

3 December 2019



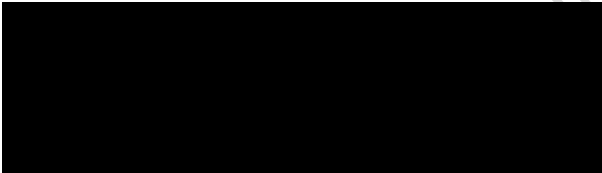
Dear 

Official Information Act #19.079 - United Flower Growers / Floramax

1. We refer to your request received on 6 November 2019 for information about United Flower Growers (UFG) purchase of Floramax in March 2017. You have asked the Commerce Commission (the Commission) to provide the following information:
 - 1.1 details of the merger;
 - 1.2 the outcome of the Commission's investigation;
 - 1.3 any conditions placed on UFG by the Commission; and
 - 1.4 contact details for the relevant person at the Commission for any questions about those conditions and UFG's current activities.
2. We have treated this as a request for information under the Official Information Act 1982 (OIA).

Our response

3. We have decided to grant your request.
4. On 30 March 2017 the Commission opened an investigation into the acquisition by UFG of the cut flower businesses of FloraMax which occurred the following day, 31 March 2017.
5. The investigation was opened under section 47 of the Commerce Act 1986 (the Act) which sets out that a person must not acquire assets of a business or shares if the acquisition would have, or would be likely to have, the effect of substantially lessening competition in a market.

6. In February 2018, after an extensive investigation, the Commission decided to close the investigation and take no further action.
7. The two key reasons for the Commission's decision not to take further action are:
 - 7.1 Although we identified a likely substantial lessening of competition in the small grower and small buyer auction services markets, we could not accurately determine the harm caused by the acquisition in those markets. Accordingly, we did not consider it to be a priority for the Commission to take action in respect of those markets alone.
 - 7.2 We could not rule out the possibility that a substantial lessening of competition had occurred (or was likely to occur) in the market for the supply of cut flowers. However, we considered that price increases in this market could be potentially transitory in nature and therefore the likelihood of a detriment (and if one is determined, whether it is significant) was difficult to determine at that stage. Accordingly, we did not consider it to be a priority for the Commission to take action in respect of that market.
8. No conditions were imposed on UFG by the Commission as under the Act. The Commission does not have the ability to impose conditions in respect of a merger.
9. The contact person at the Commission in respect of this matter is:

10. Please note that the Commission will be publishing this response to your request on our website. Your personal details will be redacted from the published response.
11. Please do not hesitate to contact us at oa@comcom.govt.nz if you have any questions about this request.

Yours sincerely

Mary Sheppard
OIA Coordinator