
Changes to the Grocery Supply Code

COMMERCE COMMISSION WEBINAR

30 April 2026



Welcome



Introductions



Dr. Alice Hume
Head of Grocery



Laura Furneaux
Manager Grocery
Competition



Catharine Sayer
Chief Advisor Grocery
Competition



Housekeeping and agenda

- Housekeeping
- About the Grocery Supply Code
- Changes to the Grocery Supply Code
- Implementing the changes to the Code
- Breaches of the Code
- Q&A
- Getting in touch.



The Grocery Supply Code

About the Grocery Supply Code and Code Review



What is the Grocery Supply Code

- The Grocery Supply Code is a set of rules about the agreements and conduct between regulated grocery retailers (RGRs) and grocery suppliers.
- The Code is provided for by the Grocery Industry Competition Act 2023.



Purpose of the Grocery Supply Code

The Code is intended to:

- Promote fair conduct, and prohibit unfair conduct, between RGRs and suppliers;
- Promote transparency and certainty about the terms of agreements between regulated grocery retailers and suppliers;
- Contribute to a trading environment in the grocery sector that includes a diverse range of suppliers and in which businesses compete effectively; and
- Contribute to a grocery sector that consumers and businesses participate in confidently.



Review of the Grocery Supply Code

- The Commerce Commission was required to review the Grocery Supply Code within two years of it coming into force.
- This review was completed in 2025.
- Changes were made to the Grocery Supply code as a result of the review.



Transition to the new Grocery Supply Code

- The new Grocery Supply Code comes into force on 1 May 2026.
- RGRs have one month (until 1 June 2026) to offer suppliers new grocery supply agreements, or vary existing agreements to address any inconsistencies between existing agreements and the Grocery Supply Code 2025.



Changes to the Grocery Supply Code

What important changes were made to the Code as a result of the review in 2025.



Quick Re-Cap - Rules in the Code

- Clause: 6 Obligation to deal with suppliers in good faith
7 Grocery supply agreement must be in writing and retained
8 Matters to be covered by agreement
9 Unilateral variation of agreement
10 Retrospective variation of agreement
11 Transport or logistics services
12 Payments to suppliers
13 Payments for shrinkage
14 Payments for wastage
15 Payments as condition of being supplier
16 Payments for retailer's business activities
17 Funding promotions
18 Delisting products
19 Process requirements relating to delisting
20 Funded promotions

- 21 Fresh produce standards and quality specifications
22 Unduly hindering or obstructing supply to competitors
23 Business disruption
24 Intellectual property rights
25 Confidential information
26 Product ranging, shelf space allocation, and range reviews
27 Transfer of intellectual property rights
28 Price increases
29 Freedom of association
30 Retaliation



Key changes



- Changes prohibiting payments for **wastage**



- New **record keeping** requirements for retailers



- Changes to address **investment buying**



- New clause **prohibiting retaliation**

Changes to payments for wastage (Clause 14)



Existing Rule	Change
<p>The Code previously allowed RGRs to require payments from suppliers for wastage that occurred while the goods were in the RGRs effective control but only if certain requirements were met (a “carve-out”).</p>	<p>Exceptions have been removed. Payments for wastage that occurred while the goods are in the RGRs effective control are no longer allowed in any circumstances.</p>



New record keeping requirements for retailers (Clauses 9, 15, 17)

Existing Rules	Change
<p>The Code allows for the following activities only when certain requirements are met (carve-out)</p> <p>Clause 9 –unilateral variations to grocery supply agreements</p> <p>Clause 15 – supplier payments for stocking or listing groceries</p> <p>Clause 17 – supplier payments to fund or part fund a promotion</p>	<p>RGRs are now required to keep records setting out how the requirements were met.</p>



Further point to note

- There is another clause that is subject to exceptions/ carve-out: Clause 16 (payments for retailers business activities)
- We looked carefully at this rule during the review but following consideration of submissions did not make any changes to the clause at this time
- We will continue to monitor these type of payments (e.g., merchandising payments) and encourage further feedback on RGR conduct in this area.



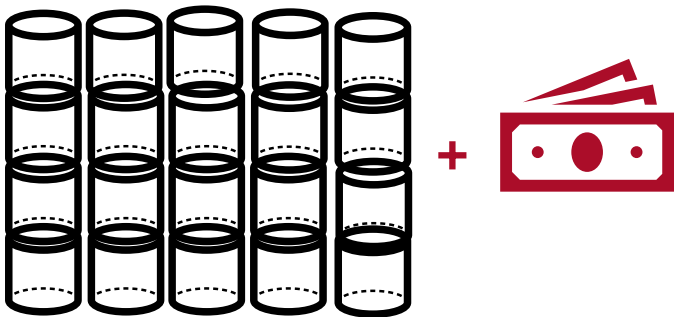
Changes to funded promotions (originally Clause 20, now Clause 18)

Existing Rule (Clause 20)	Change (now Clause 18)
<p>Suppliers and RGRs were required to agree in advance how to deal with stock bought from the supplier at a promotional price that is not sold within the promotional period.</p>	<p>To address investment buying/ deliberate over-ordering ...RGRs must either only retail the products at the promotional price or repay the supplier the related portion of the promotional funding.</p>

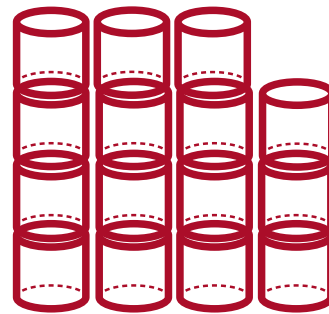


Example: Funded promotion (Clause 18)

- A supplier wants to fund a \$2 consumer discount on 2000 cans of soup. It sells the RGR 2000 cans and provides \$4000 funding to cover the discount. The RGR only sells 1500 cans during the promotional period with the discount then reverts to a non-discounted price. The RGR must repay supplier one quarter of the promotional funding (\$1000).



Supplier sells cans at list price and provides funding to cover discount



RGR sells 1500 cans during promotion period



RGR must repay Supplier A one quarter of funding.

New clause prohibiting retaliation (Clause 30)

Existing Rule (Clause 6)	Additional rule (Clause 30)
<p>Obligation to deal with suppliers in good faith.</p> <ul style="list-style-type: none">• When determining whether acting in good faith, may consider whether the retailer has acted in a way that constitutes retaliation for past complaints and disputes.	<p>The additional clause expressly prohibits retailers from retaliating against suppliers for exercising their rights under the Grocery Supply Code, contacting the Commission, or engaging with the Dispute Resolution Scheme.</p> <p>It also acknowledges retaliation can take a range of forms.</p>

Implementing Changes



What do I need to do as a supplier?

- Understand your rights under the Grocery Supply Code and assert them.
- Understand RGR's obligations under the Code and respect them.
- Make sure your Grocery Supply Agreement aligns with your Code rights and what's right for your business.



Getting to grips with the paperwork

- Variation v. entire agreement
- Your agreement is almost always required
- Unilateral variation is a special case - legal advice may assist
- There is no time frame under the Code for when variations or new GSAs must be agreed to.



Understanding grocery supply agreement changes as a supplier

If you don't understand the changes

- ✓ Ask the RGR to explain them
- ✓ Seek legal advice

Only sign material that

- ✓ you've read
- ✓ you understand
- ✓ you agree with

If you disagree with the changes

- ✓ Tell the RGR you do not agree
- ✓ Propose your own changes to the RGR
- ✓ Negotiate in good faith with the RGR to reach a position that you both agree with
- ✓ Check carefully any revisions the RGR may produce
- ✓ Take legal advice



What do I need to do as a regulated grocery retailer?

- Make sure everyone in your business who deals with suppliers understands the obligations under the Code and can do their job in a way that complies with the Code.
- Identify supplier agreements that are inconsistent with the revised Code and propose changes aligned with the Code by 1 June 2026.
- Negotiate in good faith with suppliers



Breaches of the Code



We engage in compliance monitoring and investigation to bring about Code compliance

- We are focussed on achieving a culture shift towards fair process between grocery industry participants
- Code compliance is important
- Commission warnings have resulted in positive practice change across RGRs



Consequences for breaching the Code

There are significant consequences for breaching, or attempting to breach the Code, including pecuniary penalties.

- For an individual, a maximum of \$200,000
- In any other case, the greater of
 - \$3 million, or
 - the commercial gain, or if this cannot be easily established, 3% of turnover of the RGR group.

What do I do if I think someone has breached the Code?

- Contact the Commission
- Use the Anonymous Reporting Tool
- Use the independent Dispute Resolution Scheme

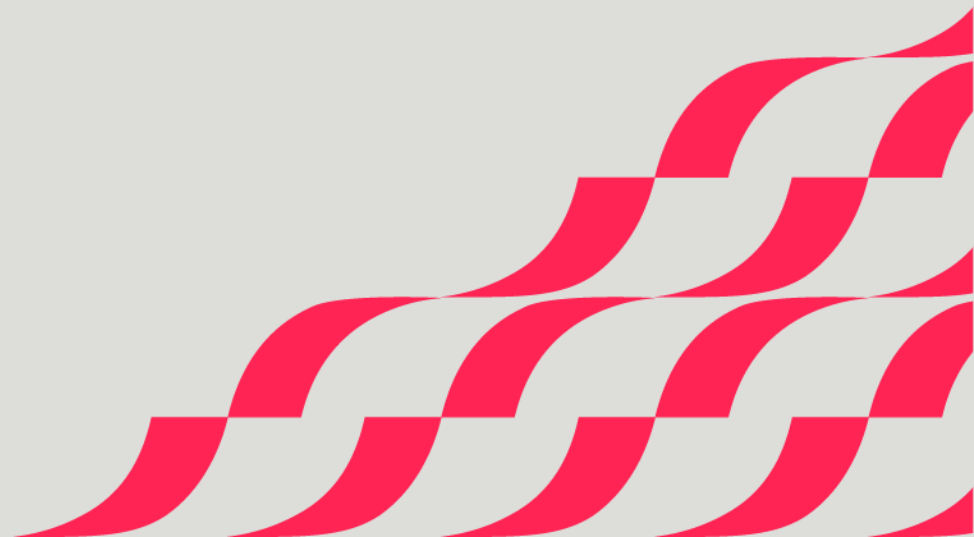
[https://www.comcom.govt.nz/report-a-concern/
contact@comcom.govt.nz](https://www.comcom.govt.nz/report-a-concern/contact@comcom.govt.nz)

(04) 924 3600

You can also contact the team at grocery.regulation@comcom.govt.nz



Ngā mihi



Q and A



Stay in touch

You can reach out to the grocery team with questions or concerns by contacting

grocery.regulation@comcom.govt.nz



