

RESPONSE TO COMMERCE COMMISSION HUI ON THE RETAIL GROCERY MARKET STUDY

Tēnei te mihi nui ki ngā kaikōrero, mō rātou whakaaro, moemoea, wawata. Tēnei te mihi ki a koutou katoa, mo to koutou tautoko. He mihi tino nui ki a Commerce Commission mo tō rātou tautoko me pukengatanga o tēnei mahi whakahirahira.

(Our huge thanks to the contributors, for their thoughts, dreams, aspirations. Thanks to all of you who have participated. A huge thank you to the Commerce Commission for their support and expertise on this important work.)

Thank you for inviting us to provide further feedback following the hui on the retail grocery market study on 1 December.

This further feedback is provided on behalf of the [Foodstuffs North Island](#) (FSNI) representatives at the hui:

- Jason Witehira, owner of Pak'nSave Albany and FSNI board member, as well as former chair of Ngāpuhi Asset Holding Company and former Moana New Zealand board member and Trustee, Kotahi Rau Pukapuka, 2015 Maori Businessman of the Year, Key note speaker Federation of Maori Authority (2013), Stanford University School of Business 2015,
- Eric Rush, owner of New World Regent in Whangārei, and
- Eddie Poka, Group Transport Manager for FSNI.

We support FSNI's response to the Commerce Commission's retail grocery market study (see our final submission of 3 December).

We would like to make four points of further feedback.

1. In our view, the high-level summary of the discussions at the hui, which was set out in an email from Adrienne Meikle, chief executive of the Commerce Commission, was not accurate in a number of respects. For example:
 - a. we do not agree that there was broad support for the Commission's draft recommendations at the hui. We ourselves do not support a number of the Commission's recommendations such as forced divestment of retail stores, and we believe a number of participants in the hui also did not support many of the recommendations, however we are happy to discuss if you wish. In our view, it is not accurate to say there was broad support for the Commission's draft recommendations at the hui,
 - b. the summary mentions the issue of access to groceries, for Māori in rural areas, and links this to high transport costs. But during the hui, we (specifically, Eddie Poka) explained FSNI's cross-subsidisation policy, which means that higher transport costs do not impact prices at FSNI stores. For example, Pams Flour has the same cost price for the Tolaga Bay Four Square as the FSNI supermarket in Victoria Park, Auckland. Eddie also talked about our work on "back-loading" (re-loading FSNI trucks for the return journey rather than let them travel back empty) for people in rural areas, to help reduce the impact of high transport costs overall. The other point Eddie spoke to was costs we do not control, such as the Fuel Adjustment Factor (FAF), which is the highest we have seen in many years. Again, the cost of fuel is counteracted by the FSNI service model and cross-subsidisation, which mitigates the impact on any rural communities. Foodstuffs has the most representation and consistency of service of grocery retailers in rural

areas, and we take our responsibility to serve those areas very seriously. In particular, we cover all of our Members' needs regardless of volume to ensure service to the regions. For example, some Members only require small volumes, which often do not fill our vehicles. Equally, other Members require large volumes, which can in turn require new vehicles to be added to FSNI's fleet. This is not reflected in the summary, and

- c. we recall that "keep the kai in New Zealand" was a theme at the hui which is not mentioned in the summary. An important point associated with this theme, which we spoke about, was that in many instances the prices FSNI pays for local products are a result of us having to compete with export markets for those products.
2. We welcome the Commission's engagement with Māori – we agree it is an important and valuable step to take. In our view, the engagement has occurred late in the process (after the draft report, submissions, conference and cross-submissions), and seems to have been rushed. While we are pleased it has occurred, these features have compromised what the engagement can achieve. For example, a number of people with important perspectives did not know about the hui, did not have the chance to participate and did have questions. We can also discuss the names and details with you.
3. We appreciate the Commission wishes to listen to a range of views, which is reflected in the summary and we commend the Commission for that. It is important to acknowledge that many of the issues raised at the hui, and in the summary, are not relevant to the terms of reference of the retail grocery market study, or to the Commission's role more broadly. For example:

A common theme we heard from you was that Māori should play a larger role in the retail part of the grocery sector and that the introduction of a Māori-owned/operated grocery retailer would benefit all New Zealanders. There were a range of views on how this could happen, such as a Māori-led retail grocery chain with regional participation and leadership from iwi and hapū and/or capital investment by iwi or other Māori entities. There were also a wide range of benefits noted, including that it would drive better outcomes for Māori-owned suppliers, stimulate Māori SME growth, support innovation, provide better employment opportunities for Māori, better health outcomes, and improve environmental outcomes.

We support Māori playing a larger role in the retail part of the grocery sector – we ourselves have rewarding careers in the industry and FSNI has a high degree of Māori involvement (we can provide more information if needed). But the Commission is charged (only) with studying factors that may affect competition for the supply or acquisition of groceries by retailers in New Zealand. Any recommendations would therefore focus (only) on ways to improve competition outcomes in those areas. It is not the mandate of the market study to promote Māori participation in retail grocery markets more generally.

4. Although not strictly relevant to the study, we also disagree with the statement in the Commission's summary that:

...while the major grocery retailers are significant beneficiaries of Māori products... their policies do not necessarily support or provide specific opportunities to Māori producers or suppliers" and "the current structure of the retail grocery market is not always conducive to, or supportive of, Māori aspirations as retailers, producers and suppliers.

FSNI is committed to supporting and providing opportunities to Māori as retailers, producers and suppliers. For example, FSNI:

- has more rural/regional stores than any other grocery retailer,

- has a high % of Iwi workforce,
- has a high % of Maori ownership,
- has a commitment to Te Reo,
- has social supermarkets,
- supports Māori suppliers. Examples of Māori suppliers stocked at FSNI supermarkets include BDÉT personal care products,¹ Bells Produce and Miro Berries,
- does not charge more for regional freight, and
- has multi-cultural programmes.

We (Jason) also explained that FSNI supports many Māori social initiatives in the community. To name them across FSNI and the individual stores would be too vast, but examples include:

- Kotahi Rau Pukapuka – Hare Potter – expanding the language,
- Eat My Lunch, Hoani Waititi Marae, and
- Maori Sportsman of the Year.

We would be pleased to answer any questions you may have about our feedback.

Me te whakaaro nui

Jason Witehira
Ngāpuhi
PAK, nSAVE Albany and Director of FSNI

¹ BDÉT products are stocked at a range of New World stores across the North Island: <https://www.b-det.com/where-sold>. BDÉT's founder, Billie Jo Hohepa-Ropiha participated in the hui.