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20 December 2023

Dear Interested Party

Request for submissions: GrainCorp Limited's proposed acquisition of XF Australia Pty Ltd

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of XF Australia Pty Ltd (**XFA**) by GrainCorp Commodity Management (Holdings) Pty Ltd, a subsidiary of GrainCorp Limited (**GrainCorp**) (the **Proposed Acquisition**).

GrainCorp is an Australian agribusiness and processing company that supplies liquid animal feed supplements and re-supplies molasses and grain to competing suppliers of animal feed supplements. XFA is an animal feed supplement and nutritional consulting business. XFA supplies animal feed supplements trace mineral premixes for animal feed supplement manufacturers and feedlot nutritional consulting services. Further details are provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition both for the supply of animal feed supplements and nutritional consulting (where GrainCorp and XFA compete) as well as for the supply of particular inputs for animal feed supplements (including molasses) which GrainCorp supplies to competing animal feed supplement producers.

In particular, we are seeking your views on:

- how closely GrainCorp and XFA compete in the supply of animal feed supplement products and nutritional services;
- the likely impact of the Proposed Acquisition on price, quality or service levels in the supply of animal feed supplements in Australia; and
- whether the Proposed Acquisition is likely to give the combined GrainCorp-XFA the ability and incentive to foreclose its competitors including by restricting supply of inputs (including molasses) to other suppliers of animal feed supplements.

Further issues you may wish to address are set out in **Attachment B**.

This matter is public and you can forward this letter to anybody who may be interested.

The legal test which the ACCC applies in considering the proposed acquisition is in section 50 of the *Competition and Consumer Act 2010*. Section 50 prohibits acquisitions that are likely to have the effect of substantially lessening competition in a market.

Please provide your response by **Tuesday 16 January 2024** via email with the title: *Submission re: GrainCorp-XFA – attention: Suzanne Wong / Louisa Kefford*. If you require more time to respond, please let us know.

If you would like to arrange a time to discuss the matter with ACCC officers, or have any questions about this letter, please contact Louisa Kefford on (03) 9290 1965.

Updates regarding the ACCC's investigation will be available on the ACCC's Public Mergers Register at ([ACCC mergers register](#)).

Confidentiality of submissions

The ACCC treats sensitive information it receives during a merger review as confidential, and will not publish your submission. We will not disclose submissions to third parties (except our advisors/consultants) unless compelled by law (for example, under freedom of information legislation or during court proceedings) or in accordance with s155AAA of the Competition and Consumer Act 2010. Where the ACCC is required to disclose confidential information, we will notify you in advance where possible so that you have an opportunity to be heard. Therefore please clearly indicate if any information you provide is confidential. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Daniel McCracken-Hewson
General Manager
Merger Investigations

Attachment A

Proposed Acquisition

On 15 November 2023, GrainCorp and XFA entered into a share sale and purchase deed pursuant to which GrainCorp (through a wholly owned subsidiary) will acquire 100% of the ordinary shares of XFA, together with the following wholly owned subsidiaries of XFA:

- X F Enterprises (Australia) Pty Limited ACN 111 171 530 (**XFE**);
- Performance Feeds Pty Limited ACN 061 399 675 (**Performance Feeds**); and
- Nutrition Service Associates Pty. Limited ACN 052 020 238 (**NSA**),

in exchange for cash consideration of approximately A\$35 million.

GrainCorp

GrainCorp is an Australian agribusiness and processing company that:

- manages a wide range of grains, pulses and oilseeds; and
- produces edible oils, biofuel components, animal feeds as well as oils and shortenings for food production.

Through its GrainCorp Feeds Australia (**GFA**) division, GrainCorp supplies molasses-based liquid animal feed supplements for customers in the feedlot, pasture and feed mill sectors, under brands such as Molafos and Rumifeed, and a vegetable-oil based supplement for beef cattle under the brand Energro.

GrainCorp also offers two nutritional / pastoral consulting programs, Ration Assist and Pasture Assist.

GrainCorp supplies liquid animal feed supplements from two facilities in Marian and Isis Central QLD and has a toll processing arrangement for a basic molasses blend in Footscray Victoria.

GrainCorp also re-sells plain molasses and grain to competing suppliers of animal feed supplements.

XFA

XFA supplies liquid and loose lick animal feed supplement products specifically for beef and dairy cattle and sheep through its subsidiary Performance Feed to customers in Australia's feedlot and grazing sectors. Performance Feeds also distributes products under the Rangeland program.

Performance Feeds supplies liquid and loose lick animal feed supplement products out of three plants in Brandon, Dalby and Kingsthorpe in QLD and one in Kyneton, Victoria.

XFA provides nutritional consulting through its subsidiary NSA to the Australian feedlot industry and sells trace mineral premixes to industry supplement manufacturers (including Performance Feeds).

Attachment B

1. Describe your business or organisation and explain your interest in the proposed acquisition, including any commercial relationship with GrainCorp, XFA or their subsidiaries.

Animal feed supplements

Questions for customers

2. Please identify and describe the types of animal feed supplement products you procure in Australia and identify your suppliers.
3. For each animal feed supplement product you procure in Australia, please identify and describe the alternative suppliers capable of servicing your needs.

In your response, please identify any suppliers you consider particularly effective competitors (for example, through their prices, innovation, product offering or service).

4. Describe how closely GrainCorp and XFA compete in the supply of animal feed supplements. In your response, please consider factors such as the types of product supplied, price, type and quality of feed supplement, convenience or their geographic areas of supply.
5. Please describe how you procure different types of animal feed supplement – for example, through long-term contracts, subscription or one-off purchases – including typical contract duration.
6. Please describe how you expect your procurement of animal feed supplement to be affected by the proposed acquisition. Describe how you would respond if the combined GrainCorp-XFA entity increased prices by 5 to 10% or decreased quality or service levels post-acquisition.
7. Please discuss whether you would have the ability to bypass supply of animal feed supplement from the combined GrainCorp-XFA entity by either self-supplying or sponsoring the entry of another supplier. Please provide examples where possible.

Questions for competitors

8. Please identify the animal feed supplement products and related services you supply in Australia.
In your response, please describe your geographic areas of supply.
9. Please identify your competitors for the supply of each product and service you supply. Please estimate market shares where possible.
10. Please discuss the likelihood of new entry into these markets if prices were to increase.

In your response, please consider the likely timeframe for market entry and provide details about barriers to entry (i.e. the costs of establishing a competing business and any incumbency advantages to be overcome, including regulatory barriers and challenges to access to key inputs)

Please provide examples of recent entry where possible.

Supply of inputs for animal feed supplements (including molasses)

Questions for customers (including other suppliers of animal feed supplements)

11. Please identify the inputs that GrainCorp currently supplies and that you require to supply animal feed supplements.
12. What suppliers do you currently use and/or acquire these inputs?

In your response, please identify the type/s of input supplied by each supplier and suppliers you consider particularly effective competitors to GrainCorp (for example, through their prices, innovation, product offering or service).

13. Please describe how you procure these input/s for your animal feed supplements – for example, through formal tender or other methods – including typical contract duration.
14. Please comment on whether the proposed acquisition will impact the prices or availability for you to acquire these input/s for the production of animal feed supplements.

In your response explain whether the proposed acquisition would create the incentive or ability for GrainCorp to discriminate against competing suppliers of animal feed supplements.

15. If you acquire input/s for animal feed supplements from GrainCorp, please detail if you have had issues in obtaining inputs or there has been any change in the terms by which you acquire inputs in the last 3 years.
16. Please discuss whether you would have the ability to bypass supply of input/s (including molasses) from the combined GrainCorp by either self-supplying or sponsoring the entry of another supplier. Please provide examples where possible.

Questions for suppliers of molasses

17. Please describe your geographic areas of supply of molasses.
18. Please identify your competitors for the supply of molasses products. Please estimate market shares where possible.
19. Please describe your major customers, in particular, any animal feed supplement suppliers.
20. Please discuss the likelihood of new entry into these markets if prices were to increase.

In your response, please consider the likely timeframe for market entry and provide details about barriers to entry (i.e. the costs of establishing a competing business and any incumbency advantages to be overcome), including regulatory barriers and challenges to access to key inputs.

Please provide examples of recent entry where possible.

Other

21. Please describe any competition concerns arising from the Proposed Acquisition in relation to the acquisition of grain, urea, ammonia and other chemical / mineral inputs for animal feed supplements.
22. Please describe any competition concerns arising from the Proposed Acquisition in relation to the supply of animal nutrition consulting.
23. Please provide any additional information or comments that you consider relevant to the ACCC's consideration of the proposed acquisition.