

FEEDBACK ON COMMERCE COMMISSIONS DRAFT REPORT ON
SUPERMARKETS
WATERLOO FARM VEGETABLE GROWER

Waterloo Farm generally concurs with the commerce commissions draft report. We particularly concur with the recognition there is an imbalance of power between suppliers and the supermarkets. This has been the cause of low prices for suppliers with a corresponding lack of innovation and development in their businesses. It has been this way for over thirty years and during that time many growers have left the sector.

We acknowledge the submission of Hort NZ as been accurate with one exception. The margins the supermarkets have on fresh produce is on average closer to 300% rather than the 50% that was stated.

As the commerce commission has stated supermarkets are transferring costs and risks to suppliers despite retailers being better placed to manage them. The most blatant example of this is the crate and bin hire system. Growers who sell their produce via markets such as T&G and MG to the supermarkets must use a specific crate hire company rather than their own packaging or a crate hire company of their choice. The supermarkets pay nothing and the grower is forced to pay the extortionate rates of a monopoly company.

Therefore any code of conduct should include a mandate the supermarkets pay for the crate hire. The proposition of a code of conduct and collective bargaining for growers appears to be a good solution.