

Open Letter from North Island Grocers

Dear Prime Minister and Minister Willis,

National is proposing to break up our Foodstuffs co-op, while telling us it won't impact our businesses, and promising customers that it will make groceries cheaper. That doesn't add up.

We're 320+ local families who own and run our own supermarkets. We live in the same towns and neighbourhoods as our customers. One family, one store. Together, we own the Foodstuffs co-op – the engine room that gets groceries on our shelves and helps us compete hard with each other and many other competitors for every customer dollar.

The co-op isn't some separate corporate head office. It's our heart, our lifeblood, our backbone.

Local grocers formed this co-op in 1922, so they could buy together to keep prices down. Our co-op still does that, giving us the scale we need, the buying power with big international suppliers, the ability to support and grow new suppliers, the warehouses, the trucks, the IT systems, marketing and the people that help us get groceries onto shelves and deliver value.

You can't say you're backing local grocers while taking out the engine that drives our stores. The co-op is how we serve our customers and communities. Along the way, it's helped thousands of young people get their first job, build careers and trained all of us to run our own stores.

Customers should rightly ask how duplicating all our warehousing and support costs will lower prices. It simply won't.

The analysis behind your own proposal says regional prices could rise. That's hard to square with claims this will benefit customers. More than 119 of us serve towns and communities with fewer than 5,000 people. The Foodstuffs co-op model helps ensure smaller communities, like Ōtaki, Tūrangi, Wairoa, Kaikohe and Taumarunui, aren't left paying more because they're further from a distribution centre.

We hear you talk about Foodstuffs like it's a simple corporate structure. That's wrong. We are the co-op – small and medium business owners who take on debt and risks to build good local businesses. The value of our biggest asset, our store, is completely tied to the value of the co-op.

We all want groceries to be more affordable. The way to do that is to have strong local operators, competing hard against the international corporates.

This proposal puts our proudly locally-owned business model at risk. No matter how you spin it, this is about as far from a 'business friendly' policy as the National Party could get.

You say the stakes are very high and we agree. We are gutted because, as grocers, we know your policy won't work – all the risk in this forced break-up sits with us, our customers and communities. We're now lying awake at night wondering if we can afford to invest in our stores and our co-op's infrastructure while this uncertainty hangs over us.

If you are serious about keeping prices down at the checkout, you should be backing Kiwi-owned businesses and the Foodstuffs co-op we built together, not pulling it apart.

PAK'nSAVE owner operators

New World owner operators

Four Square owner operators

Gilmours owner operators

North Island/Te Ika-a-Māui

