

Grocery Supply Draft Code of Conduct

2023



New Zealand Council Of
Christian Social Services

Tirohanga Whānui | Overview

The New Zealand Council of Christian Social Services (NZCCSS) welcomes the opportunity to provide feedback on the Grocery Supply Draft Code of Conduct

Kaupapa | Purpose

We fundamentally agree with and support the majority of changes made under this Code of Conduct.

Taunakitanga | Recommendations

We raise the following points and recommendations for consideration:

Item One – Shrinkage and Wastage Costs

Grocery suppliers are often charged for either wastage or shrinkage of goods on the shop floor under current arrangements. The draft code duly amends this practice, and requires that these costs must result directly from the actions of the supplier for them to be charged, and that otherwise these costs should lie with the retailer. The draft also explicitly and appropriately addresses instance in which these costs could be required to be covered by the supplier, including in cases of negligence.

Item Two – Funding of Promotions and Business Activities

Grocery suppliers' funding of promotions and the business activities of the retailer is adequately addressed within this draft. Retailers conduct their own business activities, and as these activities take place in the context of their business, they should be expected to pay for them. Both parties stand to gain from a successful promotion, however the requirement of a grocery supplier to pay for the costs of promotion must be fair and agreed to in the Grocery Supply Agreement.

Item Three – Supply to Competitors

Restrictive clauses in Grocery Supply Agreements have previously prevented suppliers from selling to the competitors of some retailers. This has the potential to cause wastage of in season fruits and vegetables, and in can artificially retain high price points for items being sold to consumers. The draft code of conduct robustly prohibits this practice, which will significantly level the playing field and increase competition in the grocery retail sector.

Item Four – Transport and Logistics

Under the revised legislation, suppliers would not be required to utilise prescribed transport and logistics for their goods. This revision is important and recognises that while some logistics arrangements may be mutually beneficial it is important for suppliers to be able to choose the options which best suit their commercial needs. The Draft Code has adequately considered and addressed this issue.

Item Five – Excess Profits

Despite the important impacts that these amendments will have, we are disappointed to note there is no mention of excess profits within this framework. Anti-competitive behaviour within the retail grocery sector has led to massive profits split between only two main competitors. While the measures listed in this draft will reduce the inequity in this area, they will not immediately reduce the disproportionate profits made by Foodstuffs and Woolworths. NZCCSS asks that an excess profits (windfall) tax be applied to grocery retailers.

Ko wai tātou | Who we are

NZCCSS has six foundation members; the Anglican Care Network, Baptist Churches of New Zealand, Catholic Social Services, Presbyterian Support and the Methodist and Salvation Army Churches.

Through this membership, NZCCSS represents over 250 organisations providing a range of social support services across Aotearoa. We believe in working to achieve a just and compassionate society for all, through our commitment to our faith and Te Tiriti o Waitangi. Further details on NZCCSS can be found on our website www.nzccss.org.nz.

Ingoa whakapā | Contact Name

Hamish Jarvie

Nikki Hurst