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SALES UP, FOOD PRICES ALSO RISE

Retail sales rose 1.7 percent in the June 2011 quarter, according to figures from Statistics New Zealand. That increase was based on both a lift in sales volumes and price rises across many industries. Supermarket and grocery stores were up 1.6 percent (\$68 million). Twelve of the fifteen industries monitored recorded increases and there was some evidence that sales in Christchurch were strengthening. Trends in sales volumes and sale price have both been rising slowly over the last two years.

In July 2011, food prices rose 2.0 percent, driven mainly by a 14.2 percent increase in vegetable prices. Tomatoes (up 34 percent), lettuce (up 20.7 percent), broccoli (up 66.6 percent), capsicums (up 28.6 percent), and cucumber (up 20.7 percent) were the largest increases. The meat, poultry, and fish subgroup (up 3.7 percent), also made a

significant upward contribution.

In the year to July 2011, food prices rose 7.9 percent. All subgroups recorded increases: grocery food (up 7.2 percent), fruit and vegetables (up 15.9 percent), meat, poultry, and fish (up 6.8 percent), non-alcoholic beverages (up 9.0 percent), and restaurant meals and ready-to-eat food (up 4.2 percent).

Statistics New Zealand has conducted a review of the Food Price Index. The index has increased 14.3 percent from June 2008 to June 2011 with all food classes increasing in price. Vegetables showed the biggest increase (up 23 percent) while fish and seafood was the lowest (up 8.4 percent). Despite media commentary, increases in milk and meat prices were below average – around 12 percent.

130 MORE CHANGES TO ALCOHOL REFORM LEGISLATION

Parliament's Justice and Electoral select committee has reported back on the Government's Alcohol Reform Bill. They considered over 1600 substantial submissions, more than 7000 form submissions and recommended 130 changes, all of which the Government immediately accepted. Justice Minister Simon Power said they would "help us build a strong and enduring legislative framework to reduce alcohol-related harm and support a safe and responsible drinking culture."

The key changes for stores are:

- Explicitly prohibit convenience stores from selling alcohol
- Change the definition of a grocery store to shops which sell "a wide range" of food and where the principal business is the sale of food

- Restrict supermarkets and grocery stores to displaying alcohol and alcohol advertising in one, non-prominent, area of the store. They would not be able to sell alcohol at the end of aisles, near the entrance or at checkouts
- Require those who sell alcohol to provide price and sales data to help the Government decide if a minimum price is necessary
- Allow communities greater rights to object to liquor licenses, particularly for smaller stores
- Require people to be at least 20 years of age to hold a manager's certificate.

All parliamentary parties are expected to support the bill at the second reading. However, Labour and Greens have already criticised the changes as not going far enough.

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 minimum wage rate is Labour expected to promise in the 2011 election?
3. Which food sub-group was the biggest driver of the July 2011 food price increases?



CONSUMERS TO FINALLY GET PROPER CHOICE ON RELATED PRODUCTS

On 1 August 2011, New Zealand finally stopped applying the same regulatory restrictions to a range of everyday grocery items - including fluoride toothpaste, acne cream and anti-dandruff shampoo - as it did to prescription medicines. This country was the most over-regulated market in the world for three decades. As a result, many companies would not go through the time and expense required to get items approved here and consumers missed out.

Thankfully, the Government has finally seen sense and removed the worst of the regulations. Consumers should see more products on their shelves immediately and be offered the same range as people in other countries. While safety is always important, those restrictions did nothing to protect people, added costs to companies and restricted buyer's choices. The situation was ridiculous and it the changes – while overdue – should be welcomed.

BOTH PARTIES COY ON EMPLOYMENT CHANGES

With the election scheduled for November, neither major party has released their employment law policies, though both are hinting at significant changes. National has said that policy details will be confirmed before the end of October.

In a recent speech, Labour's Darien Fenton said the global financial crisis had provided a chance to rethink the last 20 years of the employment relations system, suggesting that it is 'pretty deregulated' and indicating a need to place more emphasis on collective bargaining. Labour is expected to promise to repeal the 90-day trial period and to increase the minimum wage to \$15 an hour. There are some hints they may be considering a new piece of legislation to replace the Employment Relations Act.

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This exchange occurred in a cellphone store in New York – at least according to www.notalwaysright.com: (A woman comes storming through the doors. She blasts by other customers who are waiting in line and slams her phone

ON A LIGHTER NOTE – UNLIMITED CLUELESSNESS PLAN

onto the counter.)

Me: "Is there something I can –"

Customer: "This phone you sold me is a piece of s***!"

Me: "I'm sorry to hear that. What exactly is wrong with it?"

Customer: "It doesn't work! I can't get any calls on it!"

Me: "Let me take a look."

(I pick up the phone and begin to examine it as the woman continues to rant and rave.)

Customer: "I paid a ridiculous amount of money for this thing! I can't believe you

would charge me so much for something that doesn't even work! What is the world coming to? Have you no shame? Do you do this to all your customers?"

Me: "I think I see the problem, ma'am."

Customer: "Yes? And?"

Me: "This is a TV remote."

(All the other customers are watching, dead silent.)

Customer: *mutters* "I...I think I must have...grabbed the wrong..."

(She snatches her remote and flees the store. As soon as she disappears, the entire store bursts into laughter.)



POLITICAL COMMENT – CHESTER BORROWS (NATIONAL PARTY)

Chester Borrows, former policeman, MP for Whanganui and Chair of the Justice and Electoral select committee, summarises the latest changes to the Alcohol Reform Bill for NARGON members:

“For the first time since Prohibition, the public have an appetite to restrict the consumption of alcohol rather than liberalise it. Even I can recall a time when drinking in hotels was largely limited to a losing time of 6pm and the huge debate that took that to 10pm closing. There were classes of people who were not allowed in public bars and there was a prohibition on alcohol in the vicinity of a dance and purchasers had to be over 21.

Over time we loosened the law to the point where we now have sales 24 hour per day, a ‘drinking age’ of 18, and expanded premises that can sell alcohol including ‘supermarkets’ which have morphed to include the corner dairy – a place where parliament never wanted to go. This was apparently to encourage us to drink like the French, as if that were something to aspire to.

All this liberalization expanded the availability of alcohol and this has led to an increasing problem. Making alcohol more freely available was intended to reverse the old adage and make familiarity breed respect, rather than contempt. Kiwis, especially the youth, just binged more frequently for longer and drank substantially more. There is now a need to turn the tap off.

The restrictions on the sale of alcohol will affect a number of premises which now sell alcohol because it will alter the definition of grocery shop. To obtain a licence a store will have to sell a majority of ‘food items’ besides takeaway foods, snack foods such as confectionary, ice creams and fizzy drinks. Non-food items like sales of newspapers and tobacco that many customers go to a dairy for will not aid the obtaining of a licence.

Supermarkets will be forced to have alcohol in a single area within the store and advertising will only occur in these spaces. They are not to be prominent and not near the staples of everyday shopping such as milk products, bread, meat, vegetables and the like. A small shop wanting to portray itself as a supermarket in order to get around the law would be very hard pressed to comply with this aspect of the new law.

What the committee wanted to ensure was that those niche premises such as delicatessens that sell wine or beers to compliment specific foods were not excluded from holding licences, and at the same time wanting to reflect the growing desire to constrain the availability of alcohol for sale in neighbourhoods.

Possibly the biggest change will allow local communities to be able to decide, through Local Alcohol Plans administered by local authorities, how liquor will be controlled in their neighbourhoods. This will include in what areas outlets will be allowed to trade, the hours they will be open, and what other



operational restrictions may apply such as ‘one way door’ policies. Communities will be able to object to the granting and renewal of consents based on the proliferation of premises which they can’t do at the moment. This has caused some concern because it has the possible result of de-valuing businesses.

These renewal provisions will commence 12 months after the date in which the Bill receives Royal Assent - which is likely to be early 2013 - so there is time for businesses to reconfigure or prepare for the changes. The objections to consents being granted will take effect from the renewal of licences and not from the sale of any business.

Legislation won’t change a culture and taking personal responsibility is the main safeguard to problem drinking, but the law has its place and the law is definitely changing restricting the sale and supply of alcohol like we have not done for 80 years.

UK: SCHOOL LEAVERS ENCOURAGED TO CONSIDER A CAREER IN RETAIL

The British National Skills Academy for Retail is encouraging all school leavers to explore the range of jobs in retail saying it is “one of the most diverse and exciting industries.” As the largest private sector employer, the retail sector currently employs nearly a quarter of those aged 16-24 in work in the UK. The Academy says

retail offers young people early responsibility, rapid progression opportunities and the chance to specialise in an area they enjoy. Many retailers now encourage employees to achieve retail qualifications while on the job.



UK: BRITISH STORES HIT BY RIOTERS AND LOOTERS

The recent British rioters affected over 11,000 shops which lost 7,500 hours of trading and some were damaged or looted. The Conservative Government there has introduced a package of urgent measures to help communities and businesses impacted by the violence. Claims under the Riot Damages Act can now be made within 42 days (up from 14) even if the premises were not insured. The insurance industry has said

they will process claims quickly. There will be a £20m high street support scheme and a £10m fund to help repair communities.

Local councils will be able to offer council tax and business rates relief. The Government has also promised that the criminals responsible for shop theft and vandalism will feel the full force of the law in order to reduce the likelihood of retailers coming under attack in future.

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 agreements 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 and downloadable contracts are available on the NARGON website at: www.nargon.co.nz/employment-contracts

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RETAIL QUIZ ANSWERS

1. No.
2. \$15 an hour.
3. Vegetables.



National Association of Retail Grocers and Supermarkets of New Zealand

NARGON

PO Box 1925
Wellington
6140

Ph: 04 471 1338
Fax: 04 496 6550
Email: director@nargon.co.nz
Web: www.nargon.co.nz

BOARD MEMBERS

Michael Kennedy (Chair)
michael.kennedy@foodstuffs.co.nz

Ross Jordan
ross.jordan@foodstuffs-wgtn.co.nz

Mark Kennedy
mark.kennedy@foodstuffs-wgtn.co.nz

Robert Scott (Vice Chair)
molesworth@xtra.co.nz

Harminder Chahal
harminder.chahal@foodstuffs-wgtn.co.nz

Amos Sutcliffe
morgansroad@foursquare-si.co.nz

Pak 'n Save Mangere
09 256 7530

Inglewood Shoprite
06 756 7404

Otaki New World
06 364 8640

Molesworth Four Square
09 431 4656

Flaxmere New World
06 879 9957

Morgans Road Four Square
03 686 0456

EXECUTIVE DIRECTOR

Trina Snow
director@nargon.co.nz

021 730 185

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