

## NORTHELIA NZ

### Submission on Merger of Foodstuffs North and South Island

Northelia submitted during the 2021 ComCom Market Study, it was the only submitter who discussed, what it would take to create price competition in NZ on a like for like basis.

Northelia is Greenfields institutional startup company which has researched and modelled the NZ supermarket industry and built a plan to create price competition. - This was submitted in 2021 & answered the following questions ,

- What does a 3<sup>rd</sup> operator need to be able to deliver price, nutrition & Sustainability competition for NZ consumers?
- What were the basic requirements of Northelia of the regulator to facilitate competition?

**Northelia' s questions in 2024 are ,**

- How does this merger application, were it to be approved make it harder for a 3<sup>rd</sup> operator to commence?
- What are the major issues of the “ 3<sup>rd</sup> operator like for like operator model “ that the commission should have front of mind for any merger decision they should make .

We urge the Commission to re-read the Northelia 2021 submission to the grocery market study – part titled “ what it would take to create a 3<sup>rd</sup> supermarket operator which ignites price competition in NZ “

**WE urge the Commission to refuse/ allow this application for merger based on the following evidence.**

- 1) **REFUSE** - It will increase the cost of capital for a new 3<sup>rd</sup> supermarket operator.
- 2) **REFUSE** - It increases the barrier to entry of building like for like DC infrastructure and populate it with scale to make it financially sustainable.
- 3) **REFUSE** -it further perpetuates own Brands scale and value chain theft from NZ suppliers.
- 4) **REFUSE** – It fractures marginal suppliers’ opportunities in NZ
- 5) **REFUSE** - Camouflages the real intention of Foodstuffs capital management plan to exit PNS owners.
- 6) **ALLOW** - **Publish on what conditions of PASSTHROUGH BY MARKET FORCES ( i.e. the scale of retail divestment required ) is required to allow the merger** – Ie Northelia thinks the merger should take place – On the basis that 120 stores and 1 DC are are divested to a 3<sup>rd</sup> operator and that Woolworths can be persuaded to sell 120 stores and buy 32 stores ( from Foodstuffs )

For and behalf of the board of Northelia

T Edwards Feb 2024