

2 September 2021

New Zealand Commerce Commission

**Submission on the draft report on the Market study into the retail grocery sector**

Thank you for the opportunity for Auckland Regional Public Health Service (ARPHS) to provide a submission on the draft report on the Market study into the retail grocery sector.

The following submission represents the views of ARPHS and does not necessarily reflect the views of the three District Health Boards it serves. Please refer to Appendix 1 for more information on ARPHS.

Yours sincerely



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## Introduction

Thank you for the opportunity for Auckland Regional Public Health Service (ARPHS) to submit on the draft report on the Market study into the retail grocery sector.

The submission draws from ARPHS' experience and knowledge of food systems and public health nutrition, involvement in the Food Act review and submitting food marketing complaints to the Advertising Standards Authority (ASA) about unhealthy food marketing to children. ARPHS's priorities as an organisation further include actively protecting and achieving equity for those most disadvantaged in our community including our indigenous population (Māori).

The reason for our submission is:

- To offer a public health and wellbeing perspective into the report.
- Agree or disagree on the proposed options for recommendation, as they relate to public health.

Our main submission points are:

- Encourage the use of socioeconomic dimension with regard to Chapter 4
- Support or oppose select options offered in the draft report as recommendations for the final report.

## Background

1. Food systems play a fundamental role in the health of the people of Aotearoa New Zealand. This role is not only mediated through the dietary risks in the development of non-communicable diseases, but through food insecurity and lack of accessibility to nutritious food.<sup>1</sup>
2. Australian research indicates that a lack of competition within the grocery retail sector has a negative effect on the affordability, accessibility, quality, and choice of healthy food options to consumers.<sup>2</sup> Measures aimed to improve competition between major grocery retailers can lead to improved public health through increasing supermarket availability and lowering fresh produce prices.
3. A growing body of evidence shows that the proximity of supermarkets to communities has a positive relationship with the healthy eating habits of populations. Recommendations that increase the availability of supermarkets to populations that face the highest rates of food insecurity, such as Māori and Pacific peoples, are supported by ARPHS.
4. The price of healthy, nutritious food is a key factor in people being able to maintain a healthy diet. This is stronger for Māori and Pacific peoples as these demographics are more likely to experience food insecurity, which is alleviated by lower prices.

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<sup>1</sup> Global Alliance for the Future of Food, International Panel of Experts on Sustainable Food Systems. (2017). *Unravelling the food–health nexus: addressing practices, political economy, and power relations to build healthier food systems*. Brussels.

<sup>2</sup> Wardle, J., & Baranovic, M. (2009). Is lack of retail competition in the grocery sector a public health issue?. *Australian and New Zealand journal of public health*, 33(5), 477-481.

5. A recent report from the Centre for Food Policy, University of London, the Global Alliance For Improved Nutrition (GAIN) and the John Hopkins University, identified 42 evidence based actions throughout the food system that have the potential to get the food systems working for healthier diets for all.<sup>3</sup> It includes actions which can directly shift the food system towards increasing the availability, affordability, appeal/acceptability of high quality, safe, nutritious foods. Some of the recommendations relevant to the current review include:
  - Support the development of e-commerce platforms to help producers create markets for nutritious foods and improve access for populations with limited mobility or in underserved areas
  - Empower smallholder farmers and small farm businesses to access markets for nutritious foods by establishing farm associations, cooperatives and food hubs, developing mechanisms for collective bargaining and increasing access to price information
  - Use financial incentives and planning regulations to drive the establishment of new supermarkets, fresh food markets, shops and street vendors in underserved communities
6. Research has shown that when industries are expected to self-regulate, positive change is often avoided and minimal progress to improve the wellbeing of populations is made.<sup>4</sup> ARPHS would therefore support strong, evidence-based actions coming out of this consultation that are free from interference from food industry, and are focused on reducing existing inequalities amongst the various population groups.

#### Inclusion of socioeconomic dimension into Chapter 4

7. A section of Chapter 4 of the draft report examined the geographic distribution of supermarkets within New Zealand and compared the regional variations in the supermarket availability to consumers. This allows for good understanding between rural and urban accessibility to supermarkets and consumer choice but is limited. Populations in socioeconomically deprived areas are most impacted by a lack of competition in the grocery retail market. Because of this, ARPHS recommends that further analysis is done comparing the distribution and supermarket availability with the deprivation of areas. This can be preformed using the NZDep2018 index to categorise areas according to deprivation.
8. The use of a socioeconomic dimension to analysis supermarket availability can strengthen support of recommendations that seek to alleviate inequity.

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<sup>3</sup> Hawkes, C., Walton, S., Haddad, L., Fanzo, J. (2020). 42 policies and actions to orient food systems towards healthier diets for all. London: Centre for Food Policy, City, University of London.

<sup>4</sup> 5 Knai, C., Petticrew, M., Douglas, N., et al. The public health responsibility deal: using a systems-level analysis to understand the lack of impact on alcohol, food, physical activity, and workplace health sub-systems. *Int J Environ Res Public Health* . 2018;15:E2895. Doi:10.3390/ijerph15122895

## Response to proposals

9. The options for recommendations within the draft report cover a range of areas. ARPHS has focused on specific options that are related to public health and can be confidently commented on.

### Integration of items into the Natural and Built Environment Bill exposure draft

10. ARPHS generally **supports** the inclusion of items within the RMA replacement to increase the availability of land for supermarkets.
11. ARPHS **opposes** the specific inclusion of preserving and promoting competition into the RMA replacement. Inclusion of this may have a wider affect and potentially increase the availability of fast food outlets and other unhealthy products and undermine the health of the population.
12. ARPHS **suggests** that when seeking inclusion of items to increase supermarket availability, limit wording to specifically mention supermarkets.

### Interventions at a wholesale level

13. ARPHS **supports** the creation of a mandatory code of conduct. This code of conduct should be enforced and monitored through a government agency instead of self-regulation.
14. Australian experiences have shown voluntary codes of conduct are vulnerable. An inquiry by the Australian Competition and Consumer Commission (ACCC) found that a voluntary code of conduct in grocery retail failed to meet expectations.<sup>5</sup>
15. ARPHS **supports** authorization of collective bargaining of suppliers. Power imbalances between suppliers and major grocery retailers are a key barrier to enabling nutritious food to be available. We see that collective bargaining will empower smaller suppliers and potentially allow more to enter the market, providing populations with more availability of nutritious food.<sup>6</sup>

### Unit pricing

16. ARPHS **supports** the introduction of a mandatory unit pricing standard. Consumer knowledge is an important factor in influencing purchasing behaviour. Standard unit pricing increases consumer knowledge, having additional affects on the likelihood of purchases being healthy and nutritious.
17. We agree that the easiest way to mandate unit pricing would be by way of a consumer information standard under the Fair Trading Act. A consumer information standard can be implemented by order in council and does not require legislation to be passed.

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<sup>5</sup> Australian Competition and Consumer Commission. Media release, 10/10/20. "New fair trading law needed to enhance Australia's perishable agricultural markets." Retrieved 20/8/21 from <https://www.accc.gov.au/media-release/new-fair-trading-law-needed-to-enhance-australias-perishable-agricultural-markets>

<sup>6</sup> Hawkes, C., Walton, S., Haddad, L., Fanzo, J. (2020). 42 policies and actions to orient food systems towards healthier diets for all. London: Centre for Food Policy, City, University of London.

18. ARPHS believes that the use of internationally recognised guidelines on standard unit pricing, such as the ISO standards, should be used to improve the consistency and potential for external grocery chains to enter the local market.<sup>7</sup>

## Conclusion

ARPHS sees this draft report as a step in changing New Zealand's food system into one that provides healthy and nutritious food to all people. Thank you for considering ARPHS' submission on the draft report on the Market study into the retail grocery sector.

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<sup>7</sup> ISO 21041:2018 Guidance on unit pricing. Retrieved from: <https://www.iso.org/standard/69727.html>

## Appendix 1: Auckland Regional Public Health Service

Auckland Regional Public Health Service (ARPHS) provides public health services for the three district health boards (DHBs) in the Auckland region (Counties Manukau Health, Auckland and Waitemata District Health Boards).

ARPHS has a statutory obligation under the New Zealand Public Health and Disability Act 2000 to improve, promote and protect the health of people and communities in the Auckland region. The Medical Officer of Health has an enforcement and regulatory role under the Health Act 1956 and other legislative designations to protect the health of the community.

ARPHS' primary role is to improve population health. It actively seeks to influence any initiatives or proposals that may affect population health in the Auckland region to maximise their positive impact and minimise possible negative effects.

The Auckland region faces a number of public health challenges through changing demographics, increasingly diverse communities, increasing incidence of lifestyle-related health conditions such as obesity and type 2 diabetes, infrastructure requirements, the balancing of transport needs, and the reconciliation of urban design and urban intensification issues.