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## Hort NZ calls for retail change



### Commerce Commission finds New Zealand retail grocery sector not competitive enough

**T**he draft of New Zealand's Commerce Commission report on competition in the retail grocery sector has found that competition is not working well for consumers.

The preliminary findings of the report highlighted the dominance of the country's two major retailers, Woolworths NZ and Foodstuffs.

"If competition was more effective, retailers would face stronger pressures to deliver the right prices, quality and range to satisfy a diverse range of consumer preferences," said Commission chair Anna Rawlings.

"Our preliminary view is that the core problem is the structure of the market. In competitive terms, the major retailers, Woolworths NZ and Foodstuffs, are a duopoly, and while there is an increasingly diverse fringe of other grocery retailers, they have a limited impact on competition.

"This is because they are unable to compete with the major grocery retailers on price and product range in order to satisfy the widespread consumer

demand for a main shop at a single store."

According to a report from RNZ, Hort NZ chief executive Nadine Tunley said the lack of competition had not worked for growers either.

"Grower returns have not increased for at least ten years. However, retail prices and costs – labour, freight, compliance, etc – have steadily increased," said Tunley.

"That margin erosion is going somewhere ... but we can't all be specific until we have a bit more transparency.

"We support the introduction of a mandatory Industry Code of Practice, to increase transparency and reverse the imbalance of power that the Commerce Commission has identified."

Rawlings said without intervention, the Commission saw little prospect of a new or expanding rival being able to constrain the major retailers effectively and had outlined draft options.

"We consider the best options for improving competition are those that enable an increase in the number of

retailers directly competing against Foodstuffs and Woolworths NZ for a consumer's main shop," said Rawlings.

"Our draft options encompass a range of possibilities and we look forward to now testing our draft findings and options for recommendations in coming weeks through public submissions and a consultation conference, before publishing our final report."

The final report is set to be published in late November 2021 following further consultation.

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