

10 November 2025

Tēnā koutou

Open letter to participants in New Zealand's wholesale grocery market – our expectations and next steps for wholesale supply

1. Since 10 July 2023 there have been requirements on Regulated Grocery Retailers (**RGRs**) - Woolworths New Zealand, Foodstuffs North Island and Foodstuffs South Island - to facilitate wholesale supply agreements with other grocery retailers.
2. On 4 September 2024 the Commerce Commission began an Inquiry to consider whether wholesale supply of groceries and any ancillary services should be subject to additional regulation.¹ We released our Preliminary Findings Paper for consultation on 5 June 2025.² The findings proposed that behaviour change by RGRs and suppliers could mitigate the need for additional regulation. We set out expectations to help guide this behaviour change and a window of 12 months where we would be monitoring progress to meeting our expectations.
3. This letter confirms:
 - 3.1 that following consultation on the Preliminary Findings Paper, we maintain our preference for industry-led behaviour change, as it remains the quickest and most efficient way to address wholesale supply issues;
 - 3.2 our expectations for your role in supporting a more competitive, efficient, and innovative wholesale market for groceries - these have been adjusted in response to feedback; and
 - 3.3 our process from here and our desire to provide more opportunities for engagement.³

¹ https://www.comcom.govt.nz/assets/pdf_file/0021/362307/Terms-of-Reference-Wholesale-Supply-Inquiry.pdf.

² https://www.comcom.govt.nz/assets/pdf_file/0026/366650/Wholesale-Supply-Inquiry-Preliminary-Findings-Paper-5-June-2025.pdf.

³ We previously indicated a two-week cross-submission period for our Preliminary Findings Paper. However, following our revised approach, we will no longer invite cross-submissions. Instead we welcome written submissions on this Open Letter and submissions received on the Preliminary Findings Paper, available at: <https://www.comcom.govt.nz/regulated-industries/grocery/wholesale-supply-inquiry2/>.

What we seek to achieve

4. The purpose of the Grocery Industry Competition Act 2023 (the Act) is to promote competition and efficiency in the grocery industry for the long-term benefit of consumers in New Zealand.
5. In respect to wholesale supply, the Act seeks to ensure that other grocery retailers have:
 - 5.1 reliable and cost-effective wholesale supplies of groceries (either through wholesale supply provided by RGRs, directly arranging supply from suppliers, or other channels, or any combination of those channels); and
 - 5.2 reasonable access to the benefits of the scale, and the efficiency, of operations of RGRs and their associated persons.

Why change is needed now and into the future

6. A wide body of evidence points to significant, ongoing issues with the wholesale supply of groceries in New Zealand. This includes the work of successive governments to develop and back the regime created by the Act, our previous publications, the analysis and information gathering undertaken for this Inquiry and submissions on this Inquiry. Furthermore, the Minister for Economic Growth and the Ministry of Business Innovation and Employment (MBIE) continue to look at what changes they can make.
7. To date, access to products for new or competing retailers has not improved sufficiently, either through RGRs' wholesale offerings or direct supply. The ability for these retailers to gain access to products through the RGRs or directly from suppliers needs to improve. When supply is a barrier for other retailers and potential new entrants, retail competition will remain muted now and into the future. In turn, New Zealand consumers are worse off.

Our expectations for change

8. We have revisited our expectations based on the feedback received in submissions on our Preliminary Findings Paper and have summarised these below. These are expectations of how participants would behave in a competitive wholesale market.
9. In broad terms we expect:
 - 9.1 Suppliers and RGRs to offer other retailers competitive prices for products which reflect efficient cost to serve and provide non-discriminatory access to rebates, discounts and payments (RDPs) or lower list prices. Non-discrimination means a wholesale customer should not be treated differently unless a difference is objectively justifiable, e.g. the difference is based on a material and demonstrable difference in cost to serve.

- 9.2 Suppliers and RGRs to ensure other retailers have reasonable access to the range of products they demand through their respective offers.
 - 9.3 RGRs and suppliers to develop systems and processes for ensuring that their wholesale offers are not discriminatory and reflect efficient costs to serve.
 - 9.4 RGRs and suppliers behave in other ways that build a competitive wholesale market which supports a competitive and diverse retail market.
- 10. These broad expectations are each supported by three to four detailed components which are set out in our wholesale supply industry-led solutions factsheet.⁴ Each describes the detail of our expectations across specific areas of price, range, access and other matters. We will monitor these specific areas over time to show whether progress is being made.
 - 11. It may be possible to achieve significant progress without all our expectations being fully met.
 - 12. Making progress will be a process that takes time, however we need to see evidence of industry participants making positive change in the coming months.

Next steps

- 13. Our first step is to engage directly with industry to:
 - 13.1 describe our preference for an industry-led approach;
 - 13.2 discuss how industry will work to meet the expectations we have outlined;
 - 13.3 understand the challenges and successes the sector has encountered - or anticipate encountering - in meeting our expectations for wholesale supply;
 - 13.4 determine how we will measure progress towards a competitive wholesale market in the long-term.
- 14. We invite interested parties to register their expressions of interest to participate in group workshops and/or direct engagement sessions.⁵
- 15. We will continue to consider whether regulatory intervention in the wholesale market is necessary or desirable. The extent to which industry take ownership

⁴ Available at: <https://www.comcom.govt.nz/regulated-industries/grocery/wholesale-supply-inquiry2/>.

⁵ Registrations will be open for a limited time at: <https://www.comcom.govt.nz/regulated-industries/grocery/wholesale-supply-inquiry2/>.

and drive meaningful change will contribute to our assessment of whether further regulation is needed.

16. We will provide an update on this phase of our work in mid-2026.

Let's talk

17. We hope to speak with you directly regarding our expectations and your role in shaping the future of the wholesale grocery market in New Zealand. We are committed to a fair, efficient and competitive wholesale grocery market. We trust you share that commitment and will act accordingly.
18. We encourage you to reach out for a conversation if you would like to speak with the Grocery Team, and we will be open to feedback through the Inquiry process. This phase of engagement is scheduled to run until **March 2026**.
19. Additionally, we welcome written feedback on the contents of this open letter and submissions received on the Preliminary Findings Paper. Please send submissions to grocery.regulation@comcom.govt.nz by **5pm Friday 5 December 2025**.
20. Unless marked as confidential, all written submissions will be published on our website. If your submission includes confidential material, please clearly identify it and provide both a public and a confidential version. If your submission is not confidential, please confirm in your cover email that it can be published.
21. We acknowledge and appreciate the contributions many of you have made throughout the Inquiry to date. Your feedback has been carefully considered and continues to inform to our work.

Ngā mihi nui

Pierre van Heerden
Grocery Commissioner