



SPECIAL POINTS OF INTEREST:

- Suppliers Awards Nomination Form **inside**
- NARGON Wallplanner **inside**



FMCG IS THE NEW MEDIA PARTNER FOR THE 2012 SUPPLIER AWARDS

FMCG

Mediaweb's FMCG magazine

is the new official media partner for NARGON's Supplier Awards 2012.

FMCG is the leading magazine for New Zealand's fast moving consumer goods market sector. The audited monthly publication and its associated website fmcg.co.nz are well respected and supported by the local industry.

The Supplier Awards 2012 function will be held on March 15th at the Amora Hotel in Wellington. The

event is free to attend for NARGON members.

ENTERING FOR THE AWARDS

From August through to November, nomination forms are sent out through the NARGON Newsletter, and e-news. Once all nominations are in, NARGON sends out the nominations on a voting form. This form goes to all NARGON member supermarkets and senior staff in each store participate in the vote.

Voting takes place from December through to the end of February.

INSIDE THIS ISSUE:

First Te reo	2
Countdown to open	
Government is not keen on youth rates	2
Earthquake highlights stacking and shelving hazards	2
Political comment	3
Tobacco display ban passed	4
Kiwi shopping habits revealed	5
Employing staff for Rugby World Cup	5
Aus: Tobacco companies fight back	5
Political Comment	6
UK: Careers advisors need to understand the industry	7

ALCOHOL REFORMS UNLIKELY BEFORE ELECTION

The Prime Minister has said he hopes Parliament will at least begin to debate the Alcohol Reform bill before the November general election.

However, the Select Committee considering the legislation has extended their considerations to the end of August because of the large number of submissions and the complexity of the issues they raised.

With Parliament finishing in October and facing an

already packed legislative agenda, the chances are that the bill will not be debated, far less passed, before the House breaks up for the election campaign. There would also be some tension if MPs started debating how to crack down on liquor at the same time the country was being encouraged to put on a party atmosphere for the World Cup.

FOOD PRICES SHOW SEASONAL RISE, CARD SPENDING ALSO UP

Driven by a seasonal rise in vegetable prices, food prices rose 1.4 percent in June 2011.

Figures from Statistics New Zealand showed fruit and vegetables up 12.2 percent (including a 56.9 percent increase for tomatoes and a 43.7 percent rise for capsicums). While tomato and capsicum prices traditionally rise at this time of year, 2011 was exceptional because of a shortage created by the Queensland floods. Meat, poultry and fish prices were down 3.2 percent although lamb prices are now at their highest recorded levels.

Annually, June food prices were up 7.5 percent on a year earlier. All food subgroups increased over

the year with the biggest contributions made by grocery food (up 8.0 percent). Over the year to June 2011, vegetable prices rose 23.5 percent and fresh milk prices rose 9.4 percent.

Electronic card spending in the retail industries increased 1.2 percent in June 2011 on the back of the rising value of transactions. Consumables (which include supermarkets and grocery stores) rose 1.4 percent, one of the largest increases. The general trend in electronic card spending has been growing since records begin in late 2002, and the rate of increase has strengthened since December 2010.



FIRST TE REO COUNTDOWN OPEN

The first te reo Countdown supermarket has opened in Tokoroa. Signs in te reo are featured throughout the 2200-square metre store, including phrases such as kai moana (seafood) miraka (milk) and miti (meat).

The owners believe the approach they are taking in their store, which also has a number of environmental features, will be popular with the local community and increase understanding of the Maori language. 86 people are employed at the store.

FREE PRODUCT IMAGE LIBRARY FROM IMAGE NET



Operate a data base of high quality product images from out of their library called



Many NARGON members already know of this great free service but some of you might not be aware of this library.

Most Suppliers are presented in Ibank from Nestle, Heinz Watties, and Lion through to all of PAMS and Budget images.

Simply go to the web site www.image.net.nz click on the register button, fill out a few prompts and Image Net will do the rest.



Image Net also provide planograms through their service called **Plan it** and many Retailers have expressed interest in getting plans produced for their own stores and also from Suppliers needing plans done for category reviews.

For further information regarding these and other services available to NARGON members, simply contact Image Net on 09 524 1309 or see their resource page on the NARGON web site.

GOVERNMENT SAYS IT IS NOT KEEN ON YOUTH RATES

The Labour Party, Green Party and unions say they are concerned that the National Government secretly plans to re-introduce youth pay rates after the next election if they win. The Prime Minister and Minister of Labour have both downplayed the prospect with John Key saying youth rates were a "theoretical possibility" but not a "high probability".

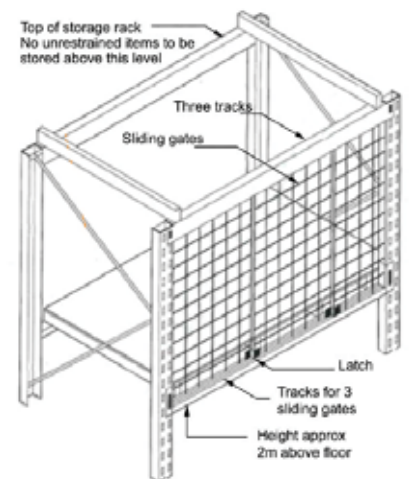
NARGON supports youth rates. If National was really serious about re-introducing youth rates to boost youth employment, they would not have voted down Sir Roger Douglas' member's bill on the issue late last year. While doing so, National MPs claimed youth rates were from a "bygone era" and refused to even allow the bill to go to Select Committee. The Select Committee process would have allowed the public to have their say and MPs to hear expert opinions.

EARTHQUAKE HIGHLIGHTS STACKING AND SHELVING HAZARDS

Following the impact of the Christchurch earthquake, the Department of Labour has issued advice stressing "the importance of ensuring that storage racking systems and shelves are designed and maintained to withstand seismic activity." It notes that all areas can be susceptible to earthquakes. This issue is particularly important for supermarkets and stores who make extensive use of shelving, stacking and racking.

Because of the complexity of the issue, the Department recommends that employers should engage a consulting engineer to review their shelving systems' verification and certification to ensure that they meet the requirements of NZS 4219:2009 - Seismic Performance

of Engineering Systems in Buildings. Further information is available on the NARGON website: www.nargon.co.nz/help-and-resources/earthquake-highlights-stacking-and-shelving-hazards, or on the Department of Labour website.





POLITICAL COMMENT – HON BILL ENGLISH (NATIONAL PARTY)

Deputy Prime Minister and Minister of Finance Hon Bill English sets out his thoughts on “Setting a Platform for Growth”:

“The New Zealand economy has been through three tough years – the global financial crisis, a world recession followed by a difficult recovery, three major earthquakes in our second-largest city, and a series of finance company collapses.

The Government has faced two major challenges.

The first challenge has been to steady the ship, help New Zealanders through the recession, and turn around the forecasts of permanent deficits and ever-rising debt we inherited.

That has been achieved – we have navigated our way through the recession and financial crisis in relatively good shape. We have kept unemployment under 7 percent and the economy has been growing in seven out of the last eight quarters.

We have set a path back to surplus by 2014/15, kept government debt under 30 percent of GDP, and avoided a downgrade from the international ratings agencies. And in doing so we have continued to protect the most vulnerable groups in society.

The Government’s second challenge has been to set a platform for future growth.

We’ve focused on rebalancing the economy towards exports, savings and productive investment, and away from the borrowing, consumption and government spending, which characterised growth in the mid-2000s.

Budget 2011 marks the next step in this Government’s programme to tilt the economy towards exports, savings and

investment. It helps to lift national savings by returning the Government’s books to surplus in 2014/15 – one year faster than previously planned - increasing the level of private savings in KiwiSaver and providing quality investment opportunities for New Zealanders.

It does this while funding the Government’s \$5.5 billion share of the costs of rebuilding Christchurch, investing more in frontline services in health and education and continuing to protect the most vulnerable.

The Government has supported the economy through the recession, but with growth forecast to reach 4 percent next year – its highest level since 2004 - and the economy expected to create 170,000 new jobs over the next four years, it is appropriate to speed up the return to surplus. This reduces the need for Government borrowing and supports jobs and growth by reducing pressure on interest rates. It also puts the public finances in a stronger position to cope with future shocks.

The last three years have been tough for retailers, including the food industry. New Zealanders have been closely watching their spending as they increase savings and reduce debt.

While this has been tough in the short term it is good for the economy in the longer term as future growth needs to be based on increases in earnings rather than the debt-fuelled growth we saw over much of the 2000s.

Looking forward there are many reasons to be optimistic

- *Our terms of trade are at 40-year*



highs and our trade is increasingly shifting towards the fast-growing Asian economies.

- *Interest rates are at 40-year lows.*
- *Our exchange rate with Australia is close to 20-year lows.*
- *We have a sound financial system.*
- *We have highly competitive tax and regulatory systems – including a new company rate of 28c in the dollar – and a relatively flexible labour market.*
- *Business balance sheets are increasingly healthy.*
- *Households are increasing their savings.*
- *The public sector is becoming more efficient.*
- *We can expect significant stimulus from both the Rugby World Cup and the Christchurch rebuild.*

So, despite the shocks to our economy – including the most recent earthquakes – we’re pretty confident about New Zealand’s outlook. Our next big challenge is going to be making the most of those opportunities. That’s why the Government is pressing on with its programme to increase the competitiveness of our economy and build faster growth based on savings and exports.



TOBACCO DISPLAY BAN PASSED

On 14 July 2011, New Zealand politicians overwhelmingly voted in favour of the Smoke-free Environments (Controls and Enforcement) Amendment Act 2011. The stated aim of this Act is to prohibit tobacco displays and tighten up tobacco controls and enforcement. Only three Act MPs voted against the legislation which had been first introduced in December 2010 by Hon Tariana Turia, the Associate Minister of Health.

The central provision of the Act is a prohibition on the display of any tobacco products (including packets, cartons, packaging or advertising) in or on stores from 23 July 2012. This includes a ban on displays on the exterior of retail premises which show a retailer's name or trading name if they include words, phrases, trademarks or company names that have the effect of advertising tobacco.

If a customer specifically asks about tobacco products, retailers may tell them what is stocked and what the prices are, but they cannot show them the packet until the actual moment of purchase. Basically, tobacco products can only be seen by customers while they are being delivered or being purchased. Breaching this prohibition will be an offence punishable by a fine of up to \$10,000.

From the same date, retailers will be required to display health information and age restriction signs at all points-of-sale. Failure to display either of those signs will be an offence liable to a fine of up to \$2,000. Smoke-free enforcement officers will also be able to impose instant fines up to \$1,000 to retailers they catch supplying tobacco to people below 18 years of age.

NARGON is broadly supportive of the legislation and will be working closely with Government agencies to ensure there is a smooth transition without excessive compliance costs or red tape for stores of all sizes. Most stores are expecting the actual demand for tobacco products to be virtually unchanged by the legislation.

We will be working with the Ministry of Health and other agencies to talk through the issues and discuss any potential exemptions or extensions which can be applied under the Act. We understand Cabinet was particularly concerned that smaller stores not be unduly impacted by the changes. However, while this consultation is occurring, NARGON recommends that all stores plan for a 23 July 2012 implementation date.

ON A LIGHTER NOTE – (NOT SO) SMOOTH COUNTERFEITING

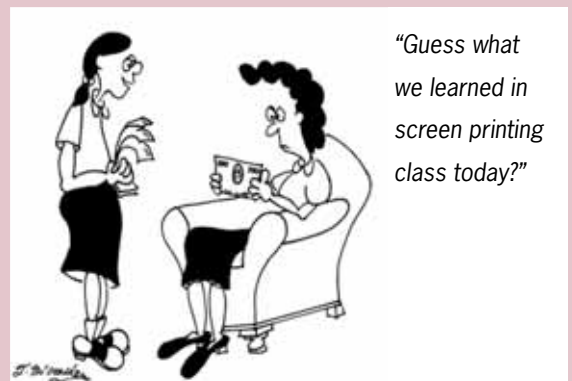
This exchange occurred in a store in Chicago, Illinois, USA – at least according to www.notalwaysright.com:

(I am ringing up a customer when he hands me a 100 dollar bill.)

Me: "Alright, I just need to check it really quick."

(I hold the bill up to the light.)

Customer: "It's okay. I just printed it."



DON'T HAVE A NICE DAY

This exchange occurred in a supermarket in Cornwall – at least according to www.notalwaysright.com:

Me: "Thanks, and have a nice day!"

Customer: "Don't tell me to have a nice day! We're not in America!"

Me: "Sorry... don't have a nice day?"

Customer: "I won't, because I'm British!"





KIWI SHOPPING HABITS REVEALED

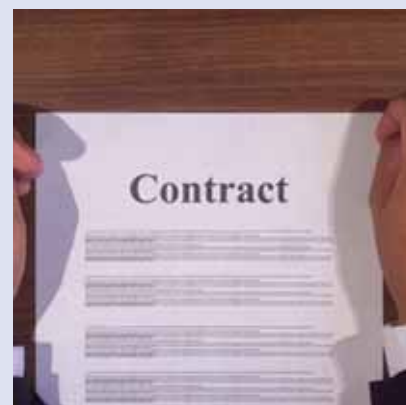
Survey company Colmar Brunton surveyed 1,500 New Zealand supermarket shoppers earlier in the year for in-store marketers Hypermedia. The results showed that roughly one in four shoppers enjoyed going shopping, one in seven hated it and fully 60 percent saw shopping as chore to be completed as quickly as possible.

Around two-thirds of respondents said they were happy to deviate from their shopping lists and one-third confirmed they would go in to buy a specific product and walk out with a bag of other items, many of which they struggled to remember shortly afterwards. Hypermedia said it was important for stores to employ fresh techniques to get shoppers off auto-pilot and thinking about their purchasing.

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



EMPLOYING STAFF FOR RUGBY WORLD CUP 2011

With a huge influx of tourists and visitors expected during the Rugby World Cup, some stores may need to put on more staff or extend their hours to meet increased demand. The Department of Labour has issued some guidance on these issues.

Casual employees and those on fixed term agreements are entitled to the same minimum employment rights as other employees. Like all employees, they must also have a written employment agreement.

If employers want to change their employee's hours of work, they need to follow a fair process. In most cases, both parties will

have to agree to the changes. Even if the employment agreement specifies the employer can change an employee's hours of work, the employer must still act fairly and reasonably before making any changes.

Stores are also reminded that they must check a potential employee's entitlement to work in New Zealand. Immigration New Zealand has provided a free checking service which can be accessed on-line: www.immigration.govt.nz/visaview

For more information on employer responsibilities during the Cup, visit www.dol.govt.nz/er/ or call 0800 20 90 20.

AUSTRALIA: TOBACCO COMPANIES FIGHT BACK

As expected, the tobacco companies are fighting back hard against the Australian Government's plan to force all cigarettes and tobacco to be sold in deliberately ugly plain packages with no imagery, colours or branding. Tobacco company Philip Morris is threatening to sue the Australian government under Australia's bilateral investment treaty with Hong Kong for the billions of dollars they say plain packaging would cost them.

The tobacco industry has also been running television advertisements

against the plain packaging proposals, asking Australians if they want to live in a "nanny state". The World Trade Organisation has become involved with a number of protests about the draft legislation received. These protests argue the proposals would infringe a number of free trade agreements and breach the intellectual property rights of tobacco companies. The New Zealand Government has said it is considering following the Australian move.



POLITICAL COMMENT – HILARY CALVERT (ACT PARTY)



Dunedin-based Act List MP Hilary Calvert explains why three Act MPs were the only Parliamentarians to vote against the recently passed Smoke-free Environment (Controls and Enforcement) Amendment Bill:

“Reports of the death of Nanny State, rumoured to have met her demise in November 2008, are greatly exaggerated.

Her fingerprints are all over the new Smoke-free Environments (Controls and Enforcement) Amendment Act. Soon shops will no longer be allowed to display tobacco products. And if you have ‘tobacco’ anywhere in your name you’ll have to change it – because nothing attracts the young people like a ‘tobacconist’.

The costs of these changes are not trivial, as you are well aware. Estimates vary, but it will likely amount to thousands of dollars for most small to medium sized shops.

Legislation should never pass without measuring the benefits against the costs, but this is one of many Acts where such an examination would ruin that warm feel-good

factor. The same feeling, in fact, many receive from puffing on a cigarette; and to be honest it’s hard to say which is more dangerous.

Don’t get me wrong: smoking is a terrible, unhealthy habit. It’s also perfectly legal, as is stocking and selling tobacco products. There is nothing whatsoever that is wrong with selling a legal product to those who wish to buy it.

ACT MPs are allowed a free vote in Parliament on most issues. On the banning of tobacco displays three of us, myself included, voted against. We were the only Party to do so.

As we remarked in our press release that followed, “smokers have rights too. We support their rights. We don’t like smoking, but we don’t believe it is for us as MPs to say whether people should smoke or not, much less whether they may display a legal product or not.”

But just try telling our politicians that. Humanity has taken our historic love of persecution and aimed it at a part of society for whom it is hard to feel sympathy. Smokers are fast becoming the new lepers, except if Associate Health Minister Tariana Turia has her way they won’t even get their own island.

Ms Turia wants to see smoking outlawed by 2025. Prohibition of tobacco will work

about as well as it has for marijuana.

Control of the sale of tobacco would shift from you, the shop owner, to the gangs. Consider that for a moment. The Maori Party thinks more of the gangs than they do the grocery sector. If that doesn’t epitomise how awry the debate has become I don’t know what does.

Logic isn’t in the driver’s seat at this point in time. The United Kingdom, also with strict smoking laws, loses \$5 billion a year in revenue thanks to tobacco smuggling. With a socialised health system such as ours, we cannot afford to lose tax revenue from smoking that can be used to pay the associated health costs.

These are the unintended consequences of the path New Zealand’s taking. The more we drive smoking underground, the more costly it will be for everyone.

No one can say for sure if removing so-called ‘power walls’ will reduce smoking; indeed many are sceptical. Price incentives, such as tobacco taxes, have a far greater impact. Live and let live (or should that be ‘live and let die’): let people smoke, and make sure they pay the costs of their treatment.

And for goodness sakes stop putting the blame – and the costs – on those who sell cigarettes to make a living. Red tape stunts our growth more than tobacco ever could.”

UK: CHILDREN DICTATE WHAT THE FAMILY EATS - SURVEY

A recent survey by supermarket giant Sainsbury’s has found that children dictate what the whole family eats. 77 percent of parents admitted that their children were the ‘meal maestros’ at dinner time though 70 percent said their kids knew more about food than they did at the same age. Meat and two vegetables remain the most

popular weekly meal (75 percent) while the popularity of chips appears to be dropping. In fact, pasta looks to have passed fried potato on the table. 20 percent of respondents said they never regularly ate together as a family.



**MEDIAWEB'S
FMCG
MAGAZINE**

**NARGON'S NEW MEDIA PARTNER
FOR THE SUPPLIER AWARDS 2012!**

**WWW.FMCG.CO.NZ
A MEDIAWEB PUBLICATION**

NORTHERN IRELAND: CONSULTATION BEGINS ON CONTROVERSIAL LEVY

The Northern Irish government plans to introduce a levy on plastic bags by 2013 and has begun consultation with the public about how much should be charged. The Environment Minister said “the aim of this charge is to both reduce bag usage and at the same time raise revenue that would be used to provide funding for the environment and other Government priorities.”

Critics have noted that the Government has cut NZ\$6.5 million from its Green New Deal program intending that revenue from the levy will replace that funding. Industry groups say the levy may cause greater harm as people will buy black plastic bin liners and other non-biodegradable substitutes (as has already happened in the Republic of Ireland). It will also add to the operating costs and red tape burden on retailers. They favour an intensification of the voluntary approach which has reduced plastic bag use by up to fifty percent already.

UK: CAREERS ADVISORS NEED TO BETTER UNDERSTAND THE INDUSTRY

Food and grocery analyst IGD has released the results of its survey of British human resources professionals working in the sector. Nearly nine in 10 (87%) said they would work more with universities, polytechnics and schools if careers advisors had a better understanding of the industry and business needs. 83% of those questioned agreed that cutting red tape would help to scale up apprenticeships and 57% said a reduction in paperwork would increase the amount of work experience they offered. NARGON would suggest the results would be broadly similar for the New Zealand industry.

“So, you’ve no experience, no skills and a poor grasp of reality. Have you considered consulting?”



RETAIL QUIZ

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

1. When will Parliament finish for the election?
2. What kind of agreements are tobacco companies alleging would be breached by plain packaging for cigarettes and tobacco?
3. True or False: An employee hired in 1992 on a verbal agreement does not need a written employment agreement?
4. How many MPs voted against the Smoke-free Environment (Controls and Enforcement) Amendment Bill?
5. How many shoppers told Colmar Brunton they “hated” grocery shopping?
6. Which employment requirements apply to permanent staff but not temporary staff?



RETAIL QUIZ ANSWERS

1. Late October (October 23 2011).
2. Free Trade Agreements.
3. False. Employers must retain written employment agreements for all employees, regardless of when or how they were hired
4. Three (out of 122).
5. One in seven.
6. None. Temporary staff are entitled to the same minimum employment rights as other employees.

GEON
print & communication solutions

proud to support the
Nargon Newsletter

- DESIGN
- LABELS
- MAILING
- PACKAGING
- PRINT

www.geongroup.com

0800 774 5494

WHATS NEW ON THE NARGON WEBSITE - WWW.NARGON.CO.NZ

LATEST STATISTICS

1. Food price index review: 2011
2. Wholesale trade sales rise again
3. Another strong quarter for retail sale

LATEST MEMBER RESOURCES

Disciplinary action form

LATEST RESOURCES

Shelf Management System information

WHAT ELSE CAN YOU FIND ON THE NARGON WEBSITE?

- The latest news and information for the industry
- Employment contracts
- Submissions to parliament
- Information on the Holidays Act
- Information on the new tax laws for 2011 and a GST calculation sheet,
- NZ public holiday dates to 2013
- Health and safety guidelines
- Coupon code of practice
- Newsletter PDF's and more...



**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

The information in this newsletter is to the best of the authors' knowledge true and accurate. No liability is assumed by the authors for any loss suffered by any person relying directly or indirectly upon this newsletter.