



NARGON NEWS

NEWSLETTER OF THE GROCERY RETAILERS' ASSOCIATION

SPECIAL POINTS OF INTEREST:

Included with this issue:

- Suppliers Awards Winners poster



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OVERCOMING OBSTACLES: CLARIFYING THE NEW

NARGON Board Member Amos Sutcliffe is the owner/operator of Morgans Road Four Square in Timaru. Renewing his liquor license recently highlighted a significant issue with the amended Sale of Liquor Act for stores which fall in the gap between supermarkets (who are allowed to sell alcohol) and convenience stores (who are now prohibited from stocking liquor).



The context is important. Just before his license

came up for renewal, the local council declined renewals for several Night and Day stores in Dunedin. How that decision would affect larger stores was unclear with Liquor Licensing Inspectors providing different interpretations. Amos' application was referred to the Liquor Licensing Authority to clarify the law.

In order to be eligible for a license, the Authority had to determine if the Morgans Road Four Square principally sold foodstuffs. To do so, they required all the scan data of purchases. After working through their calculations, the license was duly approved by the Authority.

Amos says that while the process was frustrating, it was necessary in order to clarify this area of the law. With stores having to renew their license every four years, it is an issue which everyone will face at some stage. He says the experience was a learning curve for all parties and stores need to be aware of what types of financial information they will have to provide if they are not a supermarket.

Every month the *NARGON News* will interview a person from the retail grocery industry who has overcome an obstacle in their business. Suggestions for potential articles should be sent to Trina Snow, Executive Director of NARGON (director@nargon.co.nz).

BE PREPARED FOR THE TOBACCO DISPLAY BAN

From Monday 23 July 2012, retailers in New Zealand will be legally prohibited from displaying tobacco products in their stores. Fundamentally, stores will have to ensure that no tobacco products are visible to the public, either from the inside or outside of their premises. It is a significant new requirement and one which will require some shops to make significant changes.

To help the transition, the Ministry of Health has issued common guidance to both retailers and the Smoke-free Enforcement Officers who will administer the law. Both groups will be working from the same set of guidelines which are available on the NARGON website (www.nargon.co.nz). While there are still some grey areas to be worked through, NARGON commends the Ministry on this transparent approach and is hopeful it will help minimise compliance costs and other negative impacts.

As well as ensuring tobacco products are not visible on the shelves or at the point-of-sale, stores need

to be careful when tobacco products are sold, delivered or re-stocked. The law says they can be "visible only to the extent necessary" but this is not defined in the legislation. The guidelines make several references to "fleeting glimpses of a small number of branded packs at any given time" indicating very little tolerance.

There are serious consequences for non-compliance. A person who, without reasonable excuse, allows tobacco products or packaging to be visible beyond the extent necessary commits an offence and is liable to a fine of up to \$10,000.

The guidelines should be studied carefully by all stores – particularly around accidental display, pricing and customer product selection. The NARGON website (www.nargon.co.nz) also contains an additional guide prepared by British American Tobacco on how to meet the new requirements. They have kindly allowed us to share it with members in the interests of getting full compliance with the legislation.



ELECTRONIC CARD SPENDING

Figures from Statistics New Zealand show that the seasonally adjusted value of electronic card transactions for March 2012 was slightly down overall compared with February 2012. While total electronic card transactions were down 0.2 percent, transactions in the core retail industries were up 0.5 percent. Hospitality (up 2.1 percent) had the largest increase (\$12 million) closely followed by consumables (which includes the retail grocery sector) which rose 0.5 percent (\$8 million).

The latest figures from the United Kingdom show how far ahead New Zealand shops are when it comes to taking EFT-POS and credit cards.

According to a new YouGov survey, nearly a third (30%) of the UK public have been inconvenienced in the last year by a retailer not taking cards. 16% of people have walked out of a shop in the past year without making their intended purchase because the retailer didn't accept cards, while 22% have been forced to leave to seek out a cash machine. 7% have purchased less than they intended to due to retailers' only accepting cash. The refusal to take cards is costing some shops business because the same survey shows modern consumers carry very little cash.

COUNCILS TO BE REINED BACK TO THEIR CORE FUNCTIONS

The Government has announced a major and much needed shake-up of local government in New Zealand. A number of stores have long been frustrated by the behaviour of their local councils which has seen businesses have to endure constant rates increases, increasingly heavy bureaucracy and a steady eroding of essential services.

Nick Smith, then Local Government Minister, said that "ratepayers need to know their council is spending their money wisely, on services that matter to them. Our reforms will focus councils on their core roles of providing local infrastructure, public services and regulatory functions, at the least cost to households and businesses. They will make councils more fiscally responsible, strengthen council governance provisions and streamline council re-organisation processes."



NARGON supports the Government's policy intent in this area and believes the eight-point plan set out in the "Better Local Government" reform package will significantly improve the value people see from their local councils. Councils are being given an unobtrusive message to get back to their core functions – a move welcomed by employer groups such as BusinessNZ, the Chambers of Commerce and NARGON.

The legislation to enact the first set of changes is expected to be passed by September. NARGON is optimistic that stores will see improved and faster services from councils – particularly around roads and consents – once those organisations are concentrating on what they should have always been doing.

NARGON SUBMISSIONS

NARGON submitted to the Commerce Commission on the Consumer Law Reform Bill on behalf of our members.

The main recommendations that NARGON made were:

- Declaring Goods Unsafe/Product Recall: NARGON recommends that no recall should be allowed on products based on their misuse.
- NARGON supports the appointment of Product Safety Officers
- Product Safety Statements: NARGON supports this, but would

like to stress that the statements need to be clear and easily understood and for industry consultation to be maintained.

- Unconscionable Conduct and Unfair Contract Terms:

NARGON recommends that:

- a) The Bill does not introduce prohibition on unconscionable conduct.
- b) The prohibition on unfair contract terms should not be introduced into the Bill.

RETAIL QUIZ

All NARGON members should know the answers to these three questions:

1. The Starting Wage will be set at what percentage of the adult minimum wage?
2. Does the ban on tobacco displays apply to deliveries?
3. Which Cabinet Minister announced the latest reforms of local government?

THE IMPORTANCE OF SOCIAL MEDIA EXPLAINED IN FOUR MINUTES

Every person sceptical about Facebook, Twitter, YouTube and blogging should spend four minutes watching this exceptional video. Using simple terms and graphics, it shows exactly why social media is important now and will become even more so in the future. You can view Socialnomics, appropriately enough, on YouTube here: <http://youtu.be/fpMZbT1tx2o>



POLITICAL COMMENT: HON KATE WILKINSON

In this issue, National MP and Minister of Labour Hon Kate Wilkinson provides NARGON with more details of the proposed Starting Out Wage:

“Young people in New Zealand have been hit hard by the global recession and many are finding it difficult to get into work. Department of Labour figures at the end of last year put the unemployment rate for youth at 17.3% - almost three times the adult unemployment rate.

Overall, youth employment has dropped sharply over the last five years. While there were more than 61,000 young workers aged 16 and 17 in 2006, that number had plummeted to around 36,000 last year.

The removal of the Youth Minimum Wage by the Labour Government in 2008 didn't help the situation. Department of Labour research found that up to 9,000 jobs normally filled by 16 and 17-year-olds were lost in the two years after the Youth Wage was axed.

These are tough economic times but the large numbers of young people that are missing out on the opportunity to work is deeply concerning.

A first job helps young people develop foundation work skills that will help them throughout their lives. In contrast it's well known that prolonged unemployment can permanently lower the likelihood of getting into work when they are older. This Government is committed to creating more

jobs and greater prosperity for all New Zealanders and it starts with our young.

That's why we are introducing the Starting Out Wage. It will give some of our youngest and most inexperienced workers valuable experience and a much-needed foot in the door.

The retail sector, and supermarkets especially, employ a large number of youth workers. The Starting Out Wage will be an added incentive to give more young people a chance at work.

It will be set at 80 per cent of the adult minimum wage and three groups of young people will be eligible:

- 16- and 17-year-olds in their first six months of work with a new employer.
- 18- and 19-year-olds entering the workforce after more than six months on a benefit.
- 16- to 19-year-old workers training in a recognised industry course involving at least 40 credits a year.

The Starting Out Wage will replace the existing new entrant's wage, which has clearly not worked. The new entrant's wage, which applies to the first 200 hours or three months a young person works across all employers, has proved too complicated to administer. About two thirds of employers who could have used it haven't



bothered.

The Starting Out Wage is much simpler. Any young person, who meets the criteria, will be eligible for six months – regardless of previous or other jobs or how many hours they have worked. This will reduce compliance costs for employers and encourage them to take on young workers.”

NARGON understands the Starting Out Wage legislation will be a relatively high priority for the Government and should pass into law this year.



ON A LIGHTER NOTE – WOMAN WAITS FOR NO TIME

(As the only opening manager of a large grocery store, I am in a rush when I have two no shows and one late arrival. While I'm in the office trying to call some workers in, I notice a customer waiting at the service counter. I hang up the phone and run over to where she's standing.)

Me: “Sorry, ma'am, it's been a hectic morning.”
Customer: “You'd better be. I've been waiting here for over half an hour!”
Me: *puzzled* “I'm sorry but I don't think that's possible.”
Customer: “Yes, it is. I've been waiting here!”
Me: “It's 8:07 am. We only opened at 8:00 am.”
Customer: “Over ten minutes, then!”





MINIMUM ALCOHOL PRICING IN ENGLAND AND WALES

British Prime Minister David Cameron has announced his coalition Government will introduce a minimum price for alcohol. This will be set at around 40p (NZ78c) per 10-millilitre unit of alcohol. Cameron says the move will not be "universally popular" insists it is necessary to stop the "scourge of violence" caused by binge drinking. The most impacted drinks will be cut-price ciders and super-strength lagers.

The minimum price will mean that a bottle of wine cannot be sold for less than £3.60 (NZ\$7) a six-pack will cost at least £4.80p (NZ\$9.30)

and a bottle of spirits around £11.00 (NZ\$21.40). There will also be a ban on 'multi-buy discounts.' The Scottish Parliament is already considering imposing the same minimum price and it may actually pass before the legislation affecting England and Wales does.



NOTICE OF RULE CHANGE PROPOSAL

NARGON will soon issue a notice for a general meeting of members to discuss some potential changes to the NARGON rules that are lodged with the Registrar of Incorporated Societies.

The changes the NARGON Board are contemplating include removing the requirement of an annual audit of accounts but provide the board and members the ability to request an audit in any given year.

Because the accounts are run through a cash-book system and all annual financial statements are listed with the Registrar of Incorporated Societies, there is no legal requirement for NARGON to have its accounts audited on an annual basis.

If you wish to contribute to the discussions regarding the rule changes, keep an eye out for the general meeting notice that is likely to be published in the June or August newsletter.

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.

RETAIL QUIZ ANSWERS

1. 80 percent.
2. Yes.
3. Hon Dr Nick Smith.



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