



Our ref: IM-72509
Contact officer: Braeden Smith / Jenny Li
Contact phone: (02) 6243 4936 / (02) 9102 4074

27 February 2024

Dear Interested Party,

Request for submissions: Metcash's proposed acquisition of Superior Foods

The Australian Competition and Consumer Commission (**ACCC**) is seeking your views on the proposed acquisition of SFG Group Holdings Pty Ltd, trading as Superior Food Services (**Superior Foods**) by Metcash Trading Limited (**Metcash**) (the **Proposed Acquisition**). Further information on the merger parties is provided at **Attachment A**.

The ACCC's investigation is focused on the impact on competition. In particular, we are seeking your views on:

- how closely Metcash and Superior Foods compete with each other in the supply of food service products
- how the Proposed Acquisition may affect Metcash or Superior Foods' suppliers, or increase Metcash/Superior Foods' bargaining power
- the likely impact of the Proposed Acquisition on prices, product range and/or quality.

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

The legal test the ACCC applies when assessing mergers and acquisitions 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.

How to share your views

Please provide your response by 5pm on 12 March 2024 via email to mergers@acc.gov.au with the title: *Submission re: Metcash/Superior Foods – attention: Braeden Smith / Jenny Li*. If you require more time to respond, please let us know.

If you would like to discuss the matter with ACCC officers, or have any questions about this letter, please contact Braeden Smith on (02) 6243 4936 or Jenny Li on (02) 9102 4074.

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

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 will not publish submissions regarding the proposed acquisition. 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 CCA. Where the ACCC is required to disclose confidential information, the ACCC will notify you in advance where possible so that you may have an opportunity to be heard. Therefore, if the information provided to the ACCC is of a confidential nature, please indicate as such. Our [Informal Merger Review Process Guidelines](#) contain more information on confidentiality.

Yours sincerely



Bruce Mikkelsen
General Manager (a/g)
Merger Investigations

Attachment A

The Proposed Acquisition

Metcash proposes to acquire 100% of the shares in Superior Foods by share sale agreement. The Proposed Acquisition was announced by Metcash on 5 February 2024.

Metcash

Metcash is an ASX-listed wholesale distribution company that supplies dry grocery and fresh foods to independent supermarkets and convenience stores, including IGA, Foodland, Foodworks and Lucky 7 brands. Metcash's food division includes Campbells, which operates in all states and territories in Australia (excluding Tasmania). Campbells supplies food and food adjacent products, including chilled, dry, frozen and fresh food, to corporate customers, retail customers, restaurants and cafes, petrol and convenience stores and remote communities.

Campbells also operates a Private Label range, which includes brands such as Black & Gold, Essentials, by Chef's, Essentials by Korta, Korta and Chef's Select.

Superior Foods

Superior Foods is a privately-owned food services distributor in Australia. Trading under Superior Food Services, Mooloolah River Fisheries, Kay's Meats, Global Meats and Sealanes, Superior Foods supplies a wide range of dry, chilled, frozen, meat, small goods and seafood lines to food service businesses across all states and territories in Australia (excluding the Northern Territory).

Superior Foods services customer groups including corporate and government customers, quick service restaurants including major national franchisee brands, and other food service businesses including restaurants/cafes, wholesale and retail customers, and cruise/cargo shipping customers.

In south-east Queensland, Superior Foods supplies certain seafood products to independent retailers. It also owns retail seafood outlets in Perth and Mooloolaba, Queensland.

Superior Foods also supplies private and exclusive label products, including brands such as Global Meats, Chef's Catch, UCG, MRF, Bonpick, Forbidden Fruit, Cirio, Iluka, Aussie Choice Chips and Outback Gold.

Attachment B

1. Please provide a brief description of your business or organisation.
2. Please outline the reasons for your interest in the proposed acquisition, including any commercial relationship/s with Metcash or Superior Foods.

Questions for customers

3. Identify any suppliers you consider particularly effective competitors in the supply of food services (for example, through their innovation, product offering, service quality or geographic coverage).
4. How closely do Metcash and Superior Foods compete (for example, on price, quality, location or range) in the supply of food service products?
5. Identify any barriers to switching suppliers of food service products. What factors influence your decision to switch (including acquiring products directly from a processor/manufacture)?
6. Discuss whether the Proposed Acquisition may lead to price increases, reduced product choice or quality, for any product or service you procure in Australia.

Questions for suppliers (processors/manufacturers)

7. Discuss the options available to you in selling food service products, and the factors influencing your choice of route-to-market.
8. Discuss whether you would have the ability to bypass supply of any of Metcash and Superior Foods' products and/or services by either self-supplying or sponsoring the entry of another supplier. Provide past examples of such by-pass if possible.
9. Please describe your contractual arrangements with Metcash and/or Superior Foods. In your response, please outline how the contractual arrangements are negotiated, whether the arrangement is exclusive, whether any rebates or discounts are provided (and the basis for them), and the typical duration of the arrangement.

Questions for competitors

10. Explain the basis on which you compete for the supply of food services (for example, price, product range and speed of delivery).
11. Identify the geographic area you service, and the extent of any restrictions for categories of food service products (for example, product perishability and weight transport costs).
12. Describe the importance of the location and number of distribution centres in the supply of food service products, including any benefits of scale.
13. Identify the categories of food services you supply in Australia. For each category:
 - a) identify your key competitors
 - b) identify your main customer groups
 - c) provide estimated shares of supply (by revenue) in FY23.

14. Describe any barriers to entry and/or expansion in relation to the supply of food service products in Australia. You may wish to comment on the following:

- a) the ease of acquiring food service products from processors or manufacturers
- b) access to warehousing and logistics assets
- c) the scale necessary to supply at competitive prices
- d) time and costs of entry
- e) any other barriers.

Other

15. Do you have any concerns about the impact the Proposed Acquisition will have on competition in particular state/territory locations or nationwide? Please explain your answer.

16. Provide any additional information or comments that you consider relevant to the ACCC's consideration of the Proposed Acquisition.