

Winstone Wallboards to adjust pricing model and remove retroactive rebates

Tuesday 06 December 2022

Fletcher Building notes that the Commerce Commission will release its Final Report into the Building Products Market Study today. We also note that the Commission has previously expressed views about the continued use of certain types of rebates. We have been advised that the Commission has opened another investigation into the use of tiered retroactive rebates by Winstone Wallboards.

These rebates are essentially a volume incentive, where a customer receives a better rebate, measured over all their purchases if they buy pre-agreed volumes of a product over a period of time. They are very common, not just across the building supplies industry but other parts of the economy as well. As we said in our submission, rebates are simply one aspect of competing.

Winstone Wallboards was the subject of some focus in the Market Study, including the nature and impact of its rebates. Merchants told the Commission that their commercial decisions are not materially influenced by rebates. We also note that the Commission has previously investigated Winstone Wallboards on this topic, concluding that there was no issue.

We are therefore surprised by the Commission's conclusion that it needs a third investigation to collect information about Winstone Wallboards and its rebates. We note the Commission has made no adverse comment about Winstone Wallboards - just that it needs more time to collect more information.

Winstone Wallboards is New Zealand's only domestic manufacturer of plasterboard and has been proudly serving customers since 1927. Our new \$400 million production facility, due to start operations in May 2023, will ensure Winstone Wallboards is ideally placed to meet New Zealand's future demand for all types of plasterboard to the highest quality, range and service. We are confident that our customers choose our products because of their quality and range, along with the service we provide.

That said, given its position in the market, Winstone Wallboards is showing leadership and has taken time over the past several months to consider the Commission's preference that it not use quantity rewarding rebates. Consequently, Winstone Wallboards has already informed its merchant customers that it will discontinue use of that type of rebate and will move to a tailored, flat pricing model based on volume.

Finally, we will review the rest of the Commission's Final Report in due course.

Ends

For further information please contact:

Christian May
GM Group Corporate Affairs
+64 21 305 398
Christian.May@fbu.com