options need to be compared to potential future supra-competitive pricing, not current unsustainable pricing.[52]

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41 Kegstar's submission on the SoI at [3.1]-[3.4].
42 Kegstar's submission on the SoI at [3.4].
43 Kegstar's submission on the SoI at [3.5-]-[3.9].
44 NERA's submission on the SoI at [15].
45 NERA's submission on the SoI at [6].
46 NERA's submission on the SoI at [4].
47 NERA's submission on the SoI at [7].
48 NERA's submission on the SoI at [9].
49 NERA's submission on the SoI at [12].
50 NERA's submission on the SoI at [12]-[14].
51 Konvoy's submission on the SoI at [1.3(a)] and [4.1].
52 Konvoy's submission on the SoI at [1.4(b)(ii)].

Constraint from new entry

25. Kegstar submits that although new entry is unlikely in the short-term, if market conditions were to change and Kegstar raised its prices above competitive levels, this would create strong incentive for entry or expansion.[53] Kegstar submits this threat of potential new entry would act as a "meaningful, long-term price discipline".[54]

26. Konvoy submits that the SoI did not reflect the lack of barriers to entry.[55] Konvoy further submits that:

    26.1 the simplicity of running a PPF business means that the components necessary to operate are "not complex and are readily available";[56] and

    26.2 there is "no credible prospect of a substantial lessening of competition in any relevant market" as a result of the Proposed Acquisition, including because there are no material barriers to entry that would allow supra-competitive pricing.[57]

Anonymous B submission

27. A submission from an anonymous individual outlined their concerns regarding the Proposed Acquisition and expressed their objections citing concerns that it would "significantly reduce competition in a market that is already under financial strain".[58]

28. Regarding the counterfactual, the submitter noted that if Konvoy's assets were sold to another party, this could result in the assets being acquired by a competitor, or alternatively the assets being divided among smaller breweries to operate their own fleet which would "preserve or enhance competition".[59]

Concerns and theories of harm we are continuing to investigate

29. Based on the information currently before us, we are not yet satisfied that the Proposed Acquisition will not have, or would not be likely to have, the effect of substantially lessening competition in one or more relevant markets in New Zealand, relative to a counterfactual where Kegstar and Konvoy continue to compete.

The counterfactual and competition that would be lost

30. Our current view regarding the counterfactual is that in the absence of the Proposed Acquisition, there is a real chance that Konvoy would continue to provide PPF services in competition with Kegstar. We consider there are two likely counterfactual scenarios; namely:

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53 Kegstar's submission on the SoI at [6.7].
54 Kegstar's submission on the SoI at [6.8].
55 Konvoy's submission on the SoI at [1.4(b)(i)].
56 Konvoy's submission on the SoI at [3.3(b)].
57 Konvoy's submission on the SoI at [6.2] and [6.1(e)].
58 Anonymous B's submission on the SoI.
59 Anonymous B's submission on the SoI.

30.1 [

30.2

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31. [

]. The Receivers for Konvoy are currently considering their options following Kegstar's acquisition of Konvoy being opposed in Australia.[61]

[

].[62]

32. Further, we consider that a counterfactual in which two PPF providers remain in the relevant market(s), even with a price increase to a more sustainable and competitive level as the Parties and NERA submit would need to occur, would be more competitive than a scenario in which the market is reduced to only one supplier of PPF services. Currently, Kegstar and Konvoy are the only two suppliers of PPF services in New Zealand, and we consider they are each other's closest competitor, as noted above.

The relevant market(s)

33. Our current views regarding market definition remain consistent with our SoI. As mentioned, in the SoI we defined national markets for the supply of PPF services in three broad categories as outlined at [11] above.

34. Our view continues to be that separate customer markets are appropriate given that the merged entity could identify and price discriminate for customer groups according to their differing abilities to switch to competitive alternatives outside of the PPF services (such as self-supply).[63]

35. Consistent with our views in the SoI, while we have not included the ability of different customer groups to self-supply in our market definition, we have considered this as part of our competition analysis (in terms of countervailing power).[64] At this point our view remains that self-supply is not a material constraint. What is important is that, although some customers may switch some volumes to self-supply, in our view, the Proposed Acquisition could affect customer groups differently or to differing degrees depending on their ability to self-supply.[65]

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60 [

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61 https://craftypint.com/news/3913/accc-oppose-microstars-proposed-acquisition-of-konvoy-kegstar-respond-with-concerns.

62 RFI responses from [ ].

63 The SoI at [8]

64 The SoI at [9].

65 The SoI at [9].

36. As discussed above, the Parties and NERA submit that prices are below the competitive level and therefore unsustainably low. They further submit that at such prices, markets can be defined too narrowly as products that would be economic substitutes at the competitive level might not be captured because they are not economic substitutes at the sub-competitive level. Consequently, the Parties and NERA submit that there is scope for competitive prices to be higher than current prices for PPF that we have used to assess the levels of switching between PPF services and self-supply.

37. While we recognise that the current prices for PPF services appear to be driven down by fierce price competition between the Parties as they competed for market share, it is unclear what the price of PPF services would be in the absence of the Proposed Acquisition. Determining or estimating a competitive price would be a speculative and inconclusive exercise. For example:

    37.1 The Receivers [ ].[66]

    37.2 [ ].[67] However, in an internal document, Konvoy noted that [ ].[68]

    37.3 [ ].[69]

38. Regardless, such an exercise would not get to the core question we are bound to consider which is whether the Proposed Acquisition would substantially lessen competition relative to the counterfactual.

39. To assess the extent to which customers would switch from PPF services to self-supply following a SSNIP, since the SoI we have gathered additional customer information regarding the feasibility of switching to self-supply. As discussed below, the additional evidence we have gathered has not satisfied us that a significant portion of customers in any of the defined markets would be able to switch from a PPF provider to self-supplying their own keg and logistics solution if a SSNIP was imposed, independent of the relative price benchmark used as a starting point for the SSNIP test.

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66 Letter from the Receiver to the Commerce Commission (3 September 2025) at Annexure B at 2.

67 [ ].

68 [ ].

69 [ ]. Commerce Commission interview with [ ].

40. Further, in light of the evidence gathered to date and expanded on below, we consider it remains likely that Kegstar would be able to price discriminate. This is contrary to its submission that it would not be able to profitably raise prices as it is unable to identify captive customers who do not consider self-supply as a viable alternative to PPF services.

Constraint from brewers' ability to self-supply

41. In the SoI, we identified that some customer groups are more likely to be impacted by the Proposed Acquisition because they have limited supply options outside of PPF services.[70] We noted that for microbrewers, brewpubs, as well as small, medium and large brewers with their own pubs, there was mixed evidence on their ability to self-supply.[71] For small, medium and large brewers without their own pubs the evidence suggested that they are the most reliant on PPF solutions, have limited ability to switch from PPF services to self-supply and would find it the most challenging to own or manage their own keg fleets.[72]

42. In the SoI, we stated that we were not satisfied that a significant proportion of each of the different customer groups using PPF services would be able to credibly threaten to switch to self-supply as they would face significant costs in doing so.[73] Following further inquiries with market participants, we remain unsatisfied that a significant portion of customers in any customer group would constrain the merged entity by switching to self-supply.

43. The ability of customers to switch to self-supply of kegs depends on the extent to which they can afford the capital expenditure required to purchase kegs and the ongoing operating costs to manage their keg logistics. There are also non-monetary considerations which limit or dissuade customers' ability or interest to switch to self-supply. In particular, some customers cited factors such as the administrative burden, logistical risks, and the dilution of focus on the core business as additional barriers to self-supply.[74]

44. The further evidence we have gathered on this point has primarily come from small, medium and large brewers who distribute their kegs further then their local region and do not have a network of their own bars, pubs or restaurants. As outlined in the SoI, we expect these customers to be the most captive to PPF services.[75] The further

70 The SoI at [56].
71 The SoI at [57] and [58].
72 The SoI at [59].
73 The SoI at [115].
74 RFI responses from [ ] and Commerce Commission interview with [ ].

75 As per the Application at [5.5], estimates suggest that there are approximately 200 breweries in New Zealand. To gather further evidence on the practical constraints faced when switching from PPF services to self-supply, we sent requests for information to the brewers that had firstly responded to our survey, and secondly have since engaged with us by responding to requests for information, interviews or providing SoI submissions.

evidence we have gathered from them is also consistent with the evidence set out in the SoI.[76]

45. Based on information we have gathered following the SoI:

45.1 Some of the brewers we contacted do not own kegs and entirely rely on the Parties' PPF services.[77] Also, some of the brewers who own a portion of their own kegs do not have sufficient inventory to meet their requirements and would require additional kegs.[78]

45.2 Many brewers are unable to afford the capital expenditure required to switch from a PPF provider to self-supply.[79]

45.2.1 Several brewers that currently use a PPF provider either do not have an existing keg fleet or only have a small keg fleet that is typically used either within their own venue or local area.[80] Switching to self-supply means that these brewers would need to source enough kegs to be able to meet their peak-period needs.

45.2.2 A number of brewers indicated that they would not be able to afford the capital cost of acquiring kegs outright.[81] One brewer indicated that purchasing a container of kegs from China would cost ~$20,000, excluding GST and any landing costs.[82] This is a significant cost to many brewers. Secondly, for many brewers, seeking capital to procure kegs does not appear to be a viable option either.[83] Furthermore, contrary to

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76 For example, we have interviewed one additional party who noted that self-supply would be more expensive than PPF services. It also noted that it did not have the capital to self-supply, and that any capital allocation would be used for other priorities, such as investing in growing brewing capacity. Commerce Commission interview with [ ].

77 RFI responses from [ ].

78 RFI responses from [ ].

79 RFI responses from [ ].

80 RFI responses from [ ].

81 RFI responses from [ ].

82 A container of kegs is approximately 130 kegs, RFI response from [ ].

83 RFI responses from [

Kegstar's submission that brewers would be able to buy second-hand kegs, evidence suggests that second hand kegs are only occasionally available in the market.[84] Additionally, several brewers have told us that they would need to import new kegs (likely from China) and most brewers did not mention purchasing kegs domestically from the second hand market as an option for them.[85]

45.2.3 Multiple brewers have indicated that kegs imported from overseas would take between one to four months to arrive.[86] As a result of the delivery lead time for kegs and the importance of having a sufficient number of kegs for the peak period,[87] many brewers have limited ability to switch to self-supply in the short-term (ie, not in time to have kegs for the current peak period).

45.2.4 Many brewers currently do not have the existing warehouse space to store a keg fleet. These brewers would have to purchase or lease additional warehouse space.[88] Some brewers have indicated that the cost of doing this would be prohibitive,[89] and for some brewers there is limited storage space available for lease or purchase in their region.[90]

45.3 Many brewers are also unable to afford the ongoing operating costs to manage their keg fleets.[91] Additionally, a number of brewers:

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84 Commerce Commission interview with [ ].

85 RFI responses from [ ], and Commerce Commission interview with [ ].

86 RFI responses from [ ], and Commerce Commission interview with [ ].

87 Multiple brewers we have engaged with noted that the peak period generally corresponds with the New Zealand summer season and the Christmas and New Year's holiday period. Commerce Commission with [ ], Commerce Commission interview with [ ], Commerce Commission with [ ], Commerce Commission interview with [ ], Commerce Commission interview with [ ], and Commerce Commission interview with [ ]. One party also told us that majority of their keg requirements are between November to March. Commerce Commission interview with [ ]. Another party said that it starts to 'ramp up' in October. Commerce Commission interview with [ ].

88 RFI responses from [ ], and Commerce Commission interview with [ ].

89 RFI responses from [ ].

90 RFI responses from [ ].

91 RFI responses from [ ].

45.3.1 have indicated that to self-supply their own keg logistics they would require additional labour. Some brewers indicated this would require between half a full-time-equivalent (FTE) and two FTE.[92] Other brewers have indicated that they would need to purchase additional keg tracking software.[93]

45.3.2 have indicated that self-supplying their return logistics would only be possible for kegs in their local region. However, because sales are sporadic, brewers would likely have to organise separate collection and delivery trips.[94] This reduces potential scale efficiencies which are enjoyed by PPF providers.

45.3.3 who are currently distributing kegs outside their local region by using a PPF provider, indicated that they would not be able to do so if they were to self-supply.[95] Self-supplying outside local regions would be more costly and thereby erode the profit margins to be realised. Some brewers indicated that if they could not use a PPF provider they would try to use a third-party logistics provider to retrieve kegs, however for many brewers this would be cost prohibitive.[96]

Price discrimination

46. We are not satisfied that the merged entity would not have the ability and incentive to price discriminate against customers that are captive to the merged entity (or have fewer viable alternatives) by increasing prices for these customers. We are concerned because:

46.1 there are many customers that identified Kegstar and Konvoy as their only viable PPF service options and as discussed above, we are not satisfied that a significant portion of brewers can credibly self-supply; and

46.2 in the presence of price discrimination, the merged entity would be able to tailor its pricing to charge higher prices to at least those customers that are less able to switch to another supplier, without a corresponding decline in sales.

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92 RFI responses from [ ], and Commerce Commission interview with [ ].

93 RFI responses from [ ].

94 RFI responses from [ ].

95 RFI responses from [ ].

96 RFI responses from [ ].

47. By definition, price discrimination refers to when a supplier charges different prices to different buyers for identical products, where these price differences are not a reflection of cost differences.[97]

48. Kegstar submits that it does not have the ability, nor would the Proposed Acquisition give it the ability, to identify the subset of customers most reliant on PPF services.[98]

48.1.1 Kegstar submits it does not have knowledge of its customers' financial positions, commercial incentives or strategies and it does not have sufficient information regarding a customer's purchase or production volumes, or a customer's current keg distribution, which means it is unable to price discriminate.[99]

48.1.2 As evidence that price discrimination does not occur, Kegstar provided the cost components of its PPF rate for [[100]].[101]

48.2 Contrary to Kegstar's view, we consider that this analysis may nevertheless indicate price discrimination. [ ].[102]

48.3 [ ].[103]

Constraint from potential competition in the PPF services market

49. Consistent with the SoI, we remain of the view that new entry is only a mere possibility rather than likely, particularly in the short-term. While the Parties argue that capital costs and/or administrative requirements for alternative keg logistics

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97 Case K.E, Fair R.C, Oster S.M, "*Principals of Economics" Twelfth Edition* (2017*)* at 313.

98 Kegstar's submission on the SoI at [4.4].

99 Kegstar's submission on the SoI at [4.4(a)].

100 Kegstar's submission on the SoI at Annexure 3.

101 Kegstar's submission on the SoI at [4.7].

102 Kegstar's submission on the SoI at Annexure 3.

103 Letter from MinterEllisonRuddWatts (on behalf of Kegstar) to the Commerce Commission (28 July 2025).

solutions are not material barriers to entry, we note that in addition to capital requirements, a new entrant would require customer trust to effectively enter the market.[104]

50. Evidence shows that a PPF keg business is built on trust and Konvoy effectively started its business in Australia and New Zealand with deep customer relationships.[105] Our preliminary view is that customer trust or reputation is imperative to attract customers to switch suppliers. In the absence of existing customer relationships and/or trust, effective entry and participation of a potential greenfield entrant may be hindered.

51. The further evidence we have gathered also indicates there is little appetite from alternative potential competitors to expand into providing PPF services.[106] Further investigation has not identified any parties likely to enter to a sufficient extent and in a timely manner to constrain the merged entity. We do not consider that the threat of potential new entry would act as a sufficient constraint.

52. Accordingly, we remain not satisfied that new entry or expansion into the PPF services would be sufficient to constrain the merged entity.

Next steps

53. As mentioned above, the Commission is currently scheduled to make a decision on whether or not to give clearance to the Proposed Acquisition by **4 December 2025**. However, we are seeking an agreement from Kegstar to extend this date, so it has further opportunity to provide us with relevant information to address the unresolved issues. We will update the case register on our website once a new decision date is agreed with Kegstar

Making a submission

54. We are continuing to undertake inquiries and seek information from industry participants about the impact of the Proposed Acquisition. We welcome any further evidence and other relevant information and documents that Kegstar or any interested parties are able to provide regarding the issues identified in this SoUI.

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104 [ ].

105 Commerce Commission interview with [ ].

106 For example, one additional party we interviewed told us, while it could consider setting up an alternative network (ie, by self-supplying or sponsoring a new entrant), if there is only one supplier in the market, and it did not have the capacity, capital or interest to build an additional network, it would consider themselves to be captive to the merged entity alongside other small to medium sized breweries. Commerce Commission interview with [ ]. Furthermore, another party told us it was not interested in expanding into the PPF services market, noting that stainless steel is an expensive asset to maintain and that nothing would change its mind about this in the next 5 to 10 years. Commerce Commission interview with [ ].. Two additional parties also noted they did not have any interest in providing PPF services. One party explained that this was not a core part of its business and quite the opposite of what it does. Commerce Commission interview with [ ] and RFI response from [ ].

55. In **Attachment A**, we summarise the matters that we are interested in receiving submissions on in response to this SoUI.

56. If you wish to make a submission, please send it to us at registrar@comcom.govt.nz with the reference 'Kegstar/Konvoy' in the subject line of your email. Please do so by close of business on **19 December 2025**.

57. 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 us at registrar@comcom.govt.nz so that we can work with you to accommodate your needs where possible.

58. All information we receive is subject to the Official Information Act 1982 (OIA), under which there is a principle of availability.[107] 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 be likely to unreasonably prejudice the commercial position of the supplier or subject of the information.[108]

[107] Section 5, Official Information Act 1982.
[108] Section 9, Official Information Act 1982.

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

Market/issue		Matters/questions
Market definition		• Our current approach to market definition. We invite interested parties to provide us with further evidence on the scope of the relevant markets.
The counterfactual and competition that would be lost		• [ ]. • The difference in competition between the factual and counterfactual.
Constraint from self-supply and breadth of the relevant market	*The constraint of self-supply on PPF providers*	• The extent to which customers could and would switch to self-supply. • The extent to which customers could overcome any of the barriers to self-supply. • The extent to which small, medium and large brewers who distribute their kegs further than their local region and do not have a network of their own bars, pubs or restaurants are limited in their ability to self-supply.
	Price discrimination	• The extent of price discrimination in PPF prices across and within different customer groups, or in respect of certain customers that may have fewer alternative supply options.
Constraint from potential competition in the PPF services market		• The extent to which alternative competitors to the Parties would consider entering or expanding into the market in competition with Kegstar, and the likelihood and timeframes for entry.