

Government Policy Statement on Grocery Competition

This statement is issued pursuant to section 10A(1) of the Fast-track Approvals Act 2024.

Purpose

This Government Policy Statement (GPS) outlines the Government's objectives on improving competition in New Zealand's retail grocery sector under the Fast-track Approvals Act 2024 (FTAA).

GPS' are issued by the Minister for Infrastructure for these purposes under the FTAA.

The Government's Aims for Improving Competition in the Retail Grocery Sector

The Government's primary objective is to enable enduring competition in the retail grocery sector at a national or regional scale, to help lower grocery prices and increase consumer choice over the long term. This means supporting the entry and expansion of firms that can challenge the dominance of existing major grocery retailers and offer genuine choice to consumers.

The FTAA supports this objective by streamlining approvals for grocery projects, lowering the barriers to entry, and signalling that New Zealand welcomes new and expanding competitors in the sector.

Focus of Fast-track Support

The Government is interested in fast-tracking projects that:

1. **Reduce market concentration.** Proposals from new entrants or existing players not materially connected to dominant grocery chains.
2. **Enable scalable competition.** Projects that support businesses capable of competing at a regional or national level, including:
 - Limited assortment stores, supercentres, wholesale clubs, or other formats currently underrepresented in New Zealand.
 - Infrastructure such as warehousing, logistics, and online retail support.
3. **Support multi-site or regional expansion.** Proposals involving multiple builds across regions or within a single region that contribute to broader competitive effects.
4. **Provide footholds for new competitors.** One-off developments that help smaller or newer businesses grow and compete more effectively.

Proposals from Regulated Grocery Retailers (RGRs) will only meet the Government's aims in limited circumstances where they demonstrably do not reinforce existing market dominance. This may include:

- Developments in underserved regions, such as areas with very limited grocery choice, high prices, or geographic barriers to entry.
- Infrastructure that materially enables independent retailers or wholesalers to compete more effectively.

Application of this GPS

The Minister must consider the Government's objectives and characteristics listed above when determining whether a grocery project meets the threshold for regional or national significance.

Decision makers should assess whether a proposal is likely to result in competition that challenges the status quo and benefits consumers over the long term. The emphasis is on broader cumulative and enduring impacts on competition, not just short-term or localised benefits.

Applicants should link their proposals to the objectives and characteristics listed above, and focus on long-term benefits at regional or national scale.

Why Grocery Competition Matters

Groceries are a major household expense. New Zealand consumers spent \$27.4 billion on groceries in the year to June 2025 – up from \$26.8 billion (2.3 per cent) the previous year and from \$25.2 billion (7.8 per cent) the year before that.¹ Food is the second largest expense for households after housing. New Zealand has the fifth highest grocery expenditure per capita in the OECD, and our food prices are around three per cent higher than the OECD average.²

New Zealand's grocery sector is highly concentrated, with the major retailers holding over 80% of the market. More competition is needed to lower prices, improve quality, and drive innovation. Fast-track approvals can help by lowering barriers to entry and expansion, making it easier and faster for new competitors to establish themselves.

NEW ZEALAND GAZETTE

HON CHRIS BISHOP, Minister for Infrastructure.

Endnotes

1. Statistics New Zealand 'Retail trade survey: June 2025 quarter'.
2. New Zealand Commerce Commission Annual Grocery Report 2024.

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