



NARGON NEWS

NEWSLETTER OF THE GROCERY RETAILERS' ASSOCIATION

SPECIAL POINTS OF INTEREST:

Included with this issue:

- Suppliers Awards Voting Form
- Suppliers Awards Invitation and Registration Forms



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ATTENDING THE 2012 FMCG & NARGON SUPPLIER AWARDS AND WHITTAKERS CHOCOLATE FACTORY TOUR

Included with this newsletter is your invitation and registration form to attend these awards and the Whittakers Chocolate Factory Tour. Please send back the registration form to NARGON, or register on line at www.nargon.co.nz to attend.

This is a free event for all NARGON members to attend with two free tickets available for each member company and store. Limited spaces are available, so tickets will be issued on a first come, first served basis.

Stores: If you are unable to attend, we are sure that one or two of your other managers/buyers would be delighted to represent your store and we are happy for them to do so.

These awards would not be possible without the support of our sponsors, so please support them.

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VOTING IN THE FMCG & NARGON SUPPLIER AWARDS 2012

The annual NARGON Supplier Awards is one of the big events on the retail grocery sector calendar. It is a prime opportunity for the industry to celebrate the very best suppliers in the country and the hard work that they do every day with stores.

This year, the Supplier Awards has eight categories:

- Most efficient distribution
- Best small supplier
- Best invoicing and paper trail
- Best overall in-store support team
- Best performing fresh, chilled or frozen product
- Best new product over the last 12 months
- Best New Zealand Owned Company

- Supreme Award (overall best trading partner)

Nominations from NARGON member supermarkets are now in and voting has started.

Voting is easy, just follow these two steps:

1. Using the supplied form, select your best suppliers for each category (you can vote for more than one nominated supplier per category).
2. Fax the form back to 04 496 6550 (remember to fax both sides) or post back to NARGON, P.O. Box 1925, Wellington before 5pm on March 2nd 2012.

Note: All department, grocery and store managers are eligible to vote, so copy the voting form and give one to each manager in your store.



FOOD PRICES UP, CARD TRANSACTIONS DIP AGAIN

Food prices rose 0.2 percent in December 2011, Statistics New Zealand figures show. The increase was driven by higher prices for fruit and vegetables (up 2.5 percent) and meat, poultry, and fish (up 1.2 percent). On the other side of the ledger, there was the traditional December fall for non-alcoholic beverages (down 2.5 percent) as retailers discounted for the festive season.

For the year to December 2011, food prices increased 2.9 percent, up from 1.9 percent for the year to November 2011. Four of the five food subgroups had price increases in the year to December 2011: grocery food (up 3.5 percent), meat, poultry, and fish (up 3.7 percent), restaurant meals and ready-

to-eat food (up 2.4 percent), and non-alcoholic beverages (up 4.4 percent). The only fall was the fruit and vegetables subgroup which decreased 0.9 percent.

Statistics New Zealand reported that electronic card spending was flat in November 2011 after a rise in October. When adjusted for seasonal effects, the value of transactions overall decreased 0.2 percent. In the core retail industry, Durables (up \$2 million) was the only category to record an increase in electronic card spending. Consumables, the industry category which includes retail grocery, dropped \$14m (1 percent) on seasonally adjusted figures.

NATIONAL PROMISES NEW STARTING WAGE

Following the 2011 election, New Zealand again has a National-led Government after the National secured confidence and supply agreements with the Act, United Future and Maori parties. Prime Minister John Key has released a Post-Election Action Plan setting out the priority areas for his government. A key part of that plan is to "pass legislation to implement the Starting Out Wage to ensure our young people are not locked out of the job market."

National's Employment Relations policy document set out the broad details of the Starting Wage which will be available for 16 and 17 year-olds in their first six months of work with a new employer. The document states "this is an extension of the existing New Entrant's Wage, which is set at 80 per cent

of the minimum wage. We are making the Starting-Out Wage available until the 16 or 17 year-old has worked for six months with the same employer. If they change employers, they are eligible for the Starting-Out Wage again, until they have worked six months with the new employer."

While the Starting Wage will be a positive move, it falls short of a return to a Youth Wage. This is disappointing as the Government now concedes that Department of Labour research shows the abolition of the Youth Wage in 2008 has seen 9,000 jobs disappear for 16 and 17 year-olds. NARGON is supportive of all measures which will support stores and supermarkets hiring young people.

RETAIL QUIZ

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

1. When are the remaining changes to the rules around tobacco displays scheduled to come into force in New Zealand?
2. According to Sainsbury's, where does the Brussels sprout rank on a list of "gas-inducing seasonal vegetables"?
3. Under National's proposed policy, how long will 16 and 17 year-olds be eligible for the new Starting Wage?

SUPERMARKET BRANDS BECOMING MORE POPULAR

It is estimated that 40 percent of sales in British supermarkets are now for budget-priced store brands. The figure for New Zealand is thought to be around 15 percent while in Australia it is closer to 18 percent. Many analysts believe that store brands do well when the economy is down but tend to lose out to established brands in the economic good times. The growth of supermarket brands is not without controversy as the Australian Food and Grocery Council has accused some supermarkets there of deliberately imitating well-known and trusted brands.

UK: SCOTLAND LOOKS TO INTRODUCE MINIMUM PRICE FOR ALCOHOL

After four years of intense debate and lobbying, Scotland appears set to become the first country in Europe to introduce a minimum price for alcohol. It is expected to be 45 pence (NZ 90 cents) for a unit of alcohol. A similar measure failed in 2010 but with the Scottish National Party securing a majority in recent elections, they are looking to push the legislation through in the first half of 2012.

While the New Zealand Labour Party supported

a minimum price of NZ\$2 for a unit of alcohol at the last election, their Scottish counterparts disagree with their health spokesperson Dr Richard Simpson saying the move would deliver a £140m (NZ\$280m) annual windfall for big supermarkets "without providing a single extra penny for our National Health Service".

Any move will face serious legal challenges from the drinks industry, lawyers and industry bodies.

The United Kingdom's public health minister

Anne Milton has already said her legal advice was that minimum pricing was illegal within the European Union because it contravened free trade legislation and would have to be tested in court. The National-led Government in New Zealand has indicated it does not support a minimum price for alcohol at this stage though it is asking the industry to supply more pricing information before making a final decision.



POLITICAL COMMENT: HON JOHN BANKS

Returning to Parliament and Cabinet as an ACT List MP, Minister for Small Business Hon John Banks set out his priorities for the next three years:

"I want to share with you how I see my role as Minister for Small Business and how we can help make life easier for you and your enterprise.

My priority over the next three years is to make sure that this Government has a 'can do' attitude towards small- and medium-sized businesses. My small team in Parliament intends to run a slide rule over all proposed legislation to make sure that it doesn't get in the way of you contributing to this country's future prosperity. This means:

- *making it easier for you to comply with the regulations that are needed;*
- *getting rid of intrusive red tape and bureaucratic pettiness which prevents businesses from growing; and*
- *making sure that your views are considered at the Cabinet table in all new policies or legislation.*

As a small business owner for 45 years, I clearly understand how difficult it is to keep up with all the information you need to comply with the regulations affecting your enterprise.

To save you time and frustration, the first place

to go is www.business.govt.nz. It contains up-to-date information about the legal requirements you must comply with, as well as extensive links to useful free online tools and resources that you may find helpful.

National and ACT worked together in the last Government to remove or streamline many regulations in a number of industries. We have picked the low-hanging fruit, but more needs to be done. As Minister for Regulatory Reform, I will continue to work on your behalf to clear out red tape which is unnecessarily burdening the productive sector.

If there are particular regulations you think are holding your business back, I urge you to have your say. Please send your views to the government consultation website <https://www.business.govt.nz/do-it-online/ministry-of-economic-development/business-consultation> - you will get an answer.

For face-to-face business assistance, don't forget your Regional Business Partner. The nationwide Regional Business Partner network helps businesses access advice, training, and development services and can add incredible value to your business with their knowledge and experience. You can find the contact details of your nearest Regional Business Partner at www.business.govt.nz.



I believe that all great change for this country's economic sovereignty will come from the 450,000 hardworking New Zealanders that risk their life savings to create business enterprises, employ people, and pay taxes. We know that small businesses create the greatest number of new jobs and are the source of much of the innovation and creativity we need to lift our economy.

You are the strength of our economic future and social fabric. I applaud you, and am glad that I have this opportunity to give you support to achieve your goals and make life a little bit easier, which is how it should be. My aim is to make it as easy as possible for you to deal with government, so you can get on with running and growing your investment.

I wish you all the best for 2012 and beyond.

ON A LIGHTER NOTE – NOT FIRMLY ROOTED IN REALITY

This exchange occurred on a farm in Vermont, USA – at least according to www.notalwaysright.com:

(I work at a "cut your own" Christmas tree farm.)

Customer: "Are these locally grown?"

'The next day he was mortified to discover the sexy conifer he'd been chatting up for an hour was a fake...'



UK: TOBACCO CHANGES LOOK INCREASINGLY LIKELY

With a ban on tobacco displays for large stores set to come into force on 6 April 2012, tobacco companies have reluctantly decided to drop their judicial review to challenge the legislation. Tobacco giant Imperial Tobacco said "whilst it is disappointing the government has continued to pursue this unnecessary legislation, particularly in such a difficult economic environment, we will now be focusing our efforts on working with retailers to help them

prepare for the introduction of the new legislation." Smaller stores will be included in April 2015.

The British Department of Health has indicated it will shortly begin consulting on plans to require plain packaging for tobacco products. The consultation exercise is expected to include England, Scotland, Wales and Northern Ireland and will be accompanied by an independent evidence review.



UK: CHRISTMAS NEWS SNIPPETS

Here are some of the more unusual stories the Talking Retail website reported from the British retail grocery sector over Christmas 2011:

- Supermarket giant Sainsbury's produced a league table of "gas-inducing seasonal veggies" which was quickly dubbed the "Top of the Pops." In first place was the Jerusalem artichoke followed in order by parsnip, the much-blamed Brussels sprout, cabbage and cauliflower.
- Over Christmas, almost a quarter (23%) of Brits buy more expensive alcohol types or brands than usual, while some 61% of Brits make sure to stock up on alcohol for when people come around.
- Staff from the Co-operative Group launched a charity record hoping to reach the Christmas number one spot and raise money for young people with learning disabilities. The band, 'Angel Square', features staff from across the group including the Chief Executive on drums. While they did not quite make number one (that honour went to the Military Wives Choir), they raised a substantial sum for charity.
- Tesco supermarket pulled together a team of experienced cooks who were available to offer personalised expert advice about making the perfect Christmas dinner. Anyone who ran into difficulties on Christmas Eve and Christmas Day could contact the team through Twitter to get immediate solutions to their culinary quandaries.
- Experts are predicting that over £1b (NZ\$1.9b) worth of goods will be lost from stores in the run up to Christmas, thanks to festive shoplifters, light-fingered employees and those responsible for supply chain fraud in the UK. That figure is up £61m (NZ\$121m) from 2010.

NEW EMPLOYMENT AGREEMENT REQUIREMENTS

All stores should be aware of new requirements regarding employment agreements which came into force on 1 July 2011. All employers are now

required to retain a copy of all employees' current employment agreement and to provide a copy on request to their employees.

This applies no matter when the person was first employed. Stores should check they have formal

written agreements for all employees, even those who may have started work many years ago on a verbal agreement. More information is available on the Department of Labour's Employment Relations website: www.dol.govt.nz/er

AUSTRALIA: MOST AUSSIES VALUE PRICE OVER ORIGIN

A recent survey of over 1,000 Australian shoppers by Newspoll Online Omnibus found that eight out of 10 Australians think price is more or just as important as the country of origin when buying food. At the same time, 53 percent also say they want to see the federal government provide protection to local Aussie food manufacturers. Sixty percent said they hardly ever checked country of origin, 39 per cent reported doing so at least most of the time, while only 13 per cent said they check all the time.

RETAIL QUIZ ANSWERS

1. 23 July 2012.
2. A surprising third place.
3. Six months at each employer.



National Association of Retail Grocers and Supermarkets of New Zealand

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