

Horticulture™ New Zealand Ahumāra Kai Aotearoa

Position Statement

A Fairer Grocery Market for Growers and Consumers

Introduction

New Zealand needs a grocery sector that works for growers, consumers and the wider food system.

Growers and grocery retailers have an important and interdependent commercial relationship. Growers rely on retailers as important customers to their business, while retailers rely on growers to provide a reliable supply of quality New Zealand grown fruit and vegetables.

When the market functions well, growers can invest, innovate and grow. When it does not, the impacts are felt across the supply chain, ultimately affecting the availability of fresh, healthy food for New Zealanders.

Horticulture New Zealand (HortNZ) supports a fair trading environment where competition is effective, trading relationships are fair and transparent, and the regulatory framework provides confidence.

Achieving these outcomes requires:

- transparency that builds trust,
- institutions that are equipped to ensure fair trading and respond where required; and
- rules and regulations that are adequately enforced.

These settings should support strong, constructive commercial relationships between growers and retailers.

HortNZ's focus is on practical, evidence-based action that improves transparency, strengthens enforcement and accountability, and supports effective competition — delivering better outcomes for growers and consumers.

Key messages

A strong domestic horticulture sector is critical to New Zealand's food security, public health and economic prosperity.

- HortNZ supports a grocery market that is fair, transparent and delivers effective competition.
- A well-functioning grocery sector benefits both consumers and growers by supporting access to fresh, healthy fruit and vegetables and enabling New Zealand businesses to thrive and grow.
- Growers need confidence that commercial relationships, contracts, pricing and trading practices provide fair and sustainable returns for the produce they supply.
- Growers should have confidence that participants across the supply chain operate under clear and consistent rules and that those rules are effectively enforced.
- Reform should be evidence-based and focused on practical outcomes for growers, consumers and the long-term resilience of New Zealand's domestic food system.

HortNZ's policy priorities for a fairer grocery market are:

1. **Greater transparency**
2. **Independent oversight and accountability**
3. **Effective enforcement and penalties**



Supporting a resilient domestic food system

New Zealand's commercial fruit and vegetable growers are an essential part of the domestic food system. A resilient food system depends on growers being able to operate, invest in production and respond to changing consumer demand.

New Zealand's **4,300+ commercial fruit and vegetable growers** produce more than **100 types of fruit and vegetables**, providing New Zealanders with access to healthy and nutritious food year-round.

New Zealand consumers spend approximately **$2.55 billion** on fruit and vegetables each year, highlighting the important role horticulture plays in our domestic food system.

What growers are saying

Growers have direct experience of how the grocery market operates in practice. Their experiences are, however, not uniform. The nature of the product, the size of the business and the strength of the trading relationship can all influence how growers experience the grocery market.

From a grower perspective, what matters is having clear, predictable and fair-trading relationships that provide confidence to invest, plan production and manage the significant risks associated with growing fresh produce.

Growers want to see:

- **Transparency** – visibility of margins, rebates, deductions and promotional costs
- **Predictability** – clear expectations about volumes, orders and buying decisions
- **Fair trading relationships** – the ability to negotiate and raise concerns without unreasonable commercial consequences
- **Fair returns** – fair pricing that reflects the value of the produce supplied
- **Consistency and accountability** – clear rules that apply across the supply chain and are effectively enforced
- **Strong long-term relationships** – constructive relationships that support reliable supply and quality New Zealand-grown produce
- **Commercial flexibility** – the ability to make commercial and supply-chain decisions that best suit their business

Our position on structural reform

HortNZ supports effective competition in the grocery sector and considers that any structural reform should be assessed on the basis of its likely impacts across the whole supply chain — from grower to consumer.

New Zealand's relatively small population and limited market size also need to be recognised when considering structural change. Structural separation could require additional businesses to establish and operate separate infrastructure, supply chains, distribution networks and other functions, without necessarily increasing the overall size of the grocery market. Any additional costs arising from structural change have the potential to flow through the supply chain and ultimately be reflected in consumer prices.

For growers, the focus is on ensuring effective competition without unnecessarily increasing costs, reducing supply-chain efficiency or undermining supply reliability.

HortNZ's policy priorities

1. Greater transparency

Unlike sectors such as banking and electricity, New Zealand's grocery sector does not have a mandatory financial disclosure regime requiring routine public reporting of retailer margins or profitability.

Regular disclosure at a sufficiently granular level would strengthen monitoring of the grocery sector by creating a clearer evidence base on profitability, pricing behaviour, category-level performance and changes in supplier and retailer margins.

Our priority

Greater transparency, including mandatory reporting of grocery margins and financial information.

Suggested action

- Amend the Grocery Industry Competition Act 2023 (the Act) to establish the requirement for mandatory financial reporting in accordance with a new financial disclosure standard.

2. Independent oversight and accountability

As the regulatory framework continues to evolve, HortNZ considers it important that grocery-specific issues retain appropriate independent oversight and that there is clear accountability for monitoring market conduct, supplier relationships and the effectiveness of the regulatory regime.

With the future role of the Grocery Commissioner currently uncertain, it is important that effective oversight, accountability and prioritisation of grocery sector regulation is maintained under future regulatory arrangements.

Our priority

Independent grocery oversight, including a Grocery Ombudsman and appropriate Tribunal mechanisms to ensure suppliers have accessible and effective avenues to raise concerns and seek remedies.

Suggested actions

- Establish a specialist Grocery Tribunal to oversee and determine enforcement matters under the Act and the Code.
- Establish an independent Grocery Ombudsman to investigate concerns about regulatory decision-making and the adequacy of enforcement action.

3. Effective enforcement and penalties

A regulatory framework is only effective if participants and the public have confidence that the rules will be enforced and that breaches have meaningful consequences. Although the current legislative framework contains a range of enforcement tools, they appear to be used infrequently and are often treated as a last resort. This risks undermining confidence in the regulatory regime and limiting its ability to influence behaviour and improve outcomes.

Growers also need to be able to raise concerns and access protections without fear of commercial consequences.

Our priority

Effective use of existing enforcement powers, with meaningful consequences for breaches and confidence that non-compliance will be acted on.

Suggested actions

- All breaches of the Grocery Supply Code (the Code) should attract a Tier 1 penalty as opposed to the current graduated enforcement regime.
- Enhance the Commerce Commission's Enforcement Response Guidelines to ensure the Commission makes effective use of the enforcement provisions in the Act.
- Require all breaches of the Code and Act to be publicly reported on.

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