

## **Private and Confidential**

### **Market Study Grocery Retail Submission: Clarification**

**26<sup>th</sup> August 2021**

Author: Tim Carter

#### **Introduction and purpose**

The purpose of this submission is to provide context and a correction to any part of the Food and Grocery Council (FGC) submission that refers specifically to an email I received from the Chief Executive of Foodstuffs North Island in my capacity as a Food and Grocery Council (FGC) board member (Appendix One).

This email was used by the FGC to support a position the Chair and CEO have regarding retailers, and specifically Foodstuffs North Island, and its Chief Executive Chris Quin. Their position is that retailers are putting undue pressure on the FGC to stop calling out retailers for poor behaviour via social and mainstream media. This email was used without my knowledge or permission, and without the correct context. This submission corrects and clarifies my view.

As a supplier member, and past FGC board member this action, undertaken by the FGC CEO Katherine Rich, and ultimately Chair Mike Pretty, to take my views out of context to support their own narrative is extremely disappointing, misleading and goes against the core values of myself, and what I thought were, the values of the FGC.

#### **Background**

I have been a supplier member of the FGC for close to 20 years. I was appointed to the Board of the FGC in 2019 and served a two-year term before resigning in April 2021. As part of my duties as a Board member I also Chaired the Industry Relations Working Group. The working groups core purpose was to work with the New Zealand Retailers on key industry opportunities and issues that would work towards improving our industry for both parties. Within the working group there were four sub committees working directly with all three retailers as well as a Supply Chain Group that is made up of both suppliers and retailers. Engagement within the groups included joint projects ranging from working on how to improve the category review process, agree an industry / customer credit process that would result in saving time, resource and money, ensuring we have consistent supply chain standards to drive efficiency throughout the value chain, through to daily calls during COVID-19 lockdown to ensure we are working together to meet consumer demand and put stock on shelves while keeping our people safe.

During my term as Chair of this group Foodstuffs North Island embarked on a change in strategy, which was focussed on a data driven, customer led approach. It was a significant change in the commercial model and way of operating for Foodstuffs North Island and how they worked commercially with suppliers. The Foodstuffs North Island working group (which I personally sat on) were used as a supplier advisory group for the change where they would highlight the issues they could see for suppliers and how it may impact suppliers. The group also acted as a voice for suppliers during the change taking key issues to Foodstuffs North Island for resolution.

This change in strategy was met with mixed views by suppliers and key issues were raised with Katherine Rich (CEO of the FGC) and / or the working group. As mentioned, the working group would take these issues to Foodstuffs North Island for resolution, while concurrently Katherine Rich started to use social media to publicly call out Foodstuffs (and sometimes all retailers) on issues that

supplier members had raised. With the introduction of the Commerce Commission Market Study, as well as the Foodstuffs North Island commercial model change, the frequency of these posts increased and became individualised specific to retailers and people.

Although these posts were discussed across multiple retailers within the working group engagements, I can say in my dealings both as an FGC board member and a supplier at no point, have I been asked to, or had pressure put on me, to tell Katherine Rich to stop these social media or mainstream posts / articles.

### **Correction**

After an email from Chris Quin to myself (Appendix 1) was leaked to the media and subsequently shared on social media falsely implying that the retailer was putting pressure on the FGC to “be quiet” I spoke directly to the Chair of the FGC Mike Pretty about how this could have happened. The email (Appendix 1) was between myself and Chris Quin, the only other person I shared the email with was Mike Pretty. It is clear that neither, Chris Quin nor myself leaked the email. During this conversation, Mike Pretty confirmed that he had shared the email with Katherine Rich, and it was used as part of the FGC submission to the Commerce Commission. I subsequently learnt that this email was shared with Hexus Quadrant (via Katherine Rich) who in turn leaked it to a Stuff Reporter, while Hexus Quadrant also posted it on social media – again using it out of context. I was also surprised to see Katherine Rich respond to this social media post saying this was the first time she had seen this post given it was part of her submission.

For absolute clarity, this email should not be used as submission evidence because it has not been done so with all my permission and it have been taken out of context and is therefore inaccurate. At no point did the CEO of Foodstuffs North Island, or any other retailer (specifically Foodstuffs South Island or Countdown), directly ask me in the capacity of my role as Chair of the Industry Relations working group acting on behalf of the FGC to stop publicly calling out Foodstuffs North Island for poor behaviour. The only people who did ask the CEO Katherine Rich to stop her tactics of publicly calling out our retail partners were FGC Board members and supplier members. The basis for that request was twofold:

1. A significant number of suppliers were supportive of the changes Foodstuffs North Island were making whereby the new model levelled the playing field regarding larger supplier companies who had historically used their scale to block true competition from small to medium suppliers.
2. The principle of “Good Faith” was core to the NZ Food Industry being able to constructively navigate and engage on matters of material change – positive or negative. Quite simply communicating via media without first engaging directly was anathema to that principle.

Prior to the email to myself from the CEO of Foodstuffs North Island there was an FGC board meeting where some board members (including myself) had raised the issue that the public calling out of our retailer partners (specifically Foodstuffs North Island) and individuals (Chris Quin) was not appropriate and was not the best course of action to achieve the FGC industry goal (as communicated by our members) to gain an industry code of conduct. At the commencement of the discussion, it was agreed that Katherine Rich would not continue down this line of engagement, and it was suggested that Mike Pretty have a face-to-face discussions with Katherine Rich about this and outline the Board’s view.

As part of the Industry Relations Working Group engagement with all three retailers this agreed new approach was proactively communicated. So, when only a few days after communicating this new

approach there were further social media posts and mainstream media articles calling out Foodstuffs North Island, I received an email from Chris Quin with the sentence “is this your CEO stopping”. This email was in direct response to what the Industry Relations group had communicated to our retail partners. As mentioned, this email was then shared with the Chair asking him how he would like me to respond, knowing that we had an agreed FGC Board position that the CEO had ignored.

To then have the Chair and CEO of the FGC use this one email knowingly out of context to support the FGC submission is disappointing, unethical, and unfortunately calls into question their credibility.

The reason I resigned from the Board of the FGC was that I was not comfortable with the tactics that were being employed by the CEO to achieve the goals of some members and the lack of leadership and desire to govern responsibly from the Board. This decision now feels justified when considering what has occurred.

### Summary

In summary I want to make it clear that at no point has any retailer, and in particular Foodstuffs North Island, and its CEO Chris Quin, ever asked for or put direct or indirect pressure on myself (in the capacity of an FGC board member) to get Katherine Rich to stop publicly calling out the retailer for poor behaviour.

The email I received from Chris Quin was a direct response from the FGC Industry Relations Working Group communicating that the FGC CEO would not be engaging via social media posts as agreed at a FGC board meeting where the only people asking her to stop were board members (and supplier members).

In summary, as stated above, the fact that this email has been deliberately used out of context to support the FGC Market Study submission is unethical and calls into question the Chair and CEO’s credibility.

I am happy to discuss this matter in more depth should you wish to.

Tim Carter

### Appendix One:

FW: Mediaportal Alert - Foodstuffs



Chris Quin <Chris.Quin@foodstuffs.co.nz>  
To: Tim Carter



Tue 24/11/2020 7:36 AM

You forwarded this message on 27/11/2020 11:01 AM.  
Click here to download pictures. To help protect your privacy, Outlook prevented automatic download of some pictures in this message.

So this is “CEO has been asked to stop”

I have heard nothing back from Mike, is there any point in chasing or we just assume this is continuing and we plan for that?

Chris Quin  
Chief Executive Officer

