

Submission on the Grocery market sector by [REDACTED].

I believe some strong action is needed to break the high prices New Zealanders pay for groceries in New Zealand. With only two players and a long country with logistical challenges this might be difficult, but it is necessary to reduce the very high prices that are paid. I would be nice if some change could be along the lines of the break up of telecom which created chorus. Some examination of the feasibility and benefits of whether logistics and distribution is a gap in the market or a supporting mechanism for high prices would be a good step.

Something is needed to be done to reduce grocery prices in New Zealand. After almost 10 years in Australia my impression is grocery prices are approximately 30% less as a consumer, especially for fresh fruit and vegetables.

My suggestions to address the high prices of grocery are:

- Break up the existing companies to create a new third competitor with a competitive position and distribution of sites and supporting logistics.
- Do not form supplier monopolies to compete against the distribution monopolies that will just create further distortion in the market
- Only address planning barriers insofar as they address similar problems elsewhere and note the current review of the RMA to address these issues
- Find a way to more actively regulate the sector to identify price collusion and other anticompetitive practices in the sector and ensure the regulator is well resourced and has the correct tools to find and correct any non-compliance
- Set expectations of reform outcomes and measure progress in the sector and revisit groceries prices at a future date and subject to trigger levels in prices costs (recognising external factors that can be removed to get net real cost change) aim for reduction or further action should this not occur.
- Consider all regulator powers to break the duopoly of the two big players given this is such a core part of living for the people of New Zealand and is obviously overpriced.
- Figure out why Rattrays cash and carry failed in New Zealand and what lessons could be learned
- Stop anticompetitive contracts with suppliers that externalise risk and cost to suppliers – legislate or regulate for the outcomes needed and use smart tools to ensure outcomes are achieved
- Ignore the big companies threats of legal action - use the power of the crown and listen to all of the parties not just the vested interests, seek alternative practices from elsewhere that could be applied in New Zealand
- Do something to make positive change, measure it to ensure its effective and be brave