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The Commerce Commission Market studies Group

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RE: Retail Grocery Market Study

BY EMAIL

Tena Koutou,

Please find attached a submission on behalf of Ngati Porou Holdings Company Limited to the Commerce Commission's (CC) findings of the duopoly of supermarket chains in Aotearoa New Zealand and the intended direction.

Ngati Porou Holdings Company Limited (NPHCL) is the commercial arm of Te Runanganui o Ngati Porou who is a Treaty of Waitangi partner. NPHCL is charitable by nature given all profits are distributed to the Runanga who in turn advocate for the Health, Social, Cultural and Environmental wellbeing of the 90,000 strong Ngati Porou tribe.

The role of NPHCL is to advocate on behalf of Ngati Porou whanau.

Our submission firstly provides a history to the Ngati Porou economy and the economic downturn of the East Coast. We then speak to the grocery retail market study findings, the dialogue to date and our perspective on these before concluding with recommendations.

Importantly the economic viability of Ngati Porou East Coast whanau is related to government policy and in this case the CC. We submit that the impact of the lack of appropriate competition in the retail grocery market has resulted in significant food affordability and food access issues for Ngati Porou and Maori generally. The impact of the lack of appropriate competition in the retail grocery market has resulted in significant economic viability and market access issues for Ngati Porou and Maori producers and suppliers.

This lack of competition, innovation and equality has directly affected the wellbeing of Ngati Porou whanau and Maori.

We submit that the commerce Commission consider an Aotearoa Maori led grocery retail market channel inclusive of infrastructure, distribution and supply chains to improve supplier resilience and consumer choice.

We look forward to your response and are happy to speak to our submission a tinana, in person.

Nga Mihi,

A handwritten signature in blue ink, appearing to read "Shayne Walker".

Shayne Walker
Chief Executive Officer
Ngati Porou Holding Company

'Ko te mahi nei he mahi kai, pera hoki i etahi atu mahi kai. He tau ka hua te kai, he tau ka he. Kaati mahia.'

'This is only another phase of the old problem of providing food. In the cultivation of the kumara you have lean years and fat years. I say, therefore, go ahead and make this new food.'

1. 'Ngati Porou Economy Background'¹

Ngati Porou is an autonomous iwi. There is documented **history in Trade** starting from the early 1800's. The traditional Ngati Porou economy was extensive, providing not only the necessities for day-to-day survival but including a **wide-ranging trading network** with other iwi.

Our economy was based on our own mātauranga (knowledge) incorporating the natural patterns of the whenua and moana as well as our own values. Trade, both internally between whanau and hapu and externally with other iwi was based on our own understandings including utu, or reciprocity. Under this system trade was more than just the exchange of goods, it created binding relationships between the various groups involved.

Kai was a key part of the economy. Ngati Porou food cultivations were large and complex, able to provide for a large population. In the Waiapu and at Uawa for example there were **large kumara plantations** that could provide kai for thousands of people.

Fishing was also a substantial operation. Waka would take out huge kaharoa (seine nets), that measured up to nine metres in depth and up to two kilometres in length and could catch hundreds of fish at a time. This was a highly technical operation **requiring great leadership and technology** to make such an operation successful. The fishing would be done in set fishing grounds based on age-old knowledge. All of this activity was based on our own Mātauranga (knowledge) and practicing our own tikanga.

1830's - Ngati Porou embraced the arrival of Pakeha trade enthusiastically. From the early explorers through to whalers and sealers, we rapidly reshaped our economy to meet the demand for trade. Hapu migrated to the sea to be nearer to the trade source, and by the 1830s many hapu were involved in the roaring flax trade out of Sydney. The stripped flax fibre was turned into rope and was even resold on to Britain. In the early 1830s Te Whanau-a-Ruataupare moved to Uawa for a few years to join Te Aitanga-a-Hauiti in the **production of flax fibre**. This flax was often traded for weapons, especially in the wake of the devastating Ngapuhi raids of the previous decade.

1850 - New agricultural economy started, producing new foods to sell to new markets. This was given a massive boost by the discovery of gold in Victoria, Australia in the early 1850s which meant a huge

¹ <https://ngatiporou.com/nati-story/our-korero/whairawa-economy>

increase in population that needed more kai than they could produce. The growing city of Auckland also created a huge demand for kai that many iwi were eager to supply.

1870- By the 1870s the **wheat industry** had all but ended and Ngati Porou moved into wool. Like other industries, wool was dependent on outside factors. After a large initial investment almost all of the estimated 27,000 sheep were destroyed due to an outbreak of scab. In the Tairāwhiti region Wi Pere and Rapata Wahawaha were the only Māori with large flocks of over 1000 sheep. The industry was dominated by several large Pakeha farmers who looked to Ngati Porou as cheap labour on their farms. We did gain experience in farming, but still lacked the capital and expertise to compete fully. The Ngati Porou wool trade would not fully flourish until the leadership of Ta (Sir) Apirana Ngata in the early twentieth century.

1880- 1911 the **Tokomaru Bay Freezing Company Ltd** opened the works at Waima, with Ta Apirana as one of the founding shareholders. The works quickly became one of the biggest in the country.

1900- 1912 the **Waiapu Farmers Trading Co-operative** was launched, with shareholders from leading Ngati Porou whanau. The 'Farmers' aimed for **Ngati Porou farming** to be more efficient and self-reliant, providing both equipment and acting as a source of credit for Ngati Porou farmers. In this way Ngati Porou farming was not solely reliant on outside suppliers or sources of funding, and profits went back into the local hapu. Eventually stores were opened at Te Araroa, Tikitiki, Waiomatatini, and Ruatorea.

1925- The **Ngati Porou Dairy Company** was established in Ruatorea. This meant that farmers could **process their product locally** and the finished product was then 'exported' across the country. The **factory output grew quickly, from 60 tonnes of butter in 1925-26 through to 460 tonnes by 1931-32**. Alongside the 'Farmers' Ngati Porou had **established an integrated scheme of financing, production and marketing**, maximising returns back to the iwi and having more control over the market. The Development Schemes suffered a setback when Ta Apirana was persecuted by Pakeha political opponents and the media and resigned in 1934. The schemes and the dairying provided many whanau with surpluses which were often invested into education. World War Two 1939 – 1945 had a significant impact on Ngati Porou through the active enlistment of men to form the 28th Maori Battalion. The sacrifice for god, for king and for country had a significant effect on the economy of Ngati Porou. The global and national economy had to respond and the Dairy factory closed in 1954. This was also due to a lack of state investment in infrastructure on the Coast, including poor roading.

2021 – To this day the East Coast Region has struggled economically since the loss of people, schools, businesses. There are no iwi owned co-op suppliers in Tairāwhiti.

2. Market Study Findings

This section builds on the dialogue in the transcripts and the points in the study findings.

2a. Competition Issues - The implications / effects of non-competitive trading

The effect on our whanau for having a single supplier on the East Coast limits not only access to food, but the ability to comparatively shop which has a direct impact on the health and wellbeing of whanau.

Covid lockdown created a compromise between public health versus economy. Social distancing, staying in your own household 'bubble'. This impacted the already isolated communities of the East

Coast. Income was reduced as whanau who work in the industries available on the East Coast were not able to work due to the lockdown rules.

Food supply in the Tairāwhiti is dominated by a 'Duopoly supply chain' albeit both Foodstuffs and Woolworths NZ have stores that operate in the region, the majority are suppliers of Foodstuffs. *(18 independent dairies operate within the Gisborne city limits.)*

Woolworths NZ have 'Click and Collect' Options available from their newly built Countdown Store, delivery to rural areas is limited to the immediate area of Gisborne, including Te Karaka and south to Mahia and Wairoa.

Foodstuffs Food stores in the region do not provide either option, however during lockdown Liquorland were providing home delivery options with a post to Facebook in August 2020 showing the high number of orders packed for the Kaiti area of Gisborne.

In a low median income region, the issues of the lack of competition and increased food prices exasperate the disparity and living standards for Ngāti Porou whanau.

²Individual statistical areas

Name	Population	Households	Median Age	Median income
Kaiti North	2,178	738	40.9 years	\$29,300[4]
Kaiti South	3,060	948	30.3 years	\$22,400[5]
Outer Kaiti	2,565	711	25.9 years	\$19,700[6]
New Zealand			37.4 years	\$31,800

The East Coast north of Gisborne is the heartland of Ngāti Porou whanau. These whanau are faced with further issues as Food Stuffs have a monopoly on the east coast with Four Square outlets in Tokomaru Bay, Ruatoria and Te Araroa. This geographically is a three-hour drive or a 240-kilometre trip to access affordable food in Gisborne.

A cost comparison below for what Ngāti Porou whanau are having to cope with highlights the rural, isolated, reduced median income (\$19.7k) where whanau struggle to afford kai on the east coast.

² (https://en.wikipedia.org/wiki/Kaiti,_New_Zealand)

Ruatoria Foodmarket		Pak n Save Gisborne		Countdown Gisborne (Online)	
Butter*	\$5.59	Butter	\$4.99	Butter	\$5.60
2 Litre Milk	\$4.10	2 Litre Milk	\$3.69	2 Litre Milk	\$3.70
Bread	\$3.09	Bread	\$3.09	Bread*	\$3.60
12 Eggs	\$8.95	12 Eggs	\$6.99	12 Eggs	\$6.90
Oranges	\$3.99	Oranges	\$3.99	Oranges	\$4.50
Silverbeet	\$5.69	Silverbeet	\$5.69	Silverbeet	\$4.79

- ***Indicates item discounted**
- **Countdown Online Store 23/11/2021**

A consistent point in the transcripts is that of online shopping. The reality for a majority of Ngati Porou whanau is that not everyone has access to online options due to not having internet access. Certainly, there is no online delivery option to the east coast community.

Infrastructure and the related logistics were also highlighted by participants as key issues effecting the lack of competition. For those of us in isolated regions such as the east coast, the infrastructure is critical, as a kanohi ki te kanohi people, Ngati Porou still prefer the face to face engagement and the ability to see your kai and products before purchasing.

2b. Suppliers

Ngati Porou have experienced the supplier management of large retail grocery chains of Foodstuffs and Progressives through our own foods products. With the narrow margins, increasing costs and expectations of promotions we withdrew our products from the supermarket channels.

Given Maori are significant fish quota owners in Aotearoa we also highlight the recent decision of Foodstuffs to remove a large number of Sealords products. This is an example of where³ the duopoly has too greater influence on the wellbeing of Maori by reducing the ability to run viable businesses.

As per the historic account in this submission, Ngati Porou and Maori have always been kai producers and traders in welcoming the arrival of European partnership. In the current duopoly of retail grocery, these traditional capabilities have too many barriers to enable supplier's contribution to the wellbeing of the whanau and the community through sustained employment.

3. Retail Grocery and Community outcomes

Ngati Porou Holding Company exists to contribute to the economic, social, cultural and environmental wellbeing of our whanau. We develop our commercially viable businesses so as to provide sustainable

³ <https://www.stuff.co.nz/business/126786418/sealord-signs-final-deal-with-foodstuffs-north-island>

employment for whanau. Where able we look for vertically integrated systems to create interdependency and collective success.

E Hara taku toa he toa takitahi, engari ko taku toa he toa takitini

My success is not that of my own but of many

Ngati Porou and Maori have always held the collective impact at heart before it became a recent global trend. We have been impact investors from the outset driven by our values of wellbeing, caring for our environment and an obligation to serve our people.

The consideration of a Maori led retail grocery chain is one that will allow for regional participation and leadership from a Hapu and Iwi perspective. Ngati Porou is interested as we would be invested in our community outcomes and suggest a leadership role in such structure in our own rohe and nationally. Ngati Porou could provide further balanced competition.

A collectivised centre with investment into infrastructure, distribution, logistics and supply chains will not be lost on Maori as we had these in place pre-european arrival.

⁴Maori own significant primary industry assets. The opportunity to create a fairer supply and distribution chain that ensures that our whanau kai mahi are also cared for of which is now also important to the consumer.

Maori have always acknowledged that what works well for maori, works well for everyone. At this juncture in the evolution of Aotearoa, we have an opportunity to ensure that consumers and suppliers are treated respectfully and provided with equally opportunity to access affordable grocery and a supply chain that treats suppliers fairly and with respect.

4. Recommendation

That the commerce Commission consider an Aotearoa Maori led grocery retail market channel inclusive of infrastructure, distribution and supply chains to improve supplier resilience and consumer choice.

PROPORTION OF NEW ZEALAND ASSET CLASSES OWNED BY MĀORI



⁴ Chapman Tripp, TE AO MĀORI – TRENDS AND INSIGHTS PIPIRI 2017