

***United Fresh Response to
Commerce Commission on
Wholesale Supply Inquiry
Preliminary Findings Paper***

Submitted by:



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Submitted to Commerce Commission, 18 July 2025

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Peer Review:

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Introduction

United Fresh is the only pan-produce industry body in New Zealand. Our membership includes seed merchants, growers, grower organisations, packhouses, wholesalers, importers, and service and logistics providers, as well as retailers. Our industry aims to provide New Zealand with a healthy and safe supply of quality produce. Our vision is to create a sustainable fresh fruit and vegetable industry for New Zealand.

United Fresh adopted the United Nations' Sustainable Development Goals (SDGs) in 2017, which include goals and targets for Economic Growth (SDG 8) Resilient Infrastructure (SDG 9), and Responsible Production & Consumption (SDG 12). Since then, United Fresh has worked consistently to assist the industry in its sustainability efforts, including those related to climate change and climate adaptation.

Our commitment to the SDGs has included several submissions to government and government departments on multiple issues related to supply chains, as well as ongoing work with industry, and associated parties, to understand, and translate, the latest scientific knowledge into information the industry can use to implement and improve best practice.

United Fresh further deepened its sustainability efforts in 2023, publishing a set of fresh produce industry guidelines on how to implement the United Nations Sustainable Development Goals. This document is publicly available on our website (<https://unitedfresh.co.nz/technical-advisory-group/>).

United Fresh is also the New Zealand member of the International Federation for Produce Standards (IFPS) and the Global Coalition of Fresh Produce, with the United Fresh General Manager, [REDACTED], being a Director on the Boards of both bodies. This submission's author, [REDACTED], is the New Zealand representative to IFPS on the IFPS Sustainability Committee, while the Peer Reviewer, [REDACTED], is the Chair of the IFPS Information Management & Standardisation Committee.

United Fresh represents an industry that almost every New Zealander interacts with on a daily basis. The fresh produce industry represents a key segment of New Zealand's retail grocery offer, amounting to an average of 9-10% of store sales within the major grocery retailers' revenue portfolio.

United Fresh acknowledges the role the Treaty of Waitangi / Te Tiriti plays in shaping our efforts as a country. As an industry based around long-term use of land, we also acknowledge the importance of Kaitiakitanga and Mātauranga Māori in assisting us to protect our land for the generations to come. Additionally, United Fresh recognises the role that Māori play in growing, leading, and shaping our industry, to meet the needs of Aotearoa New Zealand.

Whilst the production of fruit & vegetables is typically rural, our post-harvest supply chain extends into urban wholesalers, processors and retailers, before concluding in consumers' fridges and pantries, ensuring that New Zealanders have a consistent and secure supply of healthy & nutritious food.

On behalf of the New Zealand Produce Industry, United Fresh, as the only pan-produce industry body, wishes to make a submission on the Commerce Commission (ComCom)'s *"Wholesale Supply Inquiry – Preliminary Findings Paper"*.

Submission

United Fresh has made multiple submissions during the 2021-2024 investigations into the Grocery Markets by a number of Government organisations & departments. These, along with a deeper analysis of the Previous Determinations made in each of the Final Reports of these investigations were listed in our October 2024 submission to ComCom on the *"Wholesale Supply Inquiry – Preliminary Issues Paper"*.

Acknowledgement

United Fresh would like to acknowledge ComCom's position in the June 2025 *Preliminary Findings Paper*, regarding the status of Regulated Grocery Retailers (RGRs) and fresh produce. In particular, we refer to Paragraphs **B161 & B162**, page 98:

- **B161.** *"Where existing alternative channels of supply are consistent with a competitive wholesale market, further intervention regarding the ranging of these products by RGRs may not be necessary to meet customer demands and satisfy the need for a wholesale offering consistent with a competitive wholesale market."*
- **B162.** *"The Market Study recognised some wholesale options for fresh produce. This was echoed in United Fresh's submission to the PIP"*.

These are consistent with the findings across 2021-2024, during the previous rounds of investigations into competition within the Grocery Market.

Paragraphs **B165 & B166**, page 99, also accurately reflect the state of the industry, in that:

- **B165.** *"Considering the views of a range of market participants, we currently understand other retailers have reasonable access to fresh produce at competitive prices."*
- **B166.** *"Furthermore, we consider the combination of fresh produce available from primary wholesalers (e.g., T&G Fresh, MG Marketing, Fresh Direct), secondary wholesalers (e.g., Bidfood, Service Foods) and directly from growers constitute a diverse market for fresh produce."*

ComCom's statements reaffirm that there is an accepted, workable, effective wholesale market for fruits & vegetables, **available to all retailers**, not just the Regulated Grocery Retailers.

Issue

Despite the statements made by ComCom which we have acknowledged here, other parts of the Preliminary Findings Paper have wording which is somewhat concerning to United Fresh, as it contradicts parts of ComCom's previous findings.

For example, we refer to some of the wording within the **"Our Expectations of Behaviour Change required in the wholesale market"** section, page 7:

"We would expect RGRs' wholesale offers to provide wholesale customers with the comprehensive range of products they need, and at the volumes they require, to meet consumers' demands. We expect suppliers to support this by allowing their most purchased products to be included in RGR wholesale offers. The range of products included in wholesale offers should represent all the product categories".

Along with Paragraph **B95**, page 87:

"Factors impacting the availability of top 500 retail SKUs to wholesale customers include... the full or partial exclusion of produce by RGRs..."

And the **"Fresh Produce Row"** of Table **B3**, page 87:

"Fresh produce is prevalent among Top 500 SKUs, representing between 17% and 21% of RGR SKUs"

These statements seem to suggest that the fresh produce category is expected to be a part of the wholesale offering by the RGRs, with its absence being a sub-part of the lack of wholesale options being discussed in the document.

If this is indeed ComCom's intent, then these statements conflict with the objective stated in Paragraph **29**, page 15:

"The wholesale access regime is intended to address a lack of wholesale supply options in New Zealand".

This perceived lack of wholesale supply options may well be real in other categories, but does not exist in fresh produce.

ComCom explicitly noted that the RGRs are referring to this in Paragraph **78.1**, page 26:

*"Fresh produce is **excluded** [from their wholesale offerings], as it has a short shelf life, has particular transport requirements and **there are other channels to efficiently purchase fresh produce**".*

The reasons provided by the RGRs and summarised in paragraph **78.1** are precisely the reasons why the operation of fresh produce wholesale supply chains and

facilities is a high-risk activity. It is therefore best carried out, for the benefit of all supply chain participants, including consumers, by industry specialists, whose core business is wholesale of fresh produce.

The market, ComCom's previous determinations, and the RGRs, have all confirmed multiple times between 2021-2024 that an effective wholesale supply for fresh produce exists, outside of the RGR's Wholesale Access Regime under scrutiny.

United Fresh is therefore concerned regarding the treatment of **the Wholesale Access Regime has on the wider wholesale markets, and in particular, fresh produce**. We refer to the wording used in Paragraph **X13**, page 4, stating:

"This wholesale access regime to date is not providing material benefits. Total sales reported under the new regime were \$15.3 million from July 2023 to February 2025... The total reported sales represent less than 0.03% of retail grocery sales."

The quoted values of \$15.3 million and 0.03% **ignore the fresh produce wholesale market**. This market forms a significant part of all fresh produce sales, and contributes to the the **>\$900 million of annual domestic fresh produce supply at wholesale equivalent value,¹ undertaken by wholesalers who are not the RGRs**. The wholesale fresh produce market is customer-agnostic, serving any retailer wishing to purchase fresh produce, whether an RGR or not.

Our \$900 million fresh produce wholesale equivalent figure also includes **all produce later sold by RGRs at retail**. This means that while the 0.03% figure represents that product wholesaled by the RGRs, the total "retail grocery sales" figure includes fresh produce purchased by the RGRs from wholesalers, and which has therefore passed through an external wholesale supply system.

If a reader is attempting to understand the supply of all grocery wholesaling **occurring only through the RGRs**, then the \$15.3 million of total sales is partially useful, albeit flawed, as the total retail sales of groceries overall includes **produce wholesaled outside the Wholesale Access Regime** being investigated.

A more accurate statement would need to reflect the reality that **approximately \$1.6 billion of fresh produce retail sales, across all retailers, is related to fresh produce with a wholesale equivalent value of >\$900 million,²** which would alter ComCom's figures. Further details on exact values passing through wholesalers and the volumes of product associated with these values are commercially sensitive.

¹ United Fresh, 2024. Domestic Fresh Produce Industry Data Analysis. https://unitedfresh.co.nz/assets/site/Domestic_Fresh_Produce_Industry_Value_Analysis_2024.pdf

² Ibid.

United Fresh's Position

United Fresh's position is that the supply of fresh produce through **an existing & effective wholesale market system**, needs to be treated separately to those Grocery categories without a working wholesale market, when the Final Report is released.

United Fresh suggests that ComCom, in the Final Report, considers making exceedingly clear the report's "wholesale market" is specifically the RGR wholesale offer, placing the Wholesale Access Regime within the context of the wider wholesale market structures at whole-of-range level in Aotearoa New Zealand.

Furthermore, to avoid confusion, ComCom's Final Report should also make clear that the products considered within this Wholesale Access Regime investigation are only those for which a functioning external wholesale market does not already exist.

This would involve removing fresh produce SKUs and their sales values from the investigation's scope, which, according to the Preliminary Findings Paper, is 'not working' (see, for example, the wording of paragraphs **X13, X15, 27-28, and others**).

Doing so would provide a more accurate valuation & scope of the issue. This would focus the Final Report's findings on products without wholesale opportunities outside the RGRs, which is where improvements may be needed, and not those areas where 5 years of investigations have already confirmed effective wholesaling systems exist.

The produce industry acknowledges six mainstream wholesale businesses with nation-wide coverage, extensive wholesale offers of fruits & vegetables year-round, and with systems in place to support & supply any existing or new retailer wishing to avail themselves of the wholesalers' services. These are listed alphabetically below.³

Company	Website
Carter & Spencer Group Ltd	https://www.carter-spencer.com.au
Fresh Direct Ltd	https://www.freshdirect.co.nz
MG Fresh Produce Group	https://www.mggroup.co.nz
Primor Produce Ltd	https://primor.co.nz
Seeka Ltd	https://www.seeka.co.nz
T&G Fresh Ltd	https://tandg.global/tandg-fresh

Source: Fresh Facts 2024.

In addition, there are several secondary produce wholesale suppliers, whose range is less extensive compared to the six companies identified above, or that may be stronger within limited regional/seasonal contexts.

United Fresh therefore requests that the fruits & vegetables supply chain be explicitly separated from other perishable products in ComCom's future work, and that fruits & vegetables are treated as having a supply chain with competitive wholesale product availability, at a national scale, **which is what we have**.

United Fresh is available to provide further information and clarification, written or orally, should the Commerce Commission consider this to be of benefit.

³ United Fresh, 2024. Fresh Facts 2024, pages 36-37. <https://freshfacts.co.nz>