



NEWSLETTER: 6 SEPTEMBER 2019

Central Buying Models, Taxes, Industry Training

Welcome to the rains of spring ...

Many members have recently received emails inviting them to attend **central buying model discussions** for New World and Four Square supermarkets. Issues relating to negotiations are matters for members, and we encourage you to take the opportunity to engage and discuss these issues. Standard issues such as ROI and how to ensure store compliance will no doubt be topics for discussion. In the first instance, Foodstuffs North Island are working hard to invite discussion and questions from those who received the email. Take the opportunity. Members are also welcome to raise issues with the FGC office or members of either our SMA Working Group or Industry Relations Working Group.



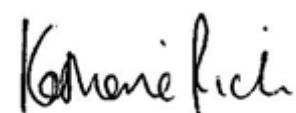
In February, FGC wrote to Finance Minister Grant Robertson regarding the Tax Working Group's recommendations on **capital gains taxation and sugar taxes**, and we have now received a response. We have no concern about it taking six months because it's a full and thoughtful response. Members wishing to read it can contact the FGC office and we will send it to you for your information.



The big changes looming in the tertiary education sector are causing a re-think around training for the FMCG sector. As well as replacing the 16 regional polytechs with an Institute of Skills and Technology, the Government is transforming the Industry Training Organisations that deliver apprenticeships and workplace training into Workforce Development Councils, which will drive the skills agenda with industry. This transition will take two years. FMCG industry

training provider Competenz is right now working through how the change will fit for our sector, and the next steps on developing sector coverage, shape, design and establishment timelines, and it's keen for input from companies. It's essential that the impact on industry of this reform is minimised, so it needs to be industry-led. Skilling our industries and supporting on-the-job training remains critical to ensuring a capable and productive workforce. I encourage FGC members to get in touch with [Competenz CEO Fiona Kingsford](#) to ensure we get the best possible result. You can read [a report on the changes here](#).

Registrations for the annual conference in Melbourne continue to flow in, and I'm confident we'll have one of the biggest attendances in recent years. I suspect the emphasis on the retailer side of the programme has a lot to do with this, and I urge those of you who haven't yet registered to do so before it's too late.



FGC Event: Supply Chain with Foodstuffs, Pollen Group



A reminder that registrations are open for the next forum in the Supply Chain Excellence Series, which will be held in Auckland on Tuesday 17 September. It will combine the annual Foodstuffs Supply Chain Update with a presentation from supply chain experts Pollen Group on “Industry 4.0”. These sessions, hosted by FGC’s Supply Chain Working Group, are a unique opportunity for companies to build supply chain knowledge while

meeting fellow supply chain, executive, and sales people in an informative and relaxed setting. John Mullins, Foodstuffs GM Supply Chain, Phil Lemon, GM Merchandise Foodstuffs SI, and Jonathan Box, GM Supply Chain Foodstuffs NI will each provide an update with members of their teams. They will also take feedback and questions in a panel speaker format. This will be followed by a presentation from Pollen Group CEO Paul Eastwood and Technology Director Oliver North, entitled “Is Industry 4.0 our last and only hope?” Places are limited, so [register now on the FGC website](#). Coffee will be served from 8am with a prompt session start time of 8.15am. Refreshments and networking will follow the first session between 10am-10.30am, with the Pollen Group presentation from 10.30-11.30am.

MPI Releases Draft Food Safety Strategy

MPI has released its New Zealand Food Strategy for public consultation, and feedback is due on 27 September. The feedback collected during consultation will help New Zealand Food Safety be clear about its strategic priorities. MPI says this is all about business having their say in what New Zealand Food Safety prioritises, with a clear focus on the food safety system so that food produced in New Zealand can be trusted by everyone, everywhere. MPI is holding a series of meetings in September to discuss the strategy: Whangarei 10th, Christchurch 12th, Napier 13th, Dunedin 17th, Nelson 19th, Wellington 20th, Auckland 23rd. FGC will be submitting on the strategy and members’ are encouraged to send comments on it to [Carole Inkster](#). A raft of documents (background, summaries etc), including the Strategy consultation document, can be found [on MPI’s website](#). The final strategy will be launched in the NZ Food Safety Summit in Auckland on 10 December.



Register for NZ Made Day 21 November



Registrations are open for food and beverage manufacturers to participate in New Zealand Made Day on 21 November. It’s being marketed by Buy NZ Made as a day dedicated to Kiwis giving Kiwis great deals on products we’re making. Companies are encouraged to register their

participation now and start thinking about the best way they can incentivise consumers to purchase from them on NZ Made Day. Participants will be included on the Buy NZ Made participating businesses page buynz.org.nz/nzmadeday and in the first mailshot to 6,000 consumers. [Register here](#).

In-Stock Optimisation Over Summer – We can do better!

Stock optimisation over the summer period, otherwise known as Winning in Summer, will again be a key focus for the Supply Chain Working Group. The group, a joint supplier-retainer group hosted by FGC, was formed to improve supply chain efficiency across the grocery sector, and one of its main work plans for the past three years has been to improve poor stock optimisation over summer.

Historically, this has been the poorest performing time of year for stock on shelf, with large-scale lost sales opportunities for both retailers and suppliers.

Three years the group launched a Winning in Summer toolkit that provides cross-functional guidelines for planning for the period. It's featured [on the FGC website](#) and is supported by the retailers. The group is now making a fresh plea for suppliers to download it even if they have their own sales and operation process. It says DIFOT (delivery in full on time) results from the 2018/19 summer were the lowest in five years, and is urging suppliers to plan ahead to ensure shoppers' needs are met and sales are not lost. Both major retailers have messages on the issue:



Foodstuffs' Position



"For Foodstuffs to be truly customer-driven, it requires suppliers to be similarly focused to ensure the best product availability to ensure our customers' needs are met. This past December and January, the total supplier service level for FSSI was at 95.7% and 94.6% in FSNI. This is a disappointing result, given our target service levels are 97% into our DCs and 98.5% direct. This represented a theoretical gap of \$44m and a real lost retail sales value of \$13m using UK research that says a factor of 0.3 are truly lost sales and not converted instore. For many of our stores, the main source of products is our distribution centres. During December and January, the Inbound to DC service level was 95.6% for FSSI and 92.2% for FSNI. The theoretical lost retail sales was \$30m with a true loss of \$9m with (\$2m for FSSI and \$7m in FSNI) for DC supply alone".

Countdown's Position



"Countdown's purpose is to make Kiwis lives a little better every day. Availability is a key measure for our business and is one of the foundations of our strategic plan. Not only do we measure service levels to our stores we also measure voice of customer on availability of products. Last summer we had very poor availability. We believe there are several reasons for this. This summer we are focused on how to better partner with our suppliers to deliver a better stock position on-shelf. This is a combination of leveraging the summer toolkit in addition to developing our own game plans in collaboration with each supplier in a timely manner. Timely planning is key, and we are well under way with summer planning with all our large volume suppliers, with a view to completing joint plans by mid-September. We are encouraged by the support and collaboration we are receiving to maximise the opportunity within supply chain, leveraging options such as seven-day receiving".

Summer Internship Scheme Opens

Registrations are being accepted from employers (and students) for the annual FGC-endorsed summer internship scheme. It's an opportunity for companies to build a pipeline of talent and work together to raise the profile of the FMCG industry as an exciting place to build a career. There are high-calibre and enthusiastic students keen to join the programme in Finance, Accounting, Logistics, Supply Chain, Engineering, Market Research, Category Management, Human Resources, and Sales & Marketing. Interns join participating companies for 8-12 weeks over summer, undertaking business-as-usual activities or projects, or a mixture. The scheme is run by Kelly Smith of [Bizadvisor](#) and Seren Wilson of [Talent Solutions](#). To be part of this programme, [email Seren Wilson](#).



Doug Paulin To Take Over at Sealord



FGC congratulates former Board member Doug Paulin for being appointed CEO of the Sealord Group. In the first instance, Doug has been appointed Chief Operating Officer, effective 1 October. He will work closely with present CEO Steve Yung through a phased transition plan over the next 12 months until he officially takes over as CEO. Doug has extensive experience in FMCG, including 11 years with Lion Nathan in sales and marketing as Regional Sales Director for the Auckland

region, and Brands Director, and also two years as part of the Lion Nathan strategic team, where he led Lion's entry to the grocery channel. He was then CEO for Hubbard Foods before joining Sealord. He is Sealord's first internal candidate.

Foodstuffs' Peak Season Price & Product Moratorium

Foodstuffs is again seeking cooperation from suppliers on its proposed List Price/New Product Moratorium for the approaching peak season. It's asking that list price changes and product launches be planned to occur outside the moratorium periods, and confirms that the price moratorium doesn't apply to the normal mutually agreed promotional pricing. List Price Adjustments: Moratorium begins 25 November and runs till 2 February. That means the last effective date for list price changes is 18 November. The latest date to confirm any pricing adjustments is 4 October. New Product Moratorium: begins 2 December and runs till 12 January. Any new products should be presented or discussed in September or early October, at the latest. Suppliers needing further clarification are advised to talk to the relevant category manager. If suppliers do launch new products during the proposed moratorium period, they need to approach individual Foodstuffs businesses for special review and consideration.



Save the Date: FMCG Future Leaders Forum 2020

The third Future Leaders Forum is scheduled for Auckland on 19 March next year. This has become the not-to-be-missed event for high potential industry talent. It challenges thinking, encourages career development, and promotes the importance of networking, and provides tangible value for delegates and their businesses. The day will be split into four sections: two keynote speakers in the morning, each followed by a CEO panel and table discussions, a Q&A with a speaker, and then finishing with a final keynote. Watch this newsletter for registrations to open.



Consultation on Anti-Dumping and Countervailing Duties



The Ministry for Business, Innovation and Employment (MBIE) has developed a detailed economic model that it proposes be applied in order to calculate public interest for lodging an anti-dumping or countervailing case. New Zealand is alone in requiring such a test. Submissions on the proposals are due to MBIE by 13 September

2019. Further details are [on MBIE's website](#).

Consultation on Product Stewardship Guidelines

The Ministry for the Environment is calling for submissions on proposed priority product declarations and product stewardship scheme guidelines in its efforts to reduce the risk of harm from waste and promote the circular economy. For stage 1, it has proposed a set of declared guidelines for the contents and expected effects of product stewardship schemes for priority products under the Waste Minimisation Act 2008, and these are included in the consultation. Priority targets include packaging. The guidelines also address issues such as governance, fees, service procurement, reporting and public accountability. Once a product is declared a priority product, the Act provides that a stewardship scheme must be developed and accredited. However, participation remains voluntary until regulations are put in place. This and other regulatory tools for waste minimisation will be subject to a stage 2 consultation and “co-design” process with stakeholders over 2019 to 2022. The consultation document is [on MoE's website](#), and submissions closing on 4 October.



Breathe Better September



Respiratory conditions are the third leading cause of death in New Zealand, according to the Asthma and Respiratory Foundation. The Foundation's [Breathe Better September](#) raises awareness of respiratory conditions and the need to improve lung health. Get your workplace involved in a [Better Breathing Challenge](#) to improve fitness and breathing while raising funds for the Foundation.

Expo 2020 Dubai: Food Companies Invited to Lead-up



Food & beverage companies exporting to the Middle East are invited to take part in an NZ Trade & Enterprise programme of activities in the lead-up to, and during, Expo 2020 Dubai, which takes place from October next year. The expo, which runs for six months, will be attended by buyers, retailers, thought leaders,

distributors and other potential partners from across the world, offering an unparalleled opportunity for companies to accelerate business, not only in the United Arab Emirates but the Middle East and globally. To leverage these opportunities, NZTE has created the Business Leverage Programme to enable participants to network with key international contacts, increase market



knowledge, and leverage the power of NZ Inc agency partnerships. The programme consists of tailored activities across four sectors, including food and beverage and specialised manufacturing (including food and beverage production). It runs over two years, starting this October, and

will introduce companies to growing areas of innovation and ways to diversify their business activity in the region. The two-year timeframe is designed to give businesses time to understand the opportunities Expo 2020 provides. Dubai hosts major trade fairs for these sectors, and NZTE's programme includes attendance at these. The first is Gulfood Manufacturing, a major event focused on the food and beverage processing industry, and it starts this October. For companies not yet active in the Middle East, NZTE has also developed a new Discover programme, which will introduce them to the region. For further information and to register with NZTE, [go to their website](#). Note: The United Arab Emirates, which contains Dubai, and the surrounding Gulf Cooperation Countries (Saudi Arabia, Bahrain, Kuwait, Qatar and Oman) rank among New Zealand's fastest growing trading partners, with annual two-way trade worth \$4 billion.

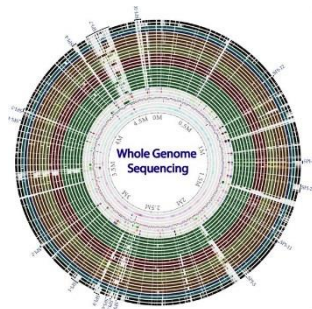
Trade Policy in a Nutshell



A one-day course for policymakers, business and others looking to deepen their strategic and technical understanding of the fast-moving trade policy world will be held in Wellington on 16 October. It will offer a broad overview of major trade policy issues, with topics including the WTO and free trade agreements, market access and subsidies, trade remedies and trade disputes, and services and digital trade. Two experts with long experience in the public and private sectors, Stephanie Honey and Sarah Paterson of Global Trade Insights, will also give a snapshot of

major global trends such as globalisation, sustainability and development, the "trade war", and what Brexit may mean for New Zealand exporters. The emphasis will be on discussion and practical tools to allow participants to understand and engage more effectively with trade policy issues. Places are limited, with registrations closing on 11 October. Register by emailing [Stephanie Honey](#) or [Global Trade Insights](#).

Genome Technologies and Food Safety



A conference showcasing the latest in Whole Genome (WGS) and Next Generation Sequencing (NGS) is to be held at Massey University in Wellington on 31 October. Hosted by International Life Sciences Institute SEAR Australasia, the NZ Food Safety Science and Research Centre, and Australia's CSIRO, it will consider 'How can these powerful technologies further protect public health and address food safety concerns in the 21st century?' Case studies will be presented on how these technologies are being increasingly used by industry to protect public health while informing food safety practice and mitigating food safety risks. For programme and speaker details, and to register, go to [the International Life Sciences Institute website](#).

Join Cardinal Logistics' Charity Golf Day

Golfers may like to consider playing in the annual Cardinal Logistics and Whitford Park Golf Club Child Cancer Golf Tournament on Friday 18 October. Last year's event was over-subscribed, and raised more than



\$57,500 to fund the Child Cancer Foundation's children's Christmas party, as well as frozen meals and grocery vouchers for families supporting their children in hospital. The aim this year is to beat that figure. It's a festive day out with lots of prizes (including Best Dressed!), food, drinks and golf, of course. You can enter a team of 4 or just yourself, or your company may prefer to donate prizes, money or sponsor a hole. First 30 teams of four will be accepted. Included in the entry fee is a BBQ lunch, beverages, prizes and a catered dinner. Email [Anna Pynenburg Smith](#) for more information and an entry form. Entries close on 20 September.

Online Consumer Goods Sales to Grow 163% by 2023

Online sales of food and consumer goods are forecast to grow 165% in the next three years across major markets, according to a report by research organisation IGD, in association with the Consumer Goods Forum. The report looked at how food and consumer goods companies can use the new digital technologies to become more relevant, exploring three digital retail models of the future and predictions for an increasingly digital food and consumer goods industry. It found that major grocery e-commerce markets will continue to expand rapidly, growing at almost four times the rate of any other channel. Data highlights from the research include: Asia-Pacific's online grocery market growing by 196% by 2023, adding \$198 billion; North America's growing by 152%, adding \$38 billion; Europe's growing by 66%, adding \$21 billion. Grocery e-commerce sales in Asia-Pacific are set to triple over the next five years, with IGD forecasting that in 2023, e-commerce's share of grocery in Asia (7.5%) will be twice that of North America (3.4%), and close to three times bigger than Europe's (2.5%). FGC is in the process of sourcing the report. [Email Carole Inkster](#).



Mars' Examples of Community Work



Many FGC members do excellent work in their communities, much of it simple yet effective. Mars is one of those that involves everyone volunteering in projects that companies of any shape or size could take up. Mars associates (staff) take two days off each year, with individuals and teams choosing a project. These include beach cleanups, helping to build facilities at dog shelters, helping the Salvation Army move their food

bank in Rotorua, crocheting blankets for needy babies at Middlemore, providing food packs for farmers affected by *Mycoplasma bovis*, and fundraising for the PetRefuge charity. Pictured are Mars associates with pet food donated by the company to support PetRefuge, which is setting up facilities for animals who have been part of a family violence situation (many women won't leave an abusive relationship because of their pets – being scared what might happen to them). Globally so far this year there are 349 Mars sites participating in the volunteer programme, gifting 76,000 hours to benefit 73,000 pets and 1.2 million people.

Roma Road Gets New Warehouse Management System



Foodstuffs North Island has begun implementation of its new JDA Warehouse Management System at Roma Road in Auckland, with a planned go-live date of 22 September. This is the fifth and last site to be implemented this year. It is alerting suppliers they should be aware there may be cut-off times for orders supplied leading up to go-live, SAP purchase orders and other paperwork will continue to be required for orders being delivered from 22

September, all shipments must have a valid purchase order number on them, and all stock identified as return purchase order and delivery discrepancy notices must be picked up by 13 September. Any not picked up will be donated to charity on 16 September. Further information can be obtained by emailing WMSProject@foodstuffs.co.nz.

Sustainability Working Group and Visit by AFGC Expert



The FGC Board has established a new Sustainability Working Group, and it will be chaired by Nestlé CEO Christian Abboud. Nick Bangs, Managing Director of Unilever is on board, and Lyn Mayes will be adding the provision of the FGC secretariat to her very busy dance card. Barry Cosier, Director of Sustainability at the AFGC is joining our first meeting, which is September 17. Barry has also made himself available for times later in the day to meet with NZFGC members. Katherine Rich will be hosting a lunch with Barry 12 -1.30pm if any

NZFGC member wants to join us to continue discussions. Contact the office for more details.