



## GROCERY

# Labour leadership contest focuses on supermarkets

The New Zealand Labour Party recently selected Hon David Cunliffe as their new leader after an intense three way contest which saw Labour MPs, party members and unions vote directly on the leadership for the first time. Mr Cunliffe defeated his colleagues Grant Robertson (former deputy leader) and Shane Jones (former Cabinet minister) after outgoing leader David Shearer stood down saying he had lost the confidence of his caucus colleagues.

During the campaign, the three leadership hopefuls spoke to a dozen meetings around the country which were attended by several thousand supporters. Mr Cunliffe won the first ballot with 60% of the party vote, 70% of the union vote and 32% of the caucus vote. NARGON congratulates Mr Cunliffe on his election and looks forward to working with him in the run up to the 2014 election.

In the selection process, supermarkets became a significant political issue. Shane

Jones began the debate by promising to review and regulate supermarkets to control food prices. He stated "there are some bastions that need to be overcome. The brown shirts of the food industry are the supermarkets. Under my leadership, they will be reviewed, and if it's necessary to regulate them to bring the cost of food down, take my word, we will do it."

NARGON deplores any politician directly likening supermarket operators to the paramilitary wing of the Nazi Party and also rejects the suggestion that supermarkets are basically responsible for high food prices. In the same week Mr Jones made the accusation, Statistics NZ figures showed food prices had increased just 0.3 percent over the last year, considerably less than the rate of inflation.

Shane Jones went on to say that the dominance of Progressive Enterprises and Foodstuffs was bad for Kiwi suppliers and

customers, then stated "I am thoroughly unimpressed both with the attitude and the behaviour of supermarkets and I can't wait ... to get a couple of professional people onto that task, in fact I have two in mind already."

NARGON is disappointed that his rivals seemed quick to agree with Mr Jones. We suggest the new Labour leader Mr Cunliffe gather robust information about the supermarket and retail grocery industry before moving to regulate or penalise existing supermarkets. This should not be a populist campaign. It is our contention that supermarkets are being treated as a convenient political scapegoat and that stores actually make a huge contribution towards supplying New Zealand consumers with quality products at reasonable prices.

# Food prices down in August, card transactions up

Figures from Statistics New Zealand show that food prices fell 0.5 percent in August 2013, but were up 0.3 percent overall on a year earlier. The fall in August 2013 was the first drop in five months and followed rises of 0.5 percent in July and 2.1 percent in June. Four of the five food groups dropped, namely fruit and vegetable prices (down 0.1 percent), meat, poultry and fish prices (down 0.7 percent), grocery food prices (down 0.8 percent) and restaurant meals and ready-to-eat food prices (down 0.1 percent).

The only category to rise was non-alcoholic beverages where prices rose 1.2 percent.

In the year to August 2013, the food price index increased 0.3 percent. This was driven by price increases for fruit and vegetables (up 1.9 percent), non-alcoholic beverages (up 1.2 percent), and restaurant meals and ready-to-eat food (up 0.6 percent). These were almost offset by price decreases for meat, poultry, and fish prices (down 0.5 percent) and grocery foods (also

down 0.5 percent).

Consumers spent more using their debit and credit cards in August 2013 according to Statistics New Zealand. Electronic card spending in the core retail sector increased 1.1 percent in August 2013 after adjusting for seasonal effects. This includes a \$9m (0.6 percent) increase in the consumable sector which largely covers the supermarket and retail grocery industry.

# Employment law should not become a political football

**One of the key issues that all three Labour leadership contenders addressed was employment law reform. There are potentially important implications for stores of all sizes.**

Both Grant Robertson and David Cunliffe supported the so-called "living wage" of \$18.40 an hour for all Government employees and all Government contractors. That would mean any company – including distribution, cleaning and maintenance businesses – would have to pay that rate to all of their employees if they have even one Government related contract. Mr Cunliffe went a step further and suggested the "living wage" apply to all workers though he was reluctant to put a time frame or a budget on his proposal.

Coupled with the unanimous \$15 an hour minimum wage pledge, these wage promises would represent a significant increase in costs for most employers – either directly or indirectly through companies they work with.

There is always a valid debate to be had

about where exactly the minimum wage rate should be set but it is naïve to assume that the decision will have no effect on employment outcomes. It is always a trade-off and the balance is best set by careful analysis rather than sweeping slogans.

There are further issues raised by all three Labour contenders – including new leader Hon David Cunliffe – promising to repeal every single employment law reform enacted since 2009. While there is room to debate the merits of industrial relations policy, the pledge to repeal all amendments would have a significant impact on most businesses.

NARGON believes it is unwise to unilaterally revoke the 90 day probationary employment period. All the feedback received is that this change has allowed stores to take a chance employing potential workers who are young, inexperienced or returning to the work force after time away. Repealing this legislation would make New Zealand one of the only countries in the OECD not to have some form of trial employment periods.

Mr Cunliffe has also promised to extend the controversial Part 6A requirements to all workers. It currently applies to a few industries. This would mean if a store is sold or restructured then all contractors, suppliers, cleaners and distributors need to be offered the chance to resume on exactly the same conditions and remuneration with the new owners. NARGON is not convinced that is any way to run a struggling business looking to make changes.



# Foodstuffs North Island formed after merger

News website Stuff has reported that Foodstuffs Wellington and Foodstuffs Auckland have merged to form Foodstuffs North Island. "The merger means Foodstuffs, the 90-year-old New Zealand co-operative that owns the Pak 'n Save, New World and Four Square brands, now

operates two entities in New Zealand – Foodstuffs North Island and Foodstuffs South Island. The combination plan was announced in February and in July member owner-operators unanimously voted in favour of the merger." The High Court has given its approval.

One of the key outcomes will be a focus on online shopping at New World stores. Rival Progressive Enterprises offers this service for Countdown customers.

# Impractical Lobbying Bill put out of its misery

## **Parliament's Government Administration Committee has reported back on the Lobbying Disclosure Bill and unanimously recommended the Bill not proceed.**

The bill, drafted by former Green MP Sue Kedgley and introduced by current Green MP Holly Walker, is generally thought to be well-intentioned but so badly written that it would be unworkable. The Attorney-General noted it was inconsistent with the Bill of Rights because it inhibited free speech and democratic expression.

The practical problem is that the legislation as drafted would make average Kiwis fear serious legal action simply for interacting

with a Member of Parliament on behalf of their business in relation to any government policy. In terms of principle, most MPs were unconvinced that New Zealand had serious issues with lobbyists. Compared to the rest of the world, lobbyists have very little influence here while there is a high degree of transparency.

The Government Administration Committee made three recommendations:

1. That the House develop guidelines for members of Parliament about handling communications relating to parliamentary business, and review the relevant Standing Orders to ensure consistency

2. That the Government require the regulatory impact statements and explanatory notes of parliamentary bills to include details of the non-departmental organisations consulted during the development of related policy and legislation

3. That the Government encourages the proactive release of policy papers to make the policy-making process more transparent.

NARGON believes these are sensible recommendations and welcomes Parliament's common sense decision to drop this impractical and unnecessary bill.

## UK: Call for "Junk Free Checkouts"

The British Dietetic Association's (BDA's) Dietitians in Obesity Management Specialist Group (DOM UK) and the Children's Food Campaign have announced the launch of a new campaign to urge supermarkets to permanently remove "unhealthy" snacks from checkouts and queuing areas.

According to DOM UK's recent nationwide survey, nearly eight in ten shoppers were unhappy with the sale of sugary or high calorie food and drink items at checkouts. Almost all of the parents surveyed said they had been pestered by their children to buy junk food at the checkouts, and most found it difficult at that particular moment to say no. Two-thirds said they felt strongly enough to complain to the store, but only a

few had done so. Other findings from the survey include:

- 78% find having junk food at the checkouts 'annoying' – the main reason given for this is that junk food can be hard to resist at the checkout
- 83% have been pestered by their children to buy junk food at the checkouts and 75% have given into their children and purchased something due to being pestered
- over 90% think that junk food at the checkouts contributes to obesity
- when asked what they would like to see retailers do, the highest response

given was for all food and drink to be removed from the checkouts

- 56% would be more likely to shop at a supermarket if they banned junk food from their check outs
- only 4% of respondents had complained, but 63% said they would complain if they knew how to do so.

NARGON believes that stores should make their own policies regarding items available at the point of sale. Many have chosen to remove snack foods voluntarily. We continue to advocate that this should be a decision for store owners and not an issue the Government should be regulating.

## Scotland: Doggy parking bay helps new store succeed

A doggy parking bay is one of a raft of improvements that have helped lift sales by 300% at a newly converted Spar store in Alloa, Clackmannanshire, Scotland, according to Independent Retail News. The refurbished store has an off-licence area, bakery products, an extensive selection of fresh produce, lunchtime meal deals, the lottery, disabled access and the now famous "doggy parking bay".

It was created by the new owner after he noticed there were a lot of dog walkers in the area. He asked a local ironmonger to make a rail where owners can tie up their pets while they are in the store and also provides daily fresh water and doggy treats. "It's encouraging them to come to the shop," he said. NARGON commends this innovation and recommends New Zealand stores consider something similar if large numbers of dogs are regularly tied up outside their shops. It is low-cost, responsible and distinctive.



# On a lighter note – They should have stolen some intelligence

This actually happened in a Californian grocery store, at least according to [www.notalwaysright.com](http://www.notalwaysright.com):

*(Three shoplifters run out of the store with a bunch of liquor. Our Loss Prevention agent has been watching them, and manages to catch the one holding most of the liquor, but the other two get away. Later in the night, the police come. One officer goes upstairs with the shoplifter, while the other takes quick statements from us. Suddenly, the two other shoplifters who had run off earlier came back inside.)*

**Shoplifter:** “Hey, is our friend still here?”

*(I quickly look at the cop right behind me.)*

**Me:** “Uh, yeah, he’s upstairs.”

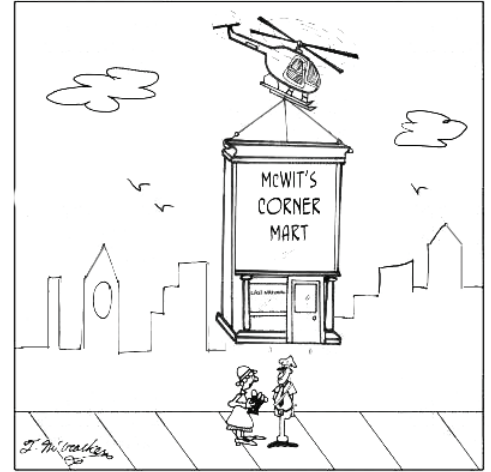
**Shoplifter:** “Sweet, can one of you guys go upstairs to get him or something? He has our pot.”

*(The cop and I share an incredulous look, while the two shoplifters just stand there.)*

**Cop:** “I think you’re gonna need to come with me.”

*(The officer took the shoplifters upstairs, where they were all arrested for possession.)*

**[Loss Prevention Agent appears to be the American equivalent of our store security.]**



Shoplifting Par Excellence when the Widow Fipperwill, the leader in the hood, distracted the beat cop.

## CHANGES TO NARGON

Dear members

As you may know, NARGON recently merged with BusinessNZ to reduce costs, reinforce the association as a serious lobby group and provide better advisory services to members.

### What this means for our members?

Not much changes for you our members, other than your membership fees. As of July 1st 2013, your membership fees have been reduced to \$150.00 + GST across the board.

You will have a bigger voice in government through BusinessNZ on matters pertaining to your business. NARGON will still deliver the same quality Employment advice, contracts, news and information that it always has.

If you have any concerns regarding the new structure, please do not hesitate to contact me.

Yours sincerely

Trina Snow - Executive Director

## Reminder about written employment agreements

NARGON reminds all members that full written employment agreements are required for every single employee. This is a strict legal requirement. The member's section of the upgraded NARGON website contains draft agreements and advice on employment agreements – [www.nargon.co.nz](http://www.nargon.co.nz).



### All NARGON members should know the answer to these three questions:

1. Who is the new leader of the Labour Party?
2. What is the proposed “living wage”?
3. Which political party introduced the ill-fated Lobbying Disclosures Bill?

3 Answers:

1. Hon David Cunliffe.
2. \$18.40 an hour.
3. The Green Party.



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