

Financial Year  
**19**

# MGA INDEPENDENT RETAILERS



## 2019 Annual Report.

“MAKING LIFE EASIER,”

# Financial Year 2019

## Annual Report

### MGA'S HIGHER PURPOSE

“MAKING LIFE EASIER,”

An MGA team dedicated to caring for and supporting its members.

#### OBJECTIVE

To be a highly respected national industry organisation led by an inspired and aligned high performing team.

#### MISSION

To deliver support services that enhance members' business health and prosperity.

#### VISION

A robust, competitive and profitable independent retailer and business sector.



### MGA VALUES – C.I.R.C.L.E

#### *Consult*

when decisions affect others

#### *Integrity*

in everything we do

#### *Respect*

for one another

#### *Communicate*

open and honestly

#### *Leadership*

take ownership

#### *Embrace change*

as a healthy part of growth

### MGA'S WORKPLACE

MGA and MGA TMA's workplace culture is based upon its strong values and its higher purpose to “Make Life Easier” for its members, industry stakeholders and work colleagues.

MGA strives to be a high performing team of professionals encouraging staff to develop and grow in their roles to enable an enjoyable and productive culture to assist members better.

# Benefits of membership

8 reasons to be a member of MGA and MGA TMA



LEGAL & HR



TRAINING



ADVOCACY



MEMBER  
BENEFITS



COMMUNITY

1. **We know the industry** – MGA and MGA TMA has been an employer organisation for the independent grocery, liquor and timber and hardware industry since the 1890's – we have over 100 years of experience! Registered with FWC and ASIC.
2. **We are your voice** – MGA and MGA TMA represents your views, fighting for our member's and industry sustainability at federal, state and local levels. See our work on Sunday penalty rates, National Wage Reviews, shopper dockets, Competition Law Reform, trading hours, Packaged Liquor and energy costs at [www.mga.asn.au](http://www.mga.asn.au). Your views – our mission!
3. **Free unlimited legal advice** – on all Employment Law and HR matters, Workplace Health and Safety and Consumer Laws – SAVING YOU \$\$\$\$\$ and giving you peace of mind!
4. **Support for your business** – Free access to policies and templates to help you run your business – letting you focus on what you need to focus on! As a member, access our member portal for wage rates, public holidays and more!
5. **Industry training** – Food Safety, OH&S, Timber, RSA, Customer Service, Tobacco, Leadership and much, much more. Industry specific, member discounts, bulk buys – talk to the experts in grocery, liquor and timber and hardware retail industry training. Join our face-to-face Employment Law Master Classes or food safety training at member rates.
6. **Exclusive deals** – Member-only special deals on big-ticket items such as electricity and insurance – check them out at [www.mga.asn.au](http://www.mga.asn.au)!
7. **Stay informed** – With our fortnightly MGA E checkout and monthly MGA TMA newsletters – we keep you up to date with the latest employment law news or e-alerts on the latest industry news and events. Alternatively – check out our magazine that has all the latest news!
8. **Community** – An opportunity to network at our industry business breakfasts, lunches, golf days and GALA ball. Join in our industry events that help those in need. MGA and MGA TMA has a long history of assisting the Reach Foundation!

“MAKING LIFE EASIER,,

# President's report

*It is a privilege and honour to report to the members of MGA and MGA TMA as the 2019 MGA Board President.*

*I have served as a Director on MGA's Board for 16 years, the past 2 years as Vice President. MGA supports our retail community. It is the glue that connects our industry, ensuring that our interests as retailers and small business operators are represented to government and protected and supported by employment and industrial laws.*

**The MGA Board live and breathe our industry and small business. We understand our members' issues, and we understand our market, the cost pressures and the Industrial Relations landscape. The major focus for our board in 2019 has been to identify members' business needs and the matters that affect the viability and sustainability of them. Our aim is to develop and understand synergies between our members, but also to understand and service their differences. While all of our members are family and private businesses, they are not all independent grocers. MGA is now equipped to be able to service and protect all our members, in Industrial Relations, Compliance and Government Lobbying.**

First and foremost, I wish to thank MGA's dedicated and committed Board of Directors for the enormous amount of time, enthusiasm and energy they put into the running of MGA. Our Directors are from all the states of Australia, and we actively engage with federal, state and local governments on our members' behalf.

I wish to particularly pass on my heartfelt thanks to past MGA Board President of 15 years and Director for more than 20 years, Rodney Allen, who stepped down from the MGA Board Presidents position in December 2018 owing to ill health. We are sincerely grateful to Rod for his leadership, energy and complete dedication toward creating an industry association that will stand by its retailer members in difficult, and in robust, trading times. Rod led the organisation from being a Victorian Independent Grocery Association (MGAV) with 360 members into a National Employer Industry Organisation Association (MGA) with over 2500 members.



Former MGA President Rod Allen and current MGA President Debbie Smith.

I would also like to sincerely thank my fellow Board members for their outstanding contributions over the past financial year. Similar to many other organisations we have had Board members come and go over the past 12 months. I wish to welcome to the Board Lincoln Wymer who was elected to be an MGA Director at the MGA Board elections held in November 2018. Lincoln brings to the Board extensive retail and business experience in the independent supermarket and liquor industries.

I wish to farewell and acknowledge the tremendous work that Gino Divitini, MGA's former WA Director, and owner of Supa IGA Hilton WA, did in representing our members in WA for almost seven years. Gino stood down in February 2019.



Former MGA Director Gino Divitini and WA IR Minister Bill Johnston.

I would like to warmly welcome our new WA MGA Director, Ross Anile, who joined MGA's Board in February 2019. Ross is well known in WA by his fellow retailers, not to mention many state MP's and regulators.

Finally, I wish to welcome Jeff Harper as our most recent Board Director. Jeff, a well known Victorian retailer and industry stalwart, joined MGA's Board in February 2019.

After only two years with MGA, the former Timber Merchants Association of Victoria and now national organisation MGA TMA (Timber Merchants Australia), under the strong leadership of MGA TMA President Peter Alexander, and Vice President Richard Hill continues to lift its profile within the timber and hardware sector. I want to thank both Peter and Richard for theirs and the MGA TMA Management Committee custodianship and leadership of MGA TMA.

Led by MGA Liquor President, George Kovits, I also wish to acknowledge and thank members in the hardworking MGA National Liquor Committee for their collective dedication and commitment to protecting and further growing family enterprises and privately-owned business stocking and selling liquor products.

MGA's Board of Directors has this year embarked on several new ventures with the sole aim of ensuring our members' sustainability. Our drive is to be able to provide our members with the knowledge, innovation tools and partners to take real costs out of their businesses. Business disruption has grown exponentially, all of our retailers face greater competition in an already congested market, there have been major impacts by drought and other major climatic events, serious increases in energy, and waste costs. These have had a negative impact on our members' bottom line. MGA's Board is determined to seek out solutions that enable and assist members to simplify their compliance and business obligations.

MGA's Board is constantly aware of the challenges members face and encourage you to use MGA's facilities, whether they be legal and HR or compliance or professional development training.

Every year MGA's Board strives to lift services and support for members while keeping membership fees at a low and affordable level. Significant investment has been made into employing more qualified staff, lifting communications effectiveness and modernising MGA and MGA TMA's website.

As I say each year, members can be assured that under the stewardship of this Board of Directors and the strong MGA management team and staff we have working for our industry, that MGA and MGA TMA is a viable and strong Employer

Industry Association with a clear direction that is well prepared for any future opportunities and challenges that may face MGA and MGA TMA members. MGA membership remains strong and stable around Australia. The opportunity is to further grow the MGA TMA membership by attracting family-owned timber and hardware businesses which MGA's Board is determined to drive in Financial Year 2020.

On behalf of us all of at MGA, we wish to sincerely thank all our members for supporting your industry association. We look forward to continuing to be of service to you and your business!

**Debbie Smith | MGA Board President**



From L to R to back — Mick Daly (Vic), Debbie Smith (President—Qld), Lincoln Wymer (Vic/NSW), Grant Hinchcliffe (Tas), Ross Anile (WA), Graeme Gough (NSW), Peter Alexander (MGA TMA Committee). Middle L to R — Chris Dos Santos (SA), Carmel Goldsmith (NSW/ACT), Jeff Harper (Vic), Phil Ibbotson (Company Secretary), MGA CEO Jos de Bruin.

**MGA**  
INDEPENDENT RETAILERS  
**MGA Board of Directors**



MGA's committed and dedicated Board of Directors has representation from all states and territories.

Directors have been active in developing policies and addressing and allocating MGA resources to help meet the needs of members.

# CEO's report

*First and foremost, and as per the annual report last year, I wish to state that it has again been a privilege to lead a committed team of professionals at MGA and MGA TMA.*

*I am proud to say that this organisation has no conflicts of interest and is completely dedicated to the welfare and prosperity of family enterprises and privately-owned businesses in the supermarket liquor and timber and hardware sectors. We do not represent "big business".*

## **MGA's Board of Directors has again worked very hard toward MGA and MGA TMA providing strong support services and advocacy for its members around Australia.**

I wish to sincerely thank the Board, led by Board President Rod Allen until December 2018 and then new President, Debbie Smith, from January 2019, for their support and guidance toward MGA being the best Industry Association for its members that it can be.

MGA's membership numbers remain steady at 2,555. 78% of members are licensed supermarkets with the balance of 22% comprising stand-alone liquor, hardware and timber family businesses.

Sincere thanks to Gino Divitini who retired as MGA's WA Director in February 2019 after seven years of service. Gino did an outstanding job representing all independent supermarket operators in WA. Thank you, Gino.

I wish to extend my deep gratitude to former MGA Board President Rod Allen. Rod's leadership of the Board and his passion for doing what is right for members has driven MGA to new levels of excellence each year. Rod served on MGA's Board for 20 years and as MGA's President for 15 of those amazing years, overseeing the growth of our organisation from a state-based organisation in 2005 (MGAV) into a National Industry Employer Association today. Thanks, Rod.



Ritchies CEO Fred Harrison and former MGA President Rod Allen.

MGA's higher purpose is to "make life easier" for members. This theme resonates throughout the MGA and MGA TMA

organisation. Everything the organisation does is with the best interest of members in mind.

MGA has had another very exciting year of achievements including; the establishment of MGA TMA as an organization for timber and hardware merchants, the launch of the MGA TMA workplace health and safety training and onsite OH&S auditing product, the establishment of the Timber Technical Advisory Service, the growing in strength of the National Liquor Committee, the strong representation in Queensland and Western Australia via the MGAQ Committee and the MGA WA Committee, the relocation of MGA's total database and operations into the Cloud, the Microsoft outlook program located in the Cloud, the ongoing development of MGA communication tools such as E-Checkouts, E-Alerts, the Training Course guide, E-training newsletters and MGA TMA newsletters.



MGA continues to provide members of the Australian Hairdressing Council (AHC) with an exemplary Legal and HR advice support service, as well as members of the Liquor Stores Association of WA.

There were many matters of concern that consumed MGA and MGA TMA's time both at a federal and state level, as mentioned later on in this report.



Some federal matters MGA has been handling include the National Wage review, industrial relations issues and impediments to employing staff, the increase in unfair dismissal claims and the lack of triaging legitimate claims by the FWC, energy costs, company tax reductions – to 25% for businesses with less than \$50m sales, unfair contract terms, merchant fees reductions – least cost routing and the Shopper Dockets “enforceable undertaking” continues.

### STATE-BASED MATTERS OF CONCERN

Some of the challenges our members have been facing include trading hours deregulation (SA, Qld, WA), unfettered floorspace development of Aldi and chain stores, restrictions to sell packaged liquor (SA, Qld), Chain of Responsibility regulations and so the list goes on and on. Other matters include plastic bag bans, Container Deposit Schemes, liberalisation of trading hours, planning, zoning and development matters – in particular Kaufland’s entry into Australia, tobacco laws, payroll tax, red tape and cost burdens, land tax.

MGA’s Legal and HR team, led by Marie Brown, have had a very busy year assisting and supporting members with a plethora of staff-related queries. Unfair dismissals have been on the rise, which is cause for concern owing to their time-consuming nature for members and MGA. The team also produced a range of state and federal submissions, including the National Wage Review submitted in March 2019. The Victorian Planning Ministers independent planning review panel hearings concerning the fourth largest retailer in the world, Kaufland, and their request of the state government to unfairly rezone industrial and commercial land have been particularly time-consuming.

MGA’s Legal and HR team successfully completed another year of service to the Australian Hairdressing Council (AHC) as per the agreement struck in 2017, by providing AHC members with a reliable and trusted workplace relations support service. This is a unique feature of the AHC organisation’s offer to its members.

MGA’s training offer has had significant challenges, including the withdrawal of certificate 3 and 4 training from its training portfolio back in 2018. While MGA has an arrangement with another RTO to provide MGA certificate training, there has been no demand from members at all.

There continues to be no federal and little state government funding to support certificate training for our members’ staff, limiting any opportunities for members to upskill and train their staff.

MGA and MGA TMA, as the industry compliance training specialists, has continued to focus on accredited compliance training courses such as Food Safety, Food Safety Supervisors, Responsible Service of Alcohol, tobacco, timber and hardware OH&S and so on.

Despite the economic uncertainty, the tech disruption and many “crowding out” challenges from the chains we have again seen members invest heavily back into their businesses. Members who have taken the risk to invest their “hard-earned” revenue back into their businesses with innovations, refurbishments and restorations to give a point of difference to the chains have delighted their customers and have seen significant sales increases.

MGA and MGA TMA has achieved a high profile in the states, territories and at a federal level when addressing the many matters of concern. When members incur issues at store level, they know they can call MGA to access its professional and qualified employment law team and be assured MGA and MGA TMA is a strong voice for members at state and federal government levels too!

MGA’s Board has worked very hard this year to better understand the needs of members and has pledged to continue to deliver value for money to members. MGA and MGA TMA membership fees are very reasonable for the support and services provided to members. MGA’s Board resolved to increase MGA’s membership fees by 2% for Financial Year 2019.

MGA’s heads of departments and staff have worked very hard this last financial year assisting and supporting its grocery, liquor, and timber and hardware members. Their passion and commitment to support members is demonstrable. I sincerely thank MGA management and staff for their commitment to “making life easier” for members.

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“MAKING LIFE EASIER,,

Corporate Member support is an essential component of MGA and MGA TMA's day to day role to support members. Not only do MGA and MGA TMA's 32 Corporate Members provide both MGA and MGA TMA with valuable insights and engage with members but their corporate membership fee enables MGA and MGA TMA to better resource itself, to strongly represent members best interests at state and federal government levels.

## DIAMOND



## PLATINUM



MGA's National Liquor Committee, led by Management Committee President George Kovits, has been very active in pursuing a myriad of matters and issues affecting members' packaged liquor business. With more than 1200 members nationally having a packaged liquor license, the MGA National Liquor Committee has an important role to play in working with relevant state governments and bureaucrats to minimise the risk of any regulatory and red tape impacts on members businesses.

The MGA National Liquor Committee is to be commended for the high level of engagement it has with our industry, industry stakeholders and state governments. We thank the MGA Liquor Committee for their valuable time, enthusiasm and insights.

MGA TMA's National Management Committee, led by National Membership Manager, Ann Sanfey has made significant progress in lifting its profile within the timber and hardware industry in our endeavour to attract new members. The MGA TMA Management Committee led by President Peter Alexander worked very hard to better understand the needs of timber and hardware merchants in order to grow the membership numbers. I would like to sincerely thank all MGA TMA Committee members for their persistence and commitment.

To conclude, I wish to sincerely thank MGA's and MGA TMA's members for their continued support. For our dedicated team, it is a pleasure to do work for all our members, who comprise family enterprises and privately-owned businesses from around Australia.

**Jos de Bruin | CEO MGA Independent Retailers**

# 2018 — 2019 Highlights

- MGA's higher purpose – to “make life easier” for its members.
- Continued unsustainable price increases for energy – significant lobbying for reduced energy prices to members at federal and state government levels.
- Reduction in company tax from 30% to 25% for businesses with a sales turnover up to \$50m.
- Ongoing enforceable undertaking continues capping shopper docket to 4c / litre.
- Ongoing reduction of Sunday penalty rates: 100% – 50% – this will create more employment.
- Strengthening of Unfair Contract Terms legislation.
- Black Economy Task Force involvement led to Minister Kelly O'Dwyer legislating new and tougher laws allowing Australian Border Force the jurisdiction and powers to prosecute wholesalers, importers, growers and sellers of illicit and illegal tobacco products.
- E-cigarettes and vapourisers – further submissions lodged and state governments lobbied to support an alternative to tobacco products.
- 2019 National Wage Review – member surveys and submission lodged in March 2019.
- 3 years left of 5 Year Moratorium in Queensland for the deregulation of trading hours.
- MGAQ Committee initiating of the QLD Entrepreneurial Pipeline Project facilitating local wines, beers and spirits to be stocked by independent supermarkets
- Launch of MGA's 2019 Training Course Guide.
- The strengthening of the MGA TMA Management Committee – profile lifted with key players such as Independent Hardware Group, Hardware Australia and other timber organisations.
- MGA's financial sustainability and stability continues to be strong and with the trading results for FY2019 showing a modest profit.



# Financial Report

*MGA's trading year was again robust and like the industry MGA serves, had its trading ups and downs.*

**The nature of the industry, owing to intense and unsustainable competition and saturation of supermarket floorspace by the major chains and ALDI, has caused many single-store owners to sell their businesses to multi-store owners and in some cases store closures. This move has resulted in less membership fee income being collected.**

MGA has reported a net ordinary FY2019 income result of -\$94K versus a net ordinary loss of -\$195k last year. However, MGA has reported a Net Income result, after calculating other income and expenses, of \$52k versus \$218k last year. In a very difficult trading year, this is an encouraging result.

The balance sheet shows a healthy total equity of \$4.84m versus \$4.78m last year, which positions MGA well to continue to support and service its members around Australia now and into the future.

MGA's Training sales were not up to expectations delivering almost 50% of the budgeted sales target, causing a review of MGA's training offer for FY2020.

The poor training sales result was affected by unprecedented competition in both face-to-face and online training forms. MGA's training strategy for FY2020 will involve streamlining all MGA training products and going "back to basics" to mitigate any further losses and drive profitable training solutions for members.

## MEMBER ENGAGEMENT

MGA and MGA TMA members around Australia continue to rely upon the strong support service that MGA provides. For the price of an all-inclusive membership fee, members can avail themselves to MGA's highly skilled and capable team for advice and support pertaining to many "back of house" matters, whether they are Legal and HR, training or local advocacy matters.

## INDUSTRY STAKEHOLDERS IN FY2019

**Supermarkets** – Drakes Supermarkets, Farmer Jacks (WA), Foodland (SA), FoodWorks, Friendly Grocers, IGA, SPAR

**Liquor** – Bottlemart, Cellarbrations, Duncans, IBA, Local Liquor, The Bottle-O

**Hardware** – Independent Hardware Group – Mitre10 and Home Timber and Hardware, Bowens Timber, Dahlsens Timber

**Wholesalers** – Australian Liquor Marketers, Metcash, SPAR

**MGA partners** – Adroit Insurance & Risk, Aussie NRG, eftPOS, NAB



“MAKING LIFE EASIER,,

# MGA

INDEPENDENT RETAILERS

## MEMBER SUPPORT SERVICES



### Legal and HR

Need help? Talk to one of our experienced lawyers.



### Training

MGA – Specialists in industry compliance and training.



### Advocacy

One voice – representing our industry at all levels of government.



### Member Benefits

MGA gets the best deals for members. Contact us!



### Community

MGA fosters industry community engagement. Be part of it with your membership!

[www.mga.asn.au](http://www.mga.asn.au)

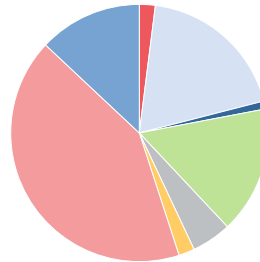
Free call: 1800 888 479

“MAKING LIFE EASIER”

### Contact Hours by State

July 2018 – June 2019

Total: 3480

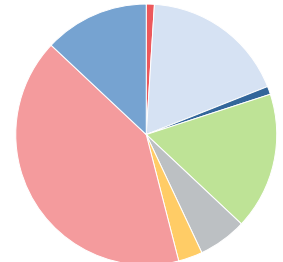


ACT – 2% NSW – 19% NT – 1%  
QLD – 16% SA – 5% TAS – 2%  
VIC – 42% WA – 13%

### Contacts by State

July 2018 – June 2019

Total: 9525

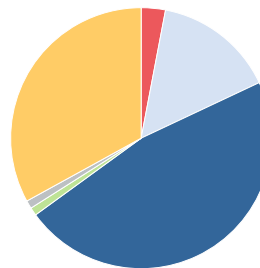


ACT – 1% NSW – 18% NT – 1%  
QLD – 17% SA – 6% TAS – 3%  
VIC – 41% WA – 13%

### Hours by Department

July 2018 – June 2019

Total: 5220

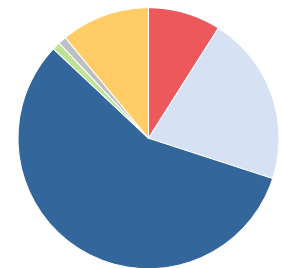


Admin – 3% AHC – 15%  
Legal & HR – 47% Liquor – 1%  
Training – 1% Advocacy – 33%

### Contacts by Department

July 2018 – June 2019

Total: 10954



Admin – 9% AHC – 21%  
Legal & HR – 57% Liquor – 1%  
Training – 1% Advocacy – 11%

## CORPORATE MEMBERSHIP

MGA's (and now MGA TMA) Corporate Partners portfolio, led and managed by MGA's Trade Marketing and Membership Support Manager, Mark Paladino, again played a significant role in supporting family enterprises and privately owned businesses in the supermarket, liquor, timber and hardware sectors. Corporate Partner sponsorship and involvement enables MGA and MGA TMA to strengthen the resilience and sustainability of members while facilitating valuable business connections with members through a variety of advertising and promotion mediums and industry events.

In total, there are 32 Corporate Partners supporting MGA and 8 supporting MGA TMA across five different support levels. We thank our corporate partners for their commitment and support of our organisation and the members we serve!

MGA TMA's main focus in FY2019 has been to consolidate its timber and hardware merchant membership. MGA TMA has been further strengthened in FY2019 with the help and support of timber and hardware suppliers.

Many Corporate Partners also enable MGA and MGA TMA to provide significant member benefits that save members money; including all insurance needs (Adroit Insurance & Risk and AB Philips) and energy efficiency needs (Aussie NRG).

# MGA Corporate Partners

## DIAMOND



## PLATINUM



MGA Board meets with MGA Corporate Partners in November 2018.

## GOLD



## SILVER



## BRONZE



## ASSOCIATE



## WAREHOUSE AND BRAND PARTNERS



## MGA TMA



# Legal and HR Team

*MGA and MGA TMA members continually advise staff that MGA’s Legal and HR team “Make Life Easier” for them.*

**MGA prides itself on the fact that this essential service is available for members “in house” and readily available to answer any queries no matter how small or big.**

Led by National Legal Counsel for Workplace Relations, Marie Brown, our Legal and HR team has formed very strong and trusting relationships with members all over Australia. Its because MGA is our members “own” organisation – an employer’s union – MGA’s sole purpose is to protect and assist its employer members by delivering excellent support services!

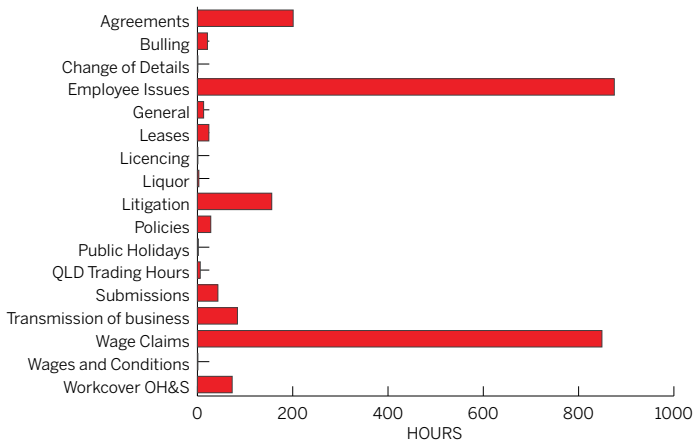
the annual National Wage Review, numerous submissions to state and federal governments, largely advocating against any additional red tape and cost burdens to do business including; Productivity Commission Inquiries, Senate Committee Inquiries, Fair Work Commission liaison and State Trading Hours matters.

## MATTERS OF CONCERN ADDRESSED BY THE LEGAL AND HR TEAM

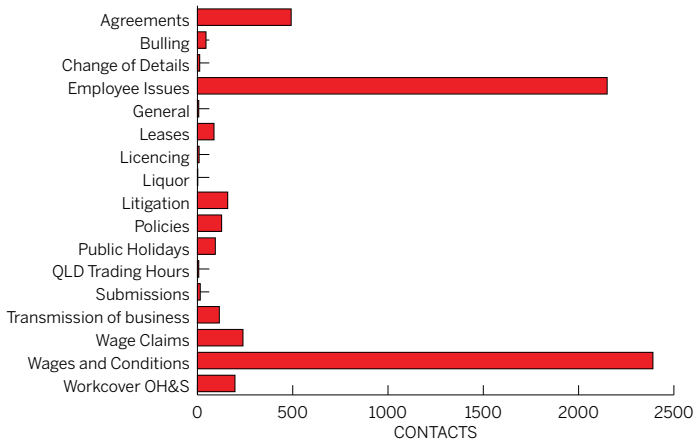
### REDUCING SUNDAY PENALTY RATES

The second year of the reduction in Sunday penalty rates commenced in FY 2019. The rate was reduced from 195% to 180% and will be reduced further in FY2020 from 180% to 165% (175% for casuals). When the penalty is reduced by 50% to 150% on Sundays, this will save members around Australia \$147m per annum in wages (compared with 200%) enabling members to employ more staff, have some time off themselves and invest back into their businesses.

**Legal and HR Services – Hours by Topic**  
July 2018 to June 2019



**Legal and HR Services – Contacts by Topic**  
July 2018 to June 2019



Aside from handling a large quantity of queries from members on a day to day basis, the Legal and HR team also engage in Employment Law seminars, members surveys to conduct

Full-time and part-time employees	
1 July 2019	180% > 165%
1 July 2020	165% > 150%

Casual employees (inclusive of casual loading)	
1 July 2019	185% > 175%
1 July 2020	175% > 150%

### SATURDAY AND EVENING PENALTIES – ANOTHER COST TO DOING BUSINESS

In late 2018 the Fair Work Commission heard an application from the SDA seeking increases of 25% to Saturday and weekday evening penalties. Despite MGA’s best efforts and significant allocation of funding, along with other industry associations and retailers, to oppose this application, the FWC found in favour of the SDA application to increase Saturday and late evening penalties.

Given that over 65% of MGA members staff comprise of casual employees, it was imperative that MGA strongly oppose this application. Stuart Wood QC and his barristers were engaged to act on behalf of MGA and all other unified stakeholders, including the ARA.

The SDA application was successful in increasing penalties from 125% to 150% on weekday evenings and increasing penalties from 135% to 150% on Saturdays. These increases will add an additional cost burden of \$84m in wages across our industry sector around Australia for no additional productivity gains.

### ANNUAL WAGE INCREASE

For the third year in a row, the Fair Work Commission Annual Review Panel handed down its decision and granted all employees paid under the award system an increase of 3.0% for FY2020. This adds to the previous two years of combined increases of 6.8%, totalling 9.8% in increases over three years.

FWC Commissioner Iain Ross stated in his address that “he saw no evidence or facts to suggest a 3% increase for FY2020 would have an impact on employment”. There is nothing further from reality than in the retail sector where “underemployment” has become the norm owing to high wages and increased penalties. MGA will be preparing to gather facts, evidence and data from members to demonstrate in the next National Wage Review in 2020 that there is considerable hardship being experienced owing to these wage increases.

This 3% increase, announced in May 2019, was much higher than anticipated and coupled with the 3.4% increase last year will mean wages costs for our members have become very concerning, and no doubt will have a serious impact on the survival of many businesses.

### FAMILY VIOLENCE LEAVE APPLICATION – UNPAID

The SDA made an application to the FWC to provide that employers allow for paid time off work for employees to take family violence leave. MGA opposed the application whilst recognising this is an important social gesture; nevertheless, it was a cost to employers that was untenable. The FWC accepted this argument and adjudicated that Family Violence Leave be granted but unpaid.

### TIME OFF WORK FOR EMPLOYEES TO DONATE BLOOD – UNPAID

In 2018, the SDA made an application to the FWC to provide that employers allow for paid time off work for employees to donate blood. The FWC accepted this argument and adjudicated that taking leave for blood donations be granted but unpaid.

### KAUFLAND – 4<sup>TH</sup> LARGEST RETAILER IN THE WORLD

Kaufland has purchased land in Adelaide SA to build a very large 7000 square metre outlet to sell anything from cheese slices to car tyres.

MGA embarked upon a full-scale program to oppose Kaufland entering Victoria in unfair circumstances. In other words this

very large overseas retailer should not be allowed to come into Australia and be allowed “free kicks” from the state government to purchase cheap land, have it rezoned to retail and then build a massive out of centre development. A development that will dramatically affect the sustainability and viability of family and private businesses who have abided by the rules and invested their hard-earned into their businesses to serve their customers. MGA is supportive of Kaufland coming into Australia so long as business practices are fair. MGA’s members are not afraid of competition, but there must be a level playing field. Kaufland should only be allowed to trade in Activity Centres just like all of us – not out of centre.

MGA’s Marie Brown and Meena Iskander, together with many members and industry stakeholders, fought to oppose this unfairness by mounting a case with the Victorian Planning Review Panel appointed to deliberate on Kaufland’s applications to rezone 5 of six sites selected in Victoria.

After 400 hours of MGA work and expenses for Barristers and planning specialist amounting to \$120k the Victorian Planning Review Panel recommend that 5 of the 6 Kaufland applications be accepted resulting in a 115,000 square metre warehouse in Laverton, Victoria being constructed.

Governments at a local and state level continue to be disingenuous saying that family and private businesses are the engine room and backbone of the economy, but not for one moment considering the impact of their Kaufland decisions on these same businesses.



MGA Legal team attending a Kaufland Planning Panel hearing in February.



Former MGA President Rod Allen mounting a campaign against Kaufland.



# MGA Industry Training challenged by disruption

*MGA continuously encourages members to focus on staff training to maximise capability and performance in the workplace.*

**Over the past 12 months, many members have indicated their reluctance to train their staff. The current industry culture of not investing in staff by training them is a mindset MGA is endeavouring to shift. Aside from a succession plan, staff training will lead to higher-skilled and capable staff who perform at higher levels and better cope with competition and foster business growth.**

MGA Industry Training sales in FY 2019 were very challenged by disruption from competitors, lack of member relevancy, inadequate marketing and promotion focus and insufficient skill and engagement capability toward training uptake, resulting in very poor sales. The budget was significantly reduced in FY2019, to begin with, and the sales result barely achieved 50% of its budget.

MGA training is both online and face-to-face.

There are 48 online professional development courses and 39 safe work instructions that can be easily coordinated and managed with staff in a "Manage Training System" (MTS). It was difficult for members to relate to an MTS. There are also 7 Work Health and Safety courses available in the training portfolio.

MGA wishes to thank Adele Dyson who has delivered Responsible Service of Alcohol (RSA) Training courses in north-eastern Victoria on behalf of MGA for the past nine years. Adele has driven RSA training course awareness and has become a well-known RSA trainer in regional Victoria.

The 2019 Training Course Guide has played a very important role in raising MGA training solution awareness with members; however, uptake of courses, other than compliance courses, has been very poor.

The 2020 MGA and MGA TMA Training Course Guide will be launched in December 2019.



# Advocacy MGA Federal

*The Federal Coalition Government has worked very hard to drive positive initiatives to encourage the growth of the family enterprise and private business sector.*

**MGA has engaged with the Federal Government on several matters including high energy costs, Unfair Contract Terms, reduction in company tax from 30% to 25% for business with sales of \$50m or less, Industrial Relations reform, the high costs and impediments to employing staff and so on.**

Portfolios were once again shuffled during the year with the Small Business portfolio moving from Nationals Michael McCormack, who became Deputy Prime Minister (replacing Barnaby Joyce) and Minister for Infrastructure. Staunch family enterprise and private business supporter, Hon Craig Laundy then became Minister for Small Business, Workplace and Innovation. Minister Laundy has a deep understanding of the needs of small business having been involved in a family hospitality business all his working life before entering politics. Soon after in 2018, Senator Michaelia Cash became Minister for Small Business and Employment, a Ministry Senator Cash has held before. Minister Cash was also reinstated into the Coalition Cabinet, which is tremendous for Small Business to be represented at that level.

MGA has had a very good record of working with all sides of government when advocating on behalf of members and putting forward its various policies for family and private business growth in Australia.



MGA Board with Small Business Minister Michaelia Cash.



MGA Board at Parliament House, Canberra.

## MGA WORKS TIRELESSLY TO ADDRESS MATTERS EFFECTING MEMBERS BUSINESSES

### Competition Law Changes

Inclusion of "the effects test" into section 46 of the Competition and Consumer Act.

### ACCC engagement

Competition matters, energy costs, shopper dockets capped at 4 cents.

### Least cost routing

Raising awareness that MGA members are being forced to pay very high merchant fees owing to the tap and go phenomenon. Least Cost Routing will allow merchants to seek out the most economical charging route for payment. eftPOS is trying to penetrate this duopoly between Mastercard and Visa by providing a routing option that is 40% the cost of a credit card transaction.



Jos de Bruin, eftpos Chief Commercial Officer Mark Rayner and eftpos Executive Manager Corporate Affairs Warwick Ponder.

### Illicit Tobacco

Tobacco sales generate over \$2b in sales in the independent supermarket and liquor sectors. Approximately 10% or \$200m in sales are lost owing to the availability and sale of illicit and illegal tobacco.

The continuing 12.5% twice-yearly excise increases in tobacco pricing is forcing the cost of tobacco products to rise significantly, driving consumers to cheaper alternatives – illicit tobacco. Tobacco has become a source of criminal currency given its value, size and weight. Members have reported numerous thefts and break-ins at a great cost to the industry, including exorbitant insurance costs.

“MAKING LIFE EASIER,,

MGA has been lobbying the Federal Government to stop increasing excise on tobacco products and doing something about illicit and illegal tobacco in the market place.

### **E-Cigarettes and personal vapourisers**

MGA continues to advocate for a consistent national approach to retailers' stocking and selling E-Cigarettes in a regulated retail environment rather than an unregulated online market place.

### **Country of Origin Labelling (CoOL)**

CoOL became law from 1 July 2018. At a time when state and federal governments are advocating for less red tape and cost burdens, this initiative has proven to be expensive, resource-hungry and very time-consuming. While MGA is supportive of the intent, our lawmakers did not take into account the significant cost to MGA members to comply including the purchase of new electronic scales and labelling configured to fit the additional labelling information.

### **Electricity**

Once again, the number one member concern in FY2019 has been the crippling cost of energy to their businesses.

The Federal Government put forward a plan in mid-2018 that would have provided for "cheaper and more reliable electricity for Australian businesses and families".

The final ACCC "Electricity Pricing" report was delivered to Treasurer Morrison in June 2018. After almost 12 months of extensive community consultation, the ACCC captured compelling facts, evidence and data from communities all over Australia and were able to make several recommendations which have been accepted by the federal government and have been included in the National Energy Guarantee (NEG) strategy to reduce electricity prices in Australia.

MGA is disappointed that many of the ACCC recommendations were either not made or put on hold owing to political reasons between the states and territories and the federal government. Electricity cost prices are now higher than ever!

### **OTHER MATTERS**

#### **Company tax reduction – from 30% to 25%**

MGA advocated strongly toward company tax being reduced for members. From 1 July 2018 the company tax reduction was extended to companies with a revenue of \$50m or less. Company taxes will be further reduced to 25% in 2020/2021.

#### **Access to justice for small business**

MGA, together with industry stakeholders, was successful in gaining support from the Labor party and Greens to put forward a Bill supporting access to justice with No-Cost orders for competition matters. MGA also thanks Kate Carnell, Australian Small Business and Family Enterprise Ombudsman and her office for the support shown toward this achievement.

#### **Industry training and development**

MGA has continually advocated for federal and state government support for vital training funding to enable a lift in skills and capability and workplace performance as well provide for members succession planning and alleviating potential mental health issues

#### **Unfair contract amendments**

MGA has continually advocated for fairer contract terms to protect members businesses from unsavoury supplier behaviours. MGA advocated for the threshold to be increased to \$1m, as well as, tightening of contract terms and lifting of eligibility to banks and contractors.

#### **Music licensing in the supermarket retail sector**

MGA supports any suggestions to assist members in reducing red tape and costs associated with piping music into stores. There was a proposal put forward for all music licensing to occur under the one roof – One Music. MGA lodged a submission seeking more information and is yet to be convinced that One Music is in the best interests of members.

#### **Single Touch Payroll**

Single Touch Payroll became effective for small businesses from 1 July 2018 if members have more than 20 employees. From the 1 July 2019, all members will be required to send their payroll and superannuation information to the ATO every payday.

#### **Chain of responsibility – new laws will affect retailers**

The chain of responsibility concept initially developed out of a recognition that unlawful behaviour by truck drivers is



Prime Minister Scott Morrison, Minister Kelly O'Dwyer and Jos de Bruin.



ACCC's Mick Keogh (3rd left) and Rod Sims (6th left) meets with the MGA Board in Canberra.



Victorian Shadow Environment Minister Nick Wakeling and MGA's George Kovits.



influenced and often controlled by the actions of other parties. Chain of responsibility laws, therefore, seek to provide that these other parties cannot encourage, create incentives for, demand or allow drivers to undertake unlawful actions that may cause harm in the community. This is yet another example of red tape burdens being forced upon MGA's members. Very little to no consultation took place for MGA to express the views of its members. MGA has advised members of their obligations.

## FEDERAL WORKING RELATIONSHIPS

- Australian Competition and Consumer Commission (ACCC)
- Treasury Department
- Australian Tax Office (ATO)
- Fair Work Commission (FWC), Registered Organisations Commission (ROC)
- National Measurements Institute
- Fair Work Ombudsman (FWO)
- Australian Small Business and Family Enterprise Ombudsman (ASBFEO)

## MAJOR INDUSTRY CONCERNS

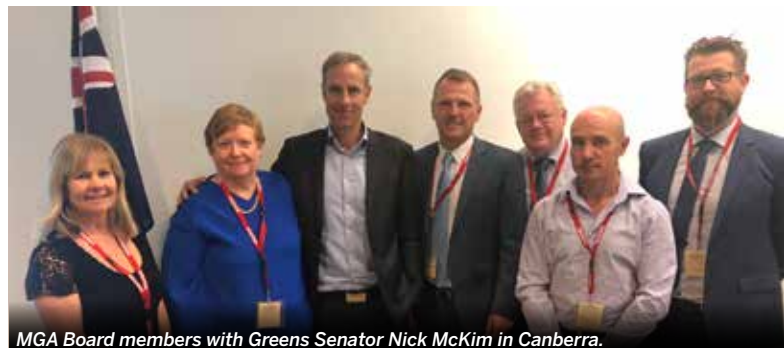
- Rapidly Increasing Energy costs – rated the number one concern by members
- Industry Mental Health
- Illicit and Illegal tobacco
- Cyber Security

## INDUSTRY INVOLVEMENT – COMMITTEES, BOARDS, AFFILIATIONS AND INDUSTRY ASSOCIATIONS

- ACCC – Small Business and Franchise Consultative Committee
- Coalition of Small Business Organisations of Australia – MGA is a Director of COSBOA
- Australian Small Business and Family Enterprise Ombudsman (4 working groups)
- Industry Skills Council Australia
- Prime Ministers Committee for Cyber Security
- National Measurement Institute of Australia
- Standards Australian – Unit Pricing working group
- Franchise Code of Conduct consultation committee
- Black Economy Task Force – consultation
- Queensland Small Business Advisory Council
- Victorian Liquor Control Advisory Committee (LCAC) Statutory state liquor body
- ACT Liquor Advisory Consultative Committee Statutory Body
- WA CDS Taskforce



ACCC Small Business Director David Salisbury, ACCC Deputy Chairman Mick Keogh and ACCC Director Kristie Piniuta.



MGA Board members with Greens Senator Nick McKim in Canberra.

### Small Business and Family Enterprise Ombudsman (SBFEO)

We thank the Office of the ASBFEO for strongly advocating on behalf of small businesses in the areas of banking, unfair contracts and workplace matters. MGA is very closely connected with the office of the Small Business and Family Enterprise Ombudsman. MGA is a member of 4 out of seven working groups addressing matters such as energy costs, workplace relations, industry training and unfair contracts.

We sincerely thank the Ombudsman, Kate Carnell, for the opportunity to engage and be consulted on many matters of concern to MGA and MGA TMA members.

### Australian Competition and Consumer Commission - ACCC

MGA is very proud to have an outstanding working relationship with the leadership team at the ACCC, particularly, Chairman Rod Sims, Deputy Chair Mick Keogh and various ACCC Directors and General Managers. MGA is a member of the ACCC Small Business & Franchise Consultative Council of which Mick Keogh is Chair. MGA thanks the ACCC for this privilege to be a part of this outstanding cohort of industry leaders.

MGA has engaged with the ACCC about many matters in FY 2019 as follows:

- Bunnings dominance and exclusive dealing with brands such as Stanley and Makita
- Petrol Shopper Dockets enforceable undertaking continues
- Queensland Rail acquisition of Aurizon by Pacific National – impact on MGA members in FNQ
- Authorisation sought by BP and Caltex – merge and Woolworths Shopper Dockets and Rewards
- Electricity Price increase Inquiry
- Country of Origin Labelling
- Five year review of Consumer Law
- Excessive credit card surcharges
- \$1 per litre milk inquiry



Australian Small Business and Family Enterprise Ombudsman, Kate Carnell.

# MGA attends trade mission to “start-up” nation Israel

*Jos de Bruin was invited by the former NAB Chairman, Ken Henry, to attend an Innovation Trade Mission to explore the “opportunities in the start-up nation”, Israel between March 23 and 30 2019.*

**The trade mission comprised a diverse group of Australian industry leaders, entrepreneurs and business advisors keen to learn about the things driving Israeli culture toward starting up, nurturing and growing businesses in the food tech, agri-tech, cybersecurity, automotive tech, retail tech and medi-tech sectors.**

The purpose of MGA's attendance, as the only “family business” representative, was to represent MGA members and the small business sector and to explore the culture and practices of how the Israeli

Government, universities and family enterprises and private businesses work collaboratively together to help start, maintain and rapidly grow businesses.

Israel is now known as the new Silicon Valley with all world-renowned tech and manufacturing business brands locating offices in Israel to be close to the extremely advanced technological Israeli culture. The philosophy is, “if there is a problem there will be a computer-based solution to solve it”. There is no algorithm too difficult to develop.

What soon became apparent is that well-resourced big businesses were not only embracing a digital culture but driving it by allocating vast sums of resources to research and development.

The insight to bring back to Australia is the great need for our Australian family businesses to be nimble, technologically agile and part of a dynamic digital culture, combined with an intensely focused customer service approach if they are to future proof their businesses.

According to the World Economic





Jos de Bruin — MGA CEO and Sir Ronald Cohen — Founder of Venture Capital — APAC.

Forum, by 2022, 60% of the global GDP will be digitised. As digital technology increasingly permeates every aspect of business, organisations are being forced to embrace digital transformation as an essential part of their future.

From data-driven decision-making to operations, communications and customer engagement, new tools and technologies are redefining the way business operates. Emerging technologies such as AI, blockchain, Internet of Things (IoT) and more are helping pioneering executives and entrepreneurs to disrupt

the established economic order.

MGA had the opportunity to engage with many incredible business start-ups and growth businesses including, Quantum computing, Checkpoint Cybersecurity, Spark Beyond AI, Netafim Agri Tech, various venture capital firms, finance solutions and so on.

MGA also met with two high-tech start-up companies involved with revolutionising supermarket shopping by making it easier, more fun and more efficient by using technology-based solutions.



Exploring seamless customer sales transactions.



MGA CEO — Jos de Bruin and NAB Executive General Manager Micro & Small Business — Leigh O'Neill.



Tel Aviv University.



Cullinary innovation.



### National Australia Bank

National Australia Bank is an important and valued MGA Corporate Partner. MGA continues to be an active member of the NAB Customer Service Advisory Council led by NAB Executive General Manager for Micro and Small Business, Leigh O'Neill.

Topics discussed and addressed include; the Carnell Report into Banking and Small Business, Banking Royal Commission, simplification of the NAB small business loan contracts and mental health of small business owners also remains a major area of concern.

### COSBOA – Council of Small Business of Australia

MGA is an active Board Member of the COSBOA Board.

The COSBOA Board of Directors has been increasingly focussed on delivering outcomes on behalf of its family enterprises and private business members. COSBOA's profile through the hard work of CEO Peter Strong, continues to increase with Federal MPs' but so too with the media.

Some of the main family and private business issues COSBOA is pursuing are, Industrial Relations reform, impediments to small businesses employing staff, cybersecurity, Unfair Contract Terms – threshold at \$1m; superannuation administration, favourable taxation policies – company and personal tax reduction, Competition Law Reform – sec46 misuse of market power – effects test and debilitating electricity prices.

The COSBOA Board meets every month. Twice yearly face to face and the balance via teleconference.

The COSBOA AGM and annual council meeting was held at the Kurrajong Hotel Canberra in October 2018



Small Business Ombudsman Kate Carnell, Minister Michaelia Cash and the COSBOA Board in Canberra.



MGA WA committee with WA Environment Minister Dawson.

## State

### *MGA and its state committees continue to actively engage with State Ministers, Shadow Ministers and Members of Parliament.*

MGA and MGA members have built strong working relationships with state and territory governments over the past 12 months raising matters and issues concerning our members in each state. Several submissions have been developed and lodged by MGA in response to a variety of enquiries conducted by various state government departments.

### WESTERN AUSTRALIA

The Labor Government led by Premier Mark McGowan, supported by Industrial Relations Minister Bill Johnston, Small Business Minister Paul Papalia, Minister for the Environment Stephen Dawson as well as Small Business Commissioner David Eaton have engaged with MGA on a variety of matters including;

- Electricity prices – search for affordable solutions.
- Trading hours issues – oppose further liberalisation of trading hours.
  - » Continue to oppose extending Sunday and Christmas season trading hours.
- Packaged Liquor – oppose the development of “big box” outlets (Como) and legislate that Liquor outlets cannot be larger than 400 square metres.
- Container Deposit Scheme – MGA is a member of the Task Force – scheduled to commence June 2020.
- Plastic bag bans commenced 1 July 2018.
- E-Cigarettes – allow for sale – currently banned.
- Payroll tax – increase threshold and decrease %.
- State relationship – WA Economic Regulation Authority.
- MGA WA Liquor – strong Legal and HR support being provided.

MGA WA members include:

- Ross Anile – IGA Fresh Roleystone and MGA Director (from February 2019)
- Greg Brindle – IGA Wembley, Canning Bridge and Applecross
- Greg Rice – IGA Ballajura
- Pierre Sequira – IGA Como
- Rob Halvorsen – IGA Canningvale, Riverton and Baldivas South
- Tony Macris – FoodWorks Forestfield
- Wally Daly – IGA Belmont
- Gino Givitini – Supa IGA Hilton and MGA Director (retired February 2019)
- Inderjit Singh – Singh Group



Owner Michael Reddrop and Operations Manager Lincoln Wymer at the Reddrop annual group conference in Marysville, Victoria between 14 to 18 May 2019.

## VICTORIA

MGA has a strong working relationship with members of the government and opposition as well as Small Business Commissioner Judy O'Connell and her team. MGA addressed many matters of concern over the past 12 months.

- Unfair entry of Kaufland into Victoria – rezoning cheap land – promoting out of centre developments – making a mockery of the values of fairness toward family and private businesses!
- Electricity prices – energy crises – search for affordable solutions.
- Payroll tax relief – reduced in country and regional areas by a further 50% to 1.21% – A BIG WIN for regional members! MGA is looking to increase the threshold and reduce % in Melbourne.
- Continue to oppose the introduction of 2 additional public holidays – Easter Sunday & AFL Grand Final eve.
- Plastic Bag Bans – collaborate with the government to mitigate red tape or cost burdens – plastic bag point of sale produced for members to help educate consumers.
- Continue to oppose additional liquor and tobacco regulations.
- MGA is a member of the Liquor Control Advisory Council (LCAC) – a statutory body.
- State working relationship – Victorian Commission for Gambling and Liquor Relations (VCGLR) and Victorian Department of Health.
- Container Deposit Legislation Victoria – not on the agenda.



Local cafe owners Deborah and Alessio with Victorian Small Business Commissioner Judy O'Connell and Jos de Bruin.

## TASMANIA

MGA liaised closely with Tasmanian members of parliament and the opposition when addressing the Ivan Dean Private Members Bill to increase the tobacco purchasing age from 18 to 21 years.

- Tobacco laws
  - » Tobacco – Oppose lifting minimum age to purchase tobacco from 18 years to 21 years.
  - » support E-vapourisers for retail sale with nicotine.
- Advocate for fair competition – independents have a very low market share.

## QUEENSLAND

The Palaszczuk Government was re-elected to government in early 2018 and governs Queensland in its own right.

Shannon Fentiman is the Small Business Minister as well as Minister for Training and Jobs. The MGAQ Committee has a tremendous relationship with Minister Fentiman.

The MGAQ Committee, which represents all Queensland MGA Members, is again to be sincerely thanked for their untiring dedication and commitment to making Queensland a better place for independent supermarket owners and operators.

MGAQ is very fortunate to have a direct link into the Queensland Government through hard-working committee member Debbie Smith who is a Member of Minister for Small Business, Hon Shannon Fentiman's, statutory "Queensland Small Business Consultative Council".

### Trading Hours

Currently, we have completed two years of a 5-year trading hours moratorium. Woolworths and Coles have applied to open their stores in some country and regional areas on the basis that there was a "festival in town". The MGAQ committee will continue to work closely with Minister Grace and other MPs to bring the Entrepreneurial Pipeline Project to Life before the end of the Moratorium.

### Waste and Recycling Amendment Bill 2017

#### Container Deposit Legislation

Following the election in 2018, the new Environment Minister, Leeanne Enoch, decided to delay the launch of CDS until 1 November 2018 to make sure there was a seamless rollout of the scheme.

MGAQ worked very closely with the Dept of the Environment Director Kylie Hughes to make sure there were no red tape and cost burdens affecting MGA members.

We again sincerely thank Mark Meszaros, Drakes Qld State Manager, for representing independents on the CDS Task Force.

“MAKING LIFE EASIER,,

### Plastic bag bans

MGAQ again worked closely and collaboratively with the Department – Plastic bag bans took place on 1 July 2018.

### Packaged Liquor for supermarkets – Entrepreneurial Pipeline Project

- Developed by former Small Business Minister Enoch (Environment Minister) some 12 months ago and now being driven by Minister Fentiman, the Entrepreneurial Pipeline Project has become a life-saving initiative for MGA members.
- This initiative, when brought life through legislation, will enable members to stock and sell local Queensland wines beers and spirits finally providing members customers with a “whole of meal” solution and allowing them to compete with the chains.
- Ministers D’Ath, Trad, Dick, Grace, Enoch and Fentiman all support this initiative to help grow Queensland family businesses.
- The MGAQ committee is working closely with the Minister for Small Business and the Executive Director for Queensland Small Business to find a solution to this debilitating gap and unfair chain store advantage.

### Inconsistent planning and infrastructure (and development) practices

- Unfair entry of Kaufland into Queensland – ignoring the welfare of small businesses

### Industry skill and capability training support – Minister Fentiman

#### Qld State working relationships

- Queensland Industrial Relations Commission (QIRC)
- Queensland Department of the Environment – CDS and plastic bag bans



NSW Deputy Premier John Barilaro, Jos de Bruin and Treasurer Dominic Perrottet.

- Member – Qld Recycling and Waste Management Amendment Bill – Container Deposit Legislation committee
- Member – Palaszczuk Government’s Allowable Shop Trading Hours Act review reference group
- Member of the Minister Fentiman’s Small Business Advisory Council (Statutory) – Debbie Smith

### MGAQ Committee – very active in consulting with the government and its agencies

- Wayne Mason – FoodWorks Queensland State Manager
- Chris Antonieff – FoodWorks Oxley
- Debbie Smith – FoodWorks – 3 x Toowoomba
- Steve Baranowski – Friendly Grocers Group – National Operations
- Fred Elisha – IGA Xpress Palmwoods
- Mark Meszaros – Drakes Supa IGA
- Peter Lee – Ritchies Supa IGA
- Peter Piccone – Supa IGA Cairns
- Roz White – Whites IGA Group Sunshine Coast (4)
- Terry Slaughter – IGA Springfield Lakes

### NEW SOUTH WALES

MGA continues to work with the NSW Government to reduce red tape and cost burdens. Matters MGA has dealt with include the Container Deposit Legislation – launched 1 December 2018. As per the annual report last year, has been an unmitigated disaster for our members in NSW, particularly, along the NSW and Victorian border.



Drakes Mark Meszaros demonstrating their response to the QLD plastic bag ban.



Minister Fentiman opening Queensland Small Business Week.



QLD Small Business Champion Maree Adshead, Hopper Group’s Raellene Hopper and Roz White.



Debbie Smith, Maree Adshead, Joe Eid – Foodworks, Mark Meszaros – Drakes.



MGAQ Committee at the Alice Street Park Hotel, Brisbane.

MGA sincerely thanks the NSW Small Business Commissioner, Robyn Hobbs and her team for their ongoing support and search for solutions. The NSW CDS has been a dysfunctional and polarising system.

MGA continues to work for members along the NSW–Victorian border assisting them to gain access to the temporary relief package provided by the NSW government to assist with massive loss of sales and profits owing to loss of business to Victoria.

- Payroll Tax – threshold raised to \$900k, but % must be reduced.
- Plastic bag bans – MGA is available to collaborate with the NSW Dept for the Environment to help mitigate the risk of cost burdens to members.
- Member of the NSW Tobacco Control Act Committee
  - » Ongoing initiative MGA is pursuing – change the current NSW Tobacco Act to change the words “sell tobacco from one cash register to one point of sale to transact tobacco products”.
  - » Continue to support legislation for E-Cigarettes – allow for the retail sale of E-Vapourisers with nicotine in a regulated environment rather than online.
- Member of NSW Planning and Zoning Development committee – engagement concerning a new approach to sustainable developments.
- Member of NSW Small Business Commissioner’s Small Business roundtable group.
- Member of the NSW Planning Minister Environment and Planning reform group.

## SOUTH AUSTRALIA

- Liquor Licensing in South Australian Supermarkets .
- The SA Government has legislated for the introduction of packaged liquor sales in supermarkets which is strongly supported by MGA. The changes follow an independent review of the licensing laws and will be introduced in stages. Regulations have been drafted and will be released sometime late 2019.
- Tobacco – support E-Vapourisers to be stocked and sold in a regulated environment.
- Oppose further liberalisation of trading hours – driven by the Marshall Government and the chains – members have been successful in lobbying the opposition and cross benches to disallow any trading hours liberalisation.
- Energy crisis has been somewhat alleviated but still continues to create hardship for many MGA members.

## ACT

- Planning and zoning issues – advocate for fair competition – independents have a very low market share.
- Tobacco – ongoing matters of concern.



NSW Small Business Commissioner Robyn Hobbs with MGA members at CDS meeting.



SA – Foodland CEO Con Sciacca and Marketing Manager Christopher Villani accepting this year’s Roy Morgan award.



NSW Minister for Small Business Damian Tudehope and MGA CEO Jos de Bruin.

- » MGA opposes suggestions to restrict the sale of tobacco products to geography and times.
- » MGA opposes an increase in tobacco license fees.
- » MGA supports E-vaporisers being stocked and sold in a regulated environment.
- Packaged Liquor License Fees – constant engagement by MGA Liquor Committee Member Peter Karkazis to keep fees down.
  - » Also raising concerns regarding entrapment laws and RSA training improvements.
- Container Deposit Legislation – effective 1 July 2018 – implementation was straightforward as the scheme accepts all containers of all sizes – unambiguous.
- MGA is a member of the ACT Liquor Review Committee (Statutory Body) – Peter Karkazis is a member.

## NORTHERN TERRITORY

- George Kovits, MGA Liquor President, together with members in Alice Springs and Darwin have been engaging with the NT Government regarding serious and draconian packaged liquor measures that will affect the viability of members businesses.
- The NT Government wishes to introduce a cap on packaged liquor licenses and wants to introduce a minimum price on alcohol, based upon a standard drinks formula.
- The NT Government is also considering to mandate that a packaged liquor department in stores is to be separate from the supermarket or that packaged liquor sales do not exceed 25% of the total store grocery and liquor transactions. This may impact upon MGA members losing their right to sell packaged liquor.
- MGA is also advocating against a Dan Murphy Liquor Barn proposal to build a 1400 square metre store in Darwin. A business of this size goes against the value of responsible service of alcohol in what can be described as a vulnerable location such as Darwin. A Box this size will simply supplant packaged liquor sales from existing businesses in Darwin – it will not generate additional sales.
- MGA is engaging with the NT Government and members.

“MAKING LIFE EASIER,,

# Communication

*MGA's higher purpose – “Making Life Easier” is a focus within MGA. MGA and MGA TMA endeavours to delight members with excellent services and support.*

**MGA and MGA TMA's websites are constantly refreshed to provide the latest news and information. The livery and branding for all other forms of communication was modernised and made more relevant for members. Facebook and LinkedIn continue to be MGA's preferred social media tool for communication.**

MGA's Independent Retailer Magazine is produced eight times per annum, E-Alerts, Fortnightly E-Checkout newsletters which are sent to over 2300 members have been continually refreshed and upgraded to maximise readability and relevance for members.

MGA TMA's monthly newsletter and other communications are also kept modern and inviting to read.

## PUBLIC RELATIONS AND MEDIA

MGA has again been active in the media to expose matters



of concern and make people aware of the issues affecting members businesses. Whether it be TV (Kaufland), National and State Radio (Trading Hours, IR Reform, Competition, Kaufland) or newspapers.

MGA has been exposed through the following media – AFR, The Australian, Courier Mail, The Age, The SMH, ABC Radio National, 2GB, 4BC, 2UE, GPR, Channel 9, Channel 7 and Channel 10.

Comment is being sought from MGA on a variety of issues and matters during the year including the National Wage Review, Illicit Tobacco, Kaufland – Planning and Zoning, Competition Law reform – section 46 – the effects test, reduction in Sunday penalty rates and the deregulation of trading hours in South Australia, Queensland and Western Australia.

## MGA TEAM OF PROFESSIONALS

As mentioned in the Annual Report last year, each year is different but presents similar challenges to the last.

The independent retail sector is constantly changing, members businesses have become more exposed to workplace, commercial and competitive challenges than ever before and industry skills training continues to lack government direction.

MGA and MGA TMA is a unique organisation, “punching well above its weight” some would say.

MGA is a highly energetic and agile industry association. MGA's 14 staff emulate an unrivalled passion for MGA and MGA TMA's family enterprise and privately-owned business members.

MGA's limited resources are put to very good use in addressing the many issues members face each day in their businesses!

MGA is extremely fortunate to have the committed and professional Board members, Retailer Committee members and staff available to support its members!



MGA's team, December 2018.



# Industry Community

## Grocery and Liquor Association



The Grocery and Liquor Association (GALA) was formed some 77 years ago as a community fundraising arm of Master Grocers Australia (MGA).

GALA is incorporated under MGA and is a voluntary organisation dedicated to bringing our wonderful industry together for fellowship, networking and importantly, supporting flagship community support organisations, namely the Reach Foundation in Victoria and NSW, Telethon 7 in WA and Little Heroes in SA.

Outstanding industry leader and Ritchies CEO, Fred Harrison is the GALA Committee Patron. Fred's energy and passion for the industry we represent and the good that we do together for the Reach Foundation is inspiring. Fred has a deep passion for being community-minded.

The GALA committee consists of a number of grocery and liquor industry leaders who willingly and enthusiastically volunteer their time.

GALA conducts major annual industry community and charity events throughout Australia including industry golf days, industry breakfasts and the GALA industry ball, held in Melbourne, in August/September each year.

The GALA Committee is made up of the following members we thank them for their dedication and energy to unite our industry for a great community cause.

- Louise Merlino – Schweppes Ashai
- Helen Maxwell – Ritchies Executive
- John Gay – Metcash Merchandise
- Peter Wagner – ALM
- Aaron Scalzo – Lion
- Frana Tatkovich – ALM/IBA
- Jos de Bruin – MGA
- Mark Paladino – MGA
- Marcus Acquilina – Mitchelton Wines
- Paul Holmes – Bulla
- Theo Stratopoulos – Independent Retailer consultant
- Steve Sellars – MGA
- Madeleine Smith – Reach
- Angela Lindrea – Reach

### The Annual MGA GALA Ball

Held in August 2018 at the Regent Theatre Plaza Ballroom in the Melbourne CBD was very successful with over 375 industry people attending and raising over \$40k for the Reach Foundation.



Paul and Kylie Holmes – Bulla.



Anthony and Monique DiFiore – Adroit Insurance & Risk.



Nick and Karen Cook – Foodworks Mt Beauty.



David Hounsome, Angela Romas and Danielle Bakes – Edgemill.



Deborah Barrese, Marcella Stern, David Hutchison, Emma Fisher and Anisha Fell.



Belinda and MGA TAS Director Grant Hinchcliffe and Bill Dragovic, BATA.



**The MGA Industry Breakfast and AGM**

Held at Leonda Receptions in Melbourne on 21 November 2018 was a terrific success with several guest speakers and special guests present. Over 100 members, industry stakeholders and friends of industry attended this event. Outgoing MGA Board President Rod Allen was Master of Ceremonies. Speakers included Chris Naish, CEO REACH Foundation, Deputy Fair Work Ombudsman Michael Campbell and NAB Senior Economist Brian MacDonald. The industry breakfast was followed by a members AGM, a Corporate Members meeting with MGA's Board of Directors and a Board meeting.

**The 2019 MGA GALA industry golf day**

The 77th MGA GALA industry golf day held at the Keysborough Golf Club in Melbourne on March 7, 2019, was another terrific success. Over 100 people attended and teed off after brunch and played golf in the afternoon finishing in time for early presentations and late afternoon dinner.

This event raised over \$20k for the Reach Foundation. We thank our hardworking GALA Committee for conducting another outstanding Industry event.



Chris Naish – former Reach Foundation CEO.



The Supercart team at the chipping competition.



Sasha Lawrence – Reach Foundation CEO and Jos de Bruin.



Aaron Scalzo – Lion amd Jan Allat.



John Morris – GM Metcash VIC, George Kovits – MGA Liquor, and Tony Leon.



MC George Kovits and guest speaker Ross Henshaw.

# MGA National Liquor Committee

*Led by President George Kovits, the National MGA Liquor Committee is an energetic, agile and outcome focussed group of industry retailers and industry stakeholders.*

**On behalf of MGA's Board and all members, we wish to thank the MGA National Liquor Committee for their dedication and commitment to the prosperity of licensed independent retailers.**

This committee truly represents family and private business who stock and sell packaged liquor and not the corporate chains and overseas discounters!

Packaged Liquor is an extremely important department within licensed supermarkets and of course is paramount for our standalone packaged liquor members.

MGA fully supports initiatives to reduce any harm that may be caused by alcohol consumption and believes the most effective way to further grow a cultural change toward responsible alcohol consumption is through robust deep-reaching education programs.

MGA's Liquor Committee advocates that increased taxes, increased license fees, increased regulations will not achieve cultural change.

## Queensland

The MGAQ Committee is working closely with the current government to enable independent supermarkets to stock and sell locally produced Queensland wines, beers and spirits to be able to better compete with the chains which are a duopoly. This is essential to be achieved and brought to life before the five-year Trading Hours Moratorium comes to an end in 3 years.

## South Australia

The current SA government, after a lengthy independent inquiry, has determined that they will support the recommendations in the report and will allow independent supermarkets to sell packaged liquor if they choose to. Legislation has been passed, and now regulations are at their final stages of drafting.

The National MGA Liquor Committee, which meets monthly covered many issues and matters of importance:

- SA – develop regulations for packaged liquor sales in supermarkets.
- WA – restrict big boxes to 400 square metres, oppose Dan Murphy development at Como, Perth.
- NSW, VIC – promote RSA online for remote users.
- NSW, ACT, QLD & WA – Container Deposit Scheme issues and working task forces (WA).
- ACT, NSW, VIC – oppose increased packaged liquor licenses fees.
- TAS – advocating for a restrictive liquor license for independent supermarkets stores.
- VIC – equalise liquor licenses fees – packaged vs general.

## Statutory Committees

- Queensland Government – Small Business Advisory Council – Debbie Smith (MGA Director)
- ACT – Liquor Advisory Council – Peter Karkazis (MGA Liquor Committee member)
- Victoria – Liquor Control Advisory Council – Jos de Bruin (MGA CEO)
  - » Sub Committees – Online / RSA training – George Kovits (MGAL Committee)



Jeff Harper presenting at the 2018 National Liquor Industry Update.



Fred Harrison, George Kovits and Michael Reddrop.



2018 National Liquor Industry Update attendees.



MGA Liquor Committee meets at CUB.

## MGA INDEPENDENT RETAILERS

### MGA Liquor Committee

**George Kovits**  
PRESIDENT | MGA

**Frank Palumbo**  
BOTTLEMART  
GM LMG Retail Sales & Marketing

**Nick Cook**  
FOODWORKS  
Mt Beauty | Yackandandah | Myrtleford

**Angelo Gianetta**  
INDEPENDENT RETAILER  
IGA Express

**Jeremy Goodale**  
ALM  
Victorian General Manager

**Michael Reddrop**  
REDDROP GROUP  
CEO

**Gary Woodgate**  
INDEPENDENT RETAILER  
Southern Metro

**Adrian Ricci**  
IBA  
NSW State Business Manager

**Tony Ingpen**  
IGA MT EVELYN  
IGA National Liquor Board Chairman

**Tony Bongiovani**  
INDEPENDENT RETAILER  
Cellarbrations

**Peter Karkazis**  
LOCAL LIQUOR ACT  
Director

**Tony Leon**  
STEVE'S LIQUOR  
Director

**Jodie Louise Gratian**  
INDEPENDENT RETAILER  
Kings Family Liquor

**Kim Satterwaite**  
FOODWORKS  
National Business Manager Liquor

# MGA Employment Law Support Services



## AUSTRALIAN HAIRDRESSING COUNCIL (AHC)

In November 2016 MGA came to a commercial support arrangement with the AHC. Led by CEO Sandy Chong, the AHC, whose hairdresser members are traditionally owner-operated service-focused businesses, entered into an agreement with MGA to provide AHC's 400 hairdressing outlet members, located in Qld, NSW, ACT and Victoria with Employment Law and HR support, service and advice.

The past 12 months have seen dramatic growth in AHC member usage of MGA's support services with MGA receiving many compliments and praise for the prompt, professional legal advice they have received.



## STRIKEFORCE

National merchandising and broking company, Strikeforce, employing more than 1500 staff around Australia joined MGA in 2018 as an Associate Member to avail themselves to MGA's Legal and HR professional expertise.

# Industry Engagement – “Making Life Easier”

**2018**

**7–10 July**

Queensland – Metcash EXPO

**28–29 August**

Sydney – COSBOA Summit

**24 August**

Melbourne – MGA GALA Industry Ball

**21 November**

Melbourne – MGA Industry Business breakfast and AGM

**30 November**

Foodland House Strategy Day

**2019**

**18–20 February**

Adelaide – IHG Expo and Conference

**7 March**

Victoria – MGA GALA golf day



L: Deputy Prime Minister Michael Macormack with the MGA team at Metcash Expo 2018.



Metcash Expo 2018.



Metcash Expo 2018.



Metcash Expo 2018.



MGA member Tilling Timber 2018 Supplier of the year.



Jos de Bruin, Meena Iskandar and Ann Sanfey.



Independent Hardware Group Expo and conference, February 2019.

# MGA TMA – timber and hardware

*As reported in the previous annual report, the Timber Merchants Association of Victoria, established in 1883, was absorbed by MGA to form MGA TMA – Timber Merchants Australia in July 2017.*

**MGA TMA's National Membership Manager is Ann Sanfey. Ann's experience, capability and industry knowledge has been vital, in establishing MGA TMA as a truly national timber and hardware organisation.**

Ann has worked very closely with the dedicated and committed MGA TMA Committee of Management, led by President and owner of Peuker and Alexander, Frame and Truss makers, Peter Alexander, together with MGA's team of professionals, to create a unique association for timber and hardware merchants. Relationships have been carefully nurtured and industry association relevance established.

New developments include a dedicated MGA TMA website, monthly newsletters, a unique technical advisory service, a specific timber industry scholarship program, industry advocacy at state and federal government level and a value proposition that rivals other industry associations.

Upon finding that the MGA Board of Directors were independent family-owned businesses like themselves, there was an immediate connection and degree of comfort this idea could be a success. There were no conflicts, as MGA is an organisation that only represents family enterprises and privately owned businesses, similar to the former Timber Merchants Association of Victoria – not large corporations such as Wesfarmer's Bunnings.

At the time, the Timber Merchants Association (TMA) comprised 120 small, medium and large businesses, employing more than 4000 people and generating \$2b in sales. TMA members were mostly Victorian with TMA having served its members for over 120 years. The TMA Board wished to become a national organisation with a very strong and robust membership made up of timber and hardware businesses.

The original members are now MGA TMA members who provide a solid foundation for future membership growth in Victoria and other states.

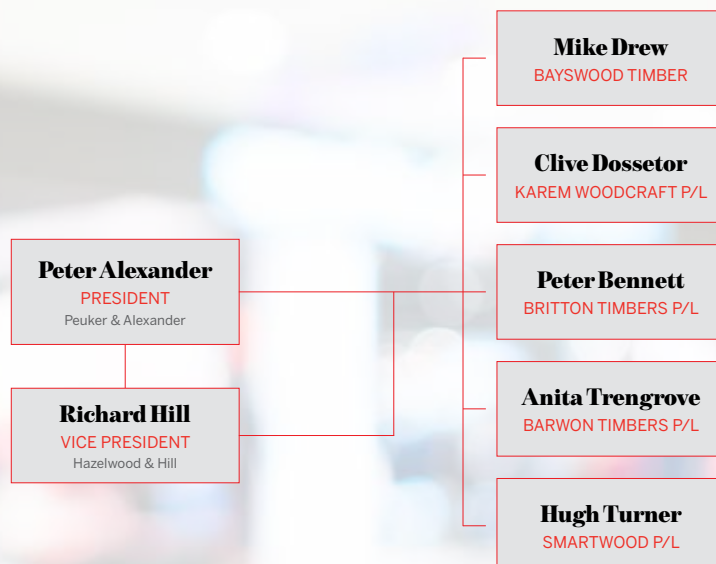
There is a strong strategy to grow membership and to grow the support services that MGA TMA wishes to offer members including timber product knowledge training, customer service training and a tailored high-quality Work Health and Safety program that has been developed and is available now that will help members alleviate risk and drive compliance in members' workplaces.



2018 Hoo Hoo golf day.



3rd right – long-serving TMA Director Ron Caddy.



# MGA

INDEPENDENT RETAILERS

CONNECT WITH US

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