



COVERSHEET

Minister	Hon Dr Duncan Webb	Portfolio	Commerce and Consumer Affairs
Title of Cabinet paper	Provisional supermarket divestment cost benefit analysis and proposed next steps	Date to be published	13 July 2023

List of documents that have been proactively released		
Date	Title	Author
December 2022	Provisional supermarket divestment cost benefit analysis and proposed next steps	Office of the Minister of Commerce and Consumer Affairs
7 December 2022	Appendix 1: Supermarket divestment options and cost benefit analysis	Coriolis, Sense Partners, Cognitus
7 December 2022	Appendix 2: Comparison of costs of divestment with Commerce Commission estimates of supermarkets' excess profits	Sense Partners
7 December 2022	DEV-22-MIN-0305: Provisional Supermarket Divestment Cost Benefit Analysis and Proposed Next Steps	Cabinet Office
June 2023	Proposed approach to work on divestment in the retail grocery sector	Office of the Minister of Commerce and Consumer Affairs
12 June 2023	CAB-23-MIN-0231: Work on Divestment in the Retail Grocery Sector: Proposed Approach	Cabinet Office

Information redacted

YES

Any information redacted in this document is redacted in accordance with MBIE's policy on Proactive Release and is labelled with the reason for redaction. This may include information that would be redacted if this information was requested under Official Information Act 1982. Where this is the case, the reasons for withholding information are listed below. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Some information has been withheld for the reasons of being legally privileged, free and frank advice, confidential advice to Government and to preserve international relations of the Government of New Zealand.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Work on Divestment in the Retail Grocery Sector: Proposed Approach

Portfolio **Commerce and Consumer Affairs**

On 12 June 2023, following reference from the Cabinet Economic Development Committee (DEV), Cabinet:

- 1 **noted** that in December 2022, DEV:
 - 1.1 noted the provisional cost benefit analysis on retail divestment, which indicated that competition benefits are possible, but that divestment comes with significant uncertainties, risks, and limitations;
 - 1.2 invited the Minister of Commerce and Consumer Affairs to provide further information on the scope and cost of further policy work on divestment and facilitated entry for new competitors into the retail grocery sector;

[DEV-22-MIN-0305]
- 2 **noted** that these interventions come with a number of costs, risks and uncertainties, which in the case of divestment could be significant;
- 3 **noted** that there are a number of current interventions in the grocery sector that are subject to active engagement and monitoring in the industry, including:
 - 3.1 the freeing up of approximately 100 locations previously subject to anti-competitive covenants;
 - 3.2 the Grocery Industry Competition Bill;
 - 3.3 the appointment of the Grocery Commissioner;
 - 3.4 the Grocery Supply Code of Conduct;
 - 3.5 unit pricing in the grocery sector;
- 4 **agreed** that the next period should focus on actively monitoring the impact of the current grocery reforms, and holding divestment and facilitated entry in reserve;

5 **noted** that, in the meantime, the Minister of Commerce and Consumer Affairs has signalled to grocery retailers that he expects them to engage cooperatively with the current reforms.

Rachel Hayward
Secretary of the Cabinet