

THE FEDERATION HEADQUARTERS OF THE FOODSTUFFS ORGANISATION  
**FOODSTUFFS (N.Z.) LTD.**

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1 May 2009

04 MAY 2009

Hon Lianne Dalziel MP  
Labour Party Spokesperson Justice  
Parliament Buildings  
Private Bag 18888  
WELLINGTON 6160

Dear Lianne

**Foodstuffs Alcohol Policy**

I am writing to advise that Foodstuffs has recently adopted a new alcohol policy recognising our responsibilities as a major alcohol retailer, our wholehearted support for the responsible consumption of alcohol in our communities, and public attitude to the deep discounting of liquor.

In line with this new policy Foodstuffs **will not be selling alcohol products below cost**, apart from the clearance of small quantities of obsolete or short dated stock (close to date expiry) that would otherwise be unsalable. Selling products below cost is often referred to as "loss leading" in the industry and is used as a promotion tool to attract customers.

You may have seen in the media recently that our South Island Chief Executive, Steve Anderson, said our policy was under review. This statement was made in connection with your comments relating to Justice and Electoral Select Committee submissions. This review has taken some time to complete. The review took into consideration Judge Unwin's discussion on loss leading in the December decision from the Liquor Licensing Authority (PH1789/2008 Henry's Halswell) which sends a clear signal about the Authority's view of this practice.

The change in policy applies to all our franchisees selling alcohol operating under the brands: New World, PAK'nSAVE, Four Square, Write Price, Duffy & Finn, Henry's Beer Wine and Spirits, and Liquorland.

Our Alcohol Policy is completely integrated with our operational practices and also includes:

- All store operators, duty managers, checkout supervisors, and checkout operators, receiving specialist training to enable them to fulfill their legal obligations in regard to the sale of alcohol.

- Point of sale systems prompt the checkout operator to verify the age of the purchaser when an alcohol product is scanned.
- Our “Under 25: ID required” policy requires employees to ask anyone who looks under the age of 25 for proof of their age.
- Inexperienced checkout operators are required to have a supervisor provide clearance for every alcohol transaction. This policy is controlled by technology i.e. the cash register stops and can only be reactivated by an authorised supervisor.
- We proactively operate compliance monitoring through our “Mystery Shopper” programmes to independently check stores’ compliance with policy.

You are most welcome to come to one of our stores and view the policy in operation. This is best arranged with my office where a convenient location and time can be organised. My email is [melissa.hodd@foodstuffs.nz](mailto:melissa.hodd@foodstuffs.nz) and contact number 471 4810. Alternatively, I would be happy to meet with you at Parliament should you wish to discuss any aspect of our liquor retailing business.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Melissa Hodd', written in a cursive style.

Melissa Hodd  
EXECUTIVE MANAGER