

## **Submission on Grocery Market following draft report.**

I fully support the Commerce Commission's findings and recommendations in its draft report on the NZ grocery market.

I support strong and effective action be taken by the Commission and the Government to significantly improve price competition in this sector. The data presented by the Commission on profit, market dominance, relative pricing in relation to international levels is a shocking indictment regarding the lack of control by successive governments in maintaining a fair and genuinely competitive market in the sale of basic foodstuffs. It is socially irresponsible to say the least and is the 'unacceptable face of capitalism'.

It is disgraceful that this exploitative market situation has been allowed to develop for years, and there has been such an egregious failure of governance by those charged with looking after the welfare of New Zealanders. Anyone who has travelled extensively is aware that the local grocery market is constrained and controlled by the two major supermarket chains, Foodstuffs and Woolworths NZ and that prices are often much higher.

At a time when the price of basic shelter, that is residential housing, is totally out of control because of government inaction, and beyond the reach of thousands of New Zealanders, it is appalling that the current exploitative structure in another fundamental, the grocery market, is allowed to continue while putting hundreds of millions of dollars in profit into the pockets of supermarket owners and overseas shareholders. It is not surprising that many owners of supermarkets are now on the NBR rich list worth upwards of \$50m!

As a European friend said to me recently when it comes to supermarkets and food prices, New Zealanders are simply 'lambs to the slaughter', and have been for 20-30 years. He made this comment after taking a NZ supermarket receipt to Germany and comparing prices, only to find most products there were cheaper and often of better quality.

I strongly support very rapid facilitation of extra competition into the grocery market, if needed with government support and with effective controls over predatory covenanting of potential supermarket sites. Large supermarket chains such as Aldi and Lidl, which are in Australia, must be incentivized to enter the local market. Apparently when this happened in Australia some years ago prices dropped radically, bringing much needed competition to Coles and Woolworths

I do not accept that a NZ market worth \$22 billion a year is too small or unattractive for additional retailers. If that is the case how do countries like Denmark support five or six chains? Are they more intelligent or better regulated?

The near monopolistic control of groceries in this country is a national disgrace when there is so much poverty, and a dearth of affordable housing. I fully support effective action to remedy the current supermarket dominance, this serious social and economic exploitation in a low wage country. Charters and vague agreements asking supermarkets 'not to be so naughty' are only an ineffective joke.

The current supermarket structure and pricing is a major factor in increased poverty and the increasingly constrained and limited lives of millions of New Zealanders and needs urgent remedial action, not a slap over the wrist with a wet bus ticket, or more PR politics.

**A.G. Talbot**

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