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TARANAKI VETERINARY CENTRE

10 November 2026

To: The Registrar / Commerce Commission

Commerce Commission New Zealand

Wellington, New Zealand

Email: registrar@comcom.govt.nz

Re: Submission on behalf of Taranaki Veterinary Centre Ltd on Proposed Acquisition of Veterinaryfirst Limited by Comhla Vet Limited

Reference to: *Comhla-and-Veterinaryfirst-Statement-of-Preliminary-Issues-28-October-2026.pdf*

Dear Registrar,

Taranaki Veterinary Centre Ltd (TVC) is writing to express concerns regarding the proposed acquisition of Veterinaryfirst Limited (formerly VetEnt) by Comhla Vet Limited.

Taranaki Veterinary Centre Ltd is a cooperatively owned, or Vet Club practice, operating in Central and South Taranaki. We were established by dairy companies and their farmer suppliers to promote efficient and effective veterinary services. Our purpose is to ensure that the famers of the Taranaki region have access to quality veterinary services and associated products in a fair and competitive environment.

While much of the preliminary assessment has focused on local veterinary service markets, TVC believes the Commerce Commission should pay particular attention to the increasing vertical integration of the veterinary supply chain and the risk that this transaction could substantially lessen competition in veterinary products, restricted veterinary medicines (RVMs), diagnostics, and wholesale distribution markets. The Commission has specifically identified vertical effects and acquisition markets as areas requiring further investigation.

1. Increasing Vertical Integration Across the Veterinary Supply Chain

The Commission notes that the wider Comhla Group already owns:

- Agilis Vet, a veterinary product wholesaler/importer focused on production animals;
- Fortis Vet, a veterinary wholesaler;
- Heartland Nutrition, an animal nutrition business;
- DRL, a veterinary diagnostic laboratory; and
- a large and growing network of veterinary clinics throughout New Zealand.

This transaction would further strengthen a business that is already vertically integrated from product procurement and distribution through to the final veterinary service provider. Following the acquisition, Comhla would have influence across:

1. Importation and procurement of animal health products;
2. Wholesale distribution;
3. Veterinary clinical services;
4. Animal nutrition products;
5. Diagnostic laboratory services.

This degree of vertical integration is unusual within New Zealand's veterinary industry and creates the potential for foreclosure of competitors despite the existence of alternative wholesalers and suppliers.

2. Risk of Foreclosure in the RVM and Veterinary Medicines Market

In our view, the Commission should closely examine whether the merged entity would have both the ability and incentive to favour products sourced through its own distribution businesses.

The concern is not necessarily that competing products become unavailable immediately. Rather, the concern is that a significant proportion of veterinary demand could increasingly be channelled through Comhla-owned supply pathways.

For example, if veterinary clinics owned or controlled by Comhla are encouraged or incentivised to preferentially purchase products distributed through Agilis Vet and Fortis Vet, this may result in substantial reductions in sales volumes for competing suppliers and distribution channels.

This could adversely affect suppliers such as:

- Elanco
- Virbac
- Zoetis
- MSD Animal Health
- Boehringer Ingelheim
- AgriHealth
- Other niche animal health manufacturers

and wholesalers such as:

- Provet
- SVS

which currently provide competition and market choice.

Even if these businesses remain technically able to compete, a significant loss of volume may undermine the commercial viability of maintaining full New Zealand product portfolios, technical support teams, distribution infrastructure, or registration costs.

3. New Zealand's Small Market Increases the Risk

New Zealand is a relatively small animal health market.

Many animal health products, particularly RVMs for production animals, require substantial investment in:

- product registration;
- pharmacovigilance;
- technical support;
- manufacturing supply arrangements;
- inventory management.

If market access is materially reduced through concentration of purchasing power, suppliers may conclude that some products are no longer commercially viable.

A relevant example is the withdrawal of certain animal health products from the New Zealand market in recent years as suppliers reassessed commercial viability. The withdrawal of the DryClox dry cow therapy product from the New Zealand market illustrates how relatively small changes in market economics can result in reduced product choice for veterinarians and farmers.

The Commission should therefore consider not only current competition but whether the acquisition could contribute to a progressive reduction in supplier participation over time.

4. Buyer Power and the Risk of Supplier Exit

The Statement of Preliminary Issues correctly identifies the possibility that increased buyer power can lead to reduced supplier investment, innovation, quality, or even supplier exit.

TVC submits that this risk may be more significant than suggested in the application.

The combined purchasing volume of Comhla's veterinary network, together with Vet First's clinics, would create one of the largest veterinary purchasing groups in New Zealand. Combined with ownership of wholesale distribution businesses, this may allow Comhla to exert significant influence over supplier access to veterinary customers.

The Commission should seek evidence from major animal health suppliers regarding:

- their dependence on sales through Comhla-affiliated clinics;
- the impact of losing access to a large proportion of production animal veterinary customers;

- whether reduced sales volumes would affect their willingness to maintain products in New Zealand; and
- whether future product launches would be less likely.

5. South Island Dominance

From a veterinary services perspective, the acquisition would significantly increase Comhla's presence across the South Island.

Following the acquisition, Comhla would control a substantial proportion of production animal veterinary services across Canterbury, Otago and Southland through brands such as:

- Vetlife
- VetSouth
- Selwyn Rakaia Vets
- West Coast Vets
- Buller Vets
- Veterinaryfirst/Farmfirst

with comparatively limited independent alternatives in many regions.

In many areas, farmers would have fewer realistic alternatives than suggested by simple catchment analysis.

Veterinary services are relationship-based, require local knowledge, involve after-hours support, and are often linked to farm production systems. Accordingly, market power may be greater than geographic catchments alone suggest.

6. North Island Concentration

The acquisition would also add to Comhla's growing North Island footprint through its ownership interests in:

- Totally Vets
- Veterinary Clinic Morrinsville
- other existing operations; and
- the addition of Veterinaryfirst Limited.

The Commission should consider whether this increasing concentration creates a national veterinary group with a scale that competitors cannot realistically replicate.

7. Diagnostic Laboratory Competition

TVC also encourages the Commission to consider competition in veterinary diagnostic laboratories.

The Commission notes that Comhla owns the diagnostic laboratory business DRL.

If the combined group were to direct testing volume exclusively or preferentially toward its own laboratory operations, competing animal health laboratories could experience significant losses in volume.

Diagnostic laboratories rely heavily on economies of scale.

If sufficient testing volume is diverted away from competing providers, this could result in:

- reduced competition;
- higher testing costs;
- reduced investment in new tests;
- fewer laboratory choices available to veterinarians and farmers.

The same foreclosure concerns that apply to medicine distribution may therefore also apply to diagnostic services.

8. Long-Term Competitive Effects

Our primary concern is not that competition would disappear immediately after the acquisition.

Rather, the risk is that the transaction contributes to a long-term structural shift where:

- veterinary clinics increasingly purchase through Comhla-associated supply channels;
- suppliers lose scale;
- wholesalers lose volume;
- alternative laboratories lose submissions;
- competitors become less viable over time; and
- market participants progressively exit or reduce their activities in New Zealand.

The cumulative effect could be reduced product choice, reduced innovation, and ultimately higher costs for farmers, pet owners, and independent veterinary clinics.

Conclusion

Taranaki Veterinary Centre submits that the Commerce Commission should undertake a thorough assessment of:

1. The combined group's purchasing power in veterinary medicines and RVMs;
2. The potential for customer and supplier foreclosure arising from ownership of Agilis Vet and Fortis Vet;
3. The risk that competing suppliers such as Elanco, Virbac, Zoetis and MSD etc may reduce investment or product offerings if volumes decline significantly;
4. The impact on competing wholesalers including Provet and SVS;
5. The degree of market concentration in veterinary services throughout both islands; and
6. The potential for foreclosure effects in veterinary diagnostic laboratory services through ownership of DRL.

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While the transaction may appear to involve veterinary clinics at the surface level, the broader competitive effects should be assessed across the entire veterinary supply chain. In our view, the greatest competition risk arises not from local clinic competition alone, but from the increasing concentration of ownership across importation, wholesale distribution, diagnostics, nutrition, and veterinary service delivery. This vertical integration has the potential to substantially lessen competition over time and may reduce choice and innovation available to veterinarians, farmers, and animal owners throughout New Zealand.

Yours faithfully

Taranaki Veterinary Centre

(Submitted by email to the Registrar.)