



NARGON NEWS

NEWSLETTER OF THE GROCERY RETAILERS' ASSOCIATION

SPECIAL POINTS OF INTEREST:

- Last chance to nominate your best supplier (or for suppliers to nominate themselves) Inside!

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.

NARGON was pleased to recently announce that Mediaweb's FMCG magazine is the new official media partner for the Supplier Awards in 2012. FMCG is the leading magazine for New Zealand's fast moving consumer goods market sector. This monthly publication and the associated website (www.fmcg.co.nz) are well respected and supported by the local industry.

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 open until 25 November 2012. Stores will then be asked to vote on their favourite suppliers from all the nominees until February 2012. The results will be announced at a gala function on March 15 2012 at the Amora Hotel in Wellington.

NARGON encourages all stores and suppliers to the industry to nominate or get nominated. It is a chance to recognise and celebrate an amazing range of dedicated suppliers who do not always get the attention they deserve.

As well as recognition from the industry, the top three winners in each category will receive

a framed certificate in addition to the following, courtesy of FMCG Magazine and Barkers:

FMCG

Supreme Gold winner - Advertising and promotional campaign package including:

- Advertising in FMCG to the maximum value of \$5000 (terms & conditions apply)
- Editorial and photograph in FMCG.
- Announcement in Foodnews.
- Announcement in Press Release.

Supreme Silver - Advertising in FMCG to the maximum value of \$3000 (terms & conditions apply)

- Editorial and photograph in FMCG.
- Announcement in Foodnews.
- Announcement in Press Release.

Supreme Bronze - Advertising in FMCG to the maximum value of \$2000 (terms & conditions apply)

- Editorial and photograph in FMCG.
- Announcement in Foodnews.
- Announcement in Press Release.

Gold winners of all other categories:

will all receive a framed certificate and a Barkers Gift Tub valued at \$150.00

Bronze and silver winners each receive a certificate.



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AUSTRALIA: MPS WANT SUPERMARKETS TO LABEL MARGINS

Two Independent Members of Parliament have tabled a bill which would require supermarkets to put their profit margins on the labels of every item of fresh produce sold. If passed, the bill would force supermarkets to list both the price they pay farmers and the price they charge consumers. The MPs say it is a response to public concern around the perceived profit margin on these products.

Normally, such a bill would have virtually no chance of passing. However, the authors, Independent MPs Nick Xenophon and Bob Katter, are critical to Julia Gillard's Government. If they withdrew their support over this issue, it would effectively bring down the entire Government. This means the Government may be tempted to at least compromise. Bob Katter is already playing hardball on his pet issue of pokie machine reform and the Government has been compelled to make significant policy changes or risk losing his support.

RETAIL QUIZ

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

1. According to Chester Borrows, did Parliament ever intend dairies to sell alcohol?
2. What is the minimum price a Welsh store must charge for a paper bag?
3. If a minimum price of \$2 per unit of alcohol was implemented – as suggested by Labour – what would be the absolute minimum price for a standard bottle of wine?



*(10g / 12.7 millilitres of alcohol. therefore:
A standard drink is 30ml of straight spirits, a 330ml can of beer, or a
100ml glass of table wine)*

EUROPE: FAT TAXES ON THE AGENDA

On 1 October 2011, Denmark introduced a tax of \$3 per kilogram on the saturated fat content of a range of products including meat, some dairy products, oils and spreads. This meant that products such as butter rose about 50 cents and a packet of potato chips increased by around 17 cents.

Some media outlets here and around the world described it as the world's first fat tax, a description that veteran industry commentator Keith Stewart refutes. While he agrees the new tax is the first to target saturated fats specifically, there are other countries already taxing foods they consider to be fattening.

Hungary has introduced a duty on foods including a lot of sugar and/or high levels of carbohydrates. Finland and Romania are also considering taxing fat in foods. Several countries in Europe have completely banned trans-fats, as have a number of American cities.

ADVICE ON MINIMUM EMPLOYMENT RIGHTS

Currently the most viewed resource on the Department of Labour's Employment Relations Service website is advice on Minimum Employment Rights for all staff. The brochure provides an overview of the minimum rights and obligations that apply by law to all employers and employees. Employees can't be asked to agree to less than the minimum rights.

The document can be viewed or downloaded here: www.dol.govt.nz/er/minimumrights/MinimumEmploymentRights.pdf or on the NARGON website at: www.nargon.co.nz/help-and-resources

ON A LIGHTER NOTE – UNLIMITED CLUELESSNESS PLAN

This exchange occurred in a classroom in Britain – at least according to www.notalwaysright.com:

(I hand out a vocabulary list to a class of 8-9 year olds.)

Me: "Does anyone know any of the words?"

Student: "I know what twilight means!"

Me: "Go on, tell us what you think it means."

Student: "Actually, I'm not completely sure, but it's got something to do with vampires..."





WHAT THE POLITICIANS SAY ABOUT THE ALCOHOL REFORM BILL

Although the Alcohol Reform Bill passed its second reading on 13 September, the House has now reason for the election. It will be up to the next Parliament to take the legislation through the final stages before it becomes law. Here are the highlights of the second reading debate from an industry perspective:



Lianne Dalziel (Labour, Christchurch East): *Although Labour will not oppose the second reading of this bill, there is not much enthusiasm on this side of the House for what has been a squandered opportunity... I have to say that this bill is a travesty, because it does not even begin to address the challenges that were posed by the evidence that the Law Commission has put in front of the Government ...*



Lianne Dalziel (Labour, Christchurch East): *Unfortunately, most of the public discourse around alcohol reform is self-interested, not public-spirited. That is why there is such huge support for increasing the age to 20 but not for removing cheap booze from our supermarket shelves. The impact of the retail sector — particularly the two supermarket chains — must be addressed. It has been driving down the price of wine and beer and fuelling the pre-loading generation... I do not think we would be brave enough in this House to take wine out of supermarkets, but we should set a minimum price that would prevent wine from being sold for less than \$2 for a standard drink.*



Chester Borrows (National, Whanganui): *If people want to talk about supermarkets and the accessibility and availability of alcohol... we can quite rightly make the point that alcohol has never been as cheap as it is today. It is unrealistically cheap in respect of other commodities and it is unrealistically cheap in respect of the cost of production, and not only is the supply of alcohol as cheaply as it is unfair to the producers but it creates a huge social problem.*



Charles Chauvel (Labour, List): *Although the bill did not go as far as we would like, it was enough of an improvement on the status quo for them to want us to support it... What we are looking at today in the House is a much-truncated version of what the Law Commission asked us to do and said would be necessary to make a real change to our binge drinking culture.*



Sue Kedgley (Green, List): *The Green Party will support the Alcohol Reform Bill too, even though we do not think it goes nearly far enough... All the way through this debate we have seen that tug of war between vested interests and the public interest, between the liquor industry, the hospitality industry, and the food industry on the one hand, and on the other hand Alcohol Action and the health professionals who have to pick up the pieces that result from alcohol abuse. So far, to this day, the vested interests have been wining hands down, and we assume that that is because the Government is simply not prepared to get offside with these vested interests...*



Sue Kedgley (Green, List): *There is also compelling evidence that cheap alcohol encourages people to drink more often and in large amounts, yet we allow supermarkets to sell alcohol so cheaply — at below the cost of production — that young people can go to their supermarket and load up every weekend with their 20-pack of beer for about \$15.*



Paul Quinn (National – List): *We heard the contribution from the Green Party member Sue Kedgley, who repeatedly said that supermarkets sell alcohol as loss leaders. She knows full well that the pricing lists were provided to the Justice and Electoral Committee, as well as the discount regimes that they provide depending on volume. I have them in front of me. Yet she insisted on, in my view, misleading this House by saying that supermarkets sell alcohol as loss leaders.*



Iain Lees-Galloway (Labour – Palmerston North): *Paul Quinn disputes the fact that the supermarkets loss-lead. The mechanism by which the supermarkets loss-lead is actually quite a simple one. They take the rebate that they get across the entire range of products they receive from one brewery, or other supplier of alcohol products, and apply that rebate to one particular product on any given week, thus drastically reducing the price of that product, but at the same time retaining the ability to say they have not been loss-leading across their range of products.*



BAG TAX IN WALES

The Welsh Government introduced a minimum 5p (NZ10c) charge for a single-use carrier bag from 1 October. A Cardiff University report found 85% were aware that a carrier bag tax was being introduced. However, 60% believed the charge only applied to plastic and were not aware that it also applied to paper bags. 70% agreed with

the charge but most believed it was there solely to raise money for the Government. In fact, the Government gets nothing with the money going to a charity chosen by the individual store. The report concluded that the Government had to work on the 'bigger picture' in order to change the behavior of individuals.

SCOTLAND: DEBATE OVER 'SUPERMARKET TAX'

Large retailers in Scotland which sell tobacco and alcohol will likely face a new tax later this year as the Government looks to introduce what has been dubbed "a supermarket tax." The tax, likely to affect only retailers with a rateable value of over £300,000 (NZ\$610,000), is set to raise around £110 million (NZ\$225 million) over the next three years. This money is apparently to be used, in part, to boost health spending. Small stores would largely be exempt.

The tax has been attacked by groups representing the larger stores who said it penalises responsible retailers of alcohol and tobacco and disregards all other parts of the supply chain. Groups representing small stores however have welcomed the move. The Scottish Government had tried and failed to implement a similar tax in January 2011.

FMCG - NARGON SUPPLIER AWARDS NOMINATIONS CLOSE ON FRIDAY 25TH NOVEMBER.

Nomination forms can be downloaded from www.nargon.co.nz/Events/nargon-2012-supplier-awards

Happy Holidays

The **NARGON Board and Executive** would like to take this opportunity to wish all our members **Happy Trading** over the silly season and a **Prosperous New Year**



RETAIL QUIZ ANSWERS

1. No.
2. 5 pence (NZ 10 cents).
3. Around \$16 - depending on exact alcohol percentage.



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