

## Annual Report October 2012



# President's Report

Rodney Allen - July 2011 to June 2012

**“We succeed only when we meet and exceed the expectations of our members”**

MGA's Board of Directors has again been very active in supporting MGA's significant investment in infrastructure and support solutions for members. With the MGA support team in place and addressing MGA's Four Core Pillars, the board turned its attention to our industry's biggest issue, the market dominance and hyper concentration of Coles and Woolworths.

In July 2011, after considerable feedback from state and federal politicians, MGA began the task to produce an industry report to address the competition issues faced by our members around Australia. The intention of this report was to provide politicians with the “tools” and recommendations they required to take action toward creating a robust and competitive supermarket landscape. In other words, MGA wishes to facilitate an environment of investment certainty for our members around Australia. This report was being developed by an industry committee comprising a cross section of industry stakeholders with a myriad of skill and capability. The report is due for release early in the new financial year.

Another exciting piece of news is the announcement by Minister for Climate Change, Hon Greg Combet MP that MGA has been awarded an Energy Efficiency Information Funding Grant of \$990,000 over a two year period. This is a significant milestone achievement for MGA and its members. More information will follow soon. I would like to thank Michael Russell, MGA's National Training Manager for his input into funding application. Congratulations to Steve Sellars who has been appointed the Project Manager to lead the Energy Efficiency Information Program development and implementation over the next two years.

MGA's Board comprises nine Directors. During the year we have had a board member retire and three new members join the board. We warmly welcomed Joseph Romeo, Gino Divitini and Grant Hinchcliffe as new MGA Directors. Joseph Romeo is from South Australia and together with his family own the Romeo's Foodland Group. Grant Hinchcliffe, formerly a NARGA Director and CEO of Tasmanian Independent Retailers, joins MGA's Board after NARGA was absorbed by MGA and finally Gino Divitini, store owner of Hilton Supa IGA in WA, has replaced the retiring Leigh Garrett on MGA's Board.

I would like to take this opportunity to welcome our new Board Members and importantly, I would like to take this opportunity to sincerely thank Leigh Garrett, who is the retiring WA Board Member for his unwavering commitment to support independent supermarkets while serving on MGA's Board. Leigh has been instrumental in overseeing the growth of MGA during his three year tenure.

MGA/LRA's membership continues to grow which is very pleasing. We welcome IGA and Foodland retailers from South Australia as well as the SPAR supermarket group who have members predominately in Queensland and NSW.

MGA/LRA's Corporate Members play a very important role within our organisation. They assist us to deliver the support services independent retailers require to “be the best they can be”, to survive the onslaught of the chains. We thank all Corporate Members for your commitment to MGA/LRA and our industry.

MGA's commitment to our industry is very clear. Board Members consider that significant investment in MGA/LRA's support services will greatly benefit members now and into the future. MGA's Board knows, as retailers themselves, the value of having a strong relevant organisation, ready to assist members with Workplace Relations, training and compliance issues. The wide support service MGA/LRA provides is consistent, professional and timely for all members located anywhere around Australia.

MGA's core purpose is reflected in its Four Core Pillars – Workplace Relations, Training and Compliance, Industry Representation and Industry Community & Member Services.

MGA's reputation and credibility as an industry body nationally has stepped up again over the past 12 months. There are many defining reasons for this progress which we as a Board are very proud of.

In the first instance having a full time “in house”, highly qualified Workplace Relations Team, led by our Legal Counsel for Workplace Relations, Marie Brown, has been a distinct advantage for our members.

We are also very fortunate, through the leadership of Michael Russell, MGA's National Training Manager to have qualified to be a National Registered Training Organisation. Being a RTO has enabled MGA to develop and conduct retail and compliance training (On Line) in every state and territory in Australia.

Industry Representation has again been a major focus for MGA over the past 12 months. There have been many national issues affecting members that have been addressed by MGA including competition issues addressed with ACCC, the increased costs of energy, refrigerant gases, EFTPOS transaction fees, proposed national container deposit scheme legislation, plain tobacco packaging and of course the Workplace Relations issues such as Paid Parental Leave, Wage Increases, Sunday Penalty Rates, Public Holidays and Unfair Dismissal laws.

MGA's industry working relationship style has again enabled greater Industry connection and networking opportunities by organising a very successful calendar of industry community events around Australia.

Engaging with our Members and Corporate Members is vital to ensure business relationships are strengthened and information is communicated in a timely fashion. This year MGA has conducted an incredible program of seminars, information and education forums and training programs for members in virtually every major city around Australia. MGA/LRA has also

# President's Report



attended vital IGA, FoodWorks and SPAR regional meetings in most states, state and national conferences, and state and national Board meetings.

On behalf of our Board, I wish to thank our major stakeholders, Metcash, IGA, Foodland, FoodWorks and SPAR for this opportunity to be with our members.

What does the future hold for MGA/LRA?

With a strong balance sheet and a forecasted break even budget in the next financial year, the future of MGA/LRA is looking very bright. It is our aim to continue to lift the standards of support and service to existing members and further increase membership by engaging with Queensland retailers.

We also wish to attract additional independent packaged liquor members from within Victoria. The MGA/LRA team is ready for the challenge of further growth and also looks forward to consolidating its training offer, particularly, the on-line suite of training products.

I would like to take this opportunity to thank all MGA Board members for their dedication and willingness to travel great

distances and to give of their time to attend MGA Board Meetings.

I would also like to thank the Liquor Retailers Australia Committee, presided by George Kovits, for their commitment and dedication to lifting the compliance and retailing standards of independent packaged Liquor stores around Australia.

Thank you to Phil Ibbotson, MGA's long serving Company Secretary and company accountant. Phil's financial skills and knowledge have been instrumental in planning the growth of MGA.

On behalf of MGA's Board and the LRA Committee, I would like to thank all members for being our members and availing yourselves to the rich source of support and service MGA/LRA can provide your business.

We look forward to another year of providing unparalleled support for our members!

**Rodney Allen**  
President of MGA



# Annual Report

**Master Grocers Australia/Liquor Retailers Australia  
1st July 2011 to 30th June 2012**

Master Grocers Australia (MGA) incorporating Liquor Retailers Australia (LRA) is a national, industry specific organisation for independent supermarkets and liquor retailers. "Our industry sector" encapsulates diversity in retail skills and expertise such as grocery, bakery, delicatessen, butchery, liquor, produce and tobacco to name a few.

Whether it is workplace relations, OH&S, food safety, responsible service of alcohol, tobacco or any government laws and regulations pertaining to our industry, MGA/LRA is well qualified to deliver consistent and professional outcomes to its members and stakeholders.

MGA is a staunch and respected advocate for servicing, supporting and contributing to the growth of the national independent supermarket and liquor store channels and prides itself for its ability to bring industry stakeholders together. MGA/LRA is vigilant in consistently pursuing a competitive retailing environment with state and federal governments, enabling sustainable competitive tensions in which independent supermarkets and liquor retail businesses have the opportunity to be viable, sustainable and profitable.

MGA's Board, management, LRA's committee and MGA's staff strive to achieve the best quality results for its members, industry stakeholders and governments through its personal, committed, trusting, respectful and diligent working relationship style.

## Retailer Membership

MGA membership has grown in all states. MGA welcomed the 250 IGA and Foodland stores from South Australia, as well as, the SPAR group of stores who became members from the October 1, 2011 - all 135 SPAR stores officially became MGA members.

The 2011/2012 MGA/LRA membership continued to grow steadily in all states. The membership renewal process has

become routine in the majority of states. At the end of FY 2012 supermarket and liquor store membership had grown to 2,025.

## Corporate Membership

MGA/LRA's Corporate partnership base has remained steady at 30 members. Corporate partners have maintained their current level of membership (Bronze, Silver, Gold, or Platinum) with the exception of Lion who has upgraded from Silver to Gold.

Corporate partnerships include suppliers of groceries, liquor, services and other industry stakeholders. They play a crucial role in MGA/LRA developing and delivering sustainable support services to members.

## Membership Services

MGA and LRA provides members with vital business information, service and support by organising industry events, attending retailer events and developing effective communication tools including:

- FoodWorks, IGA, SPAR regional meetings, state and national conferences, liaison with state boards
- Industry expos - Metcash Expo, TIR Expo, SPAR Expo
- Industry functions - breakfasts, golf days and industry ball
- Workplace Relations seminars and information sessions
- Distribution of new Members kits
- Improved communication tools - Magazine - eight per year, e-Alerts and fortnightly e-Checkouts
- New and improved website functionality
- MGA Insurance Services - member prices for full business and private insurance, superannuation/personal financial services and Workers Compensation advice.

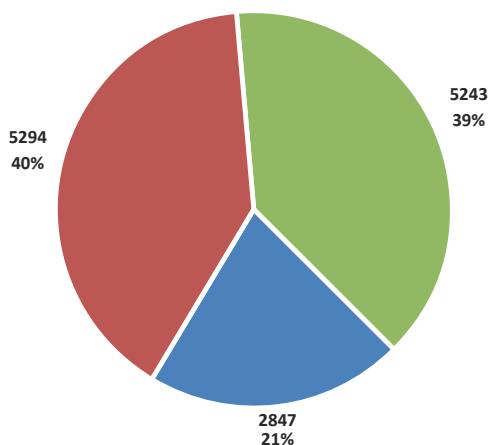
MGA/LRA Staff were contacted 13,384 times by its members and the MGA team spent 7,289 hours providing service and support to members around Australia.

### National - Contacts by Department

1 July 2011 to 30 June 2012

Total: 13384 contacts

■ Administration ■ Training ■ Workplace Relations

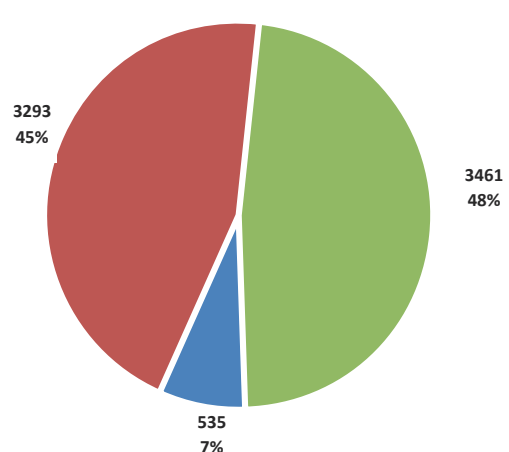


### National - Hours by Department

1 July 2011 to 30 June 2012

Total: 7289 hours

■ Administration ■ Training ■ Workplace Relations



## MGA Board of Directors

MGA’s Board of Directors, under the leadership of President Rod Allen, are to be congratulated for their hard work and vision to guide MGA toward being a relevant and valuable national industry employer organisation for its grocery and liquor members. The MGA board is representative of all states in Australia.

Leigh Garrett, MGA’s WA Board Member stepped down and was replaced by Gino Divitini – store owner of Hilton Supa IGA WA. Joseph Romeo, from the Romeo’s Foodland Group became MGA’s SA Director and Grant Hinchcliffe, CEO of Tasmanian Independent Retailers also became a director in FY 2012.

## MGA/LRA Staff

Quality, capable and competent people, coupled with a strong workplace culture are the key ingredients for any organisation to succeed in achieving successful outcomes for its stakeholders.

Without exception, the MGA/LRA team has worked tirelessly throughout the past year to deliver exceptional services and support to all members around Australia.

I would like to personally thank the following MGA/LRA management and staff for their passion and dedication to serving our members and industry:

## MGA’s Management Team

Julia Ferguson - Office Manager, Marie Brown - Legal Counsel, Workplace Relations and Michael Russell - National Training Manager.

## MGA Team members

Administration team member Bridget Beaton, Workplace Relations Advisors – Alison Ross and David Sztrajt and the Training team - Judy O’Reilly - Training Coordinator, Chrissy Groat - Training Business Development, Tony Morris – Trainer, David Grey-Smith – Trainer, Karley Jollands – Training Administration, Janet Holmes – Training Administration.

Steve Sellars – Membership Services and Events Coordinator and Kate Blacket – Office administrator

These people have made a significant contribution to the growth and prosperity of MGA/LRA. Thank You.

## MGA/LRA Industry Communication

Other improved membership services include improved communication and information tools including; MGA/LRA’s magazine, fortnightly E Checkouts, E Alerts and the newly developed website.

I would like to take this opportunity to thank MGA’s Administration Team led by Julia Ferguson. Julia’s dedication to day-to-day excellent administration has been vital to the smooth running of MGA/LRA.

## Industry Stakeholders

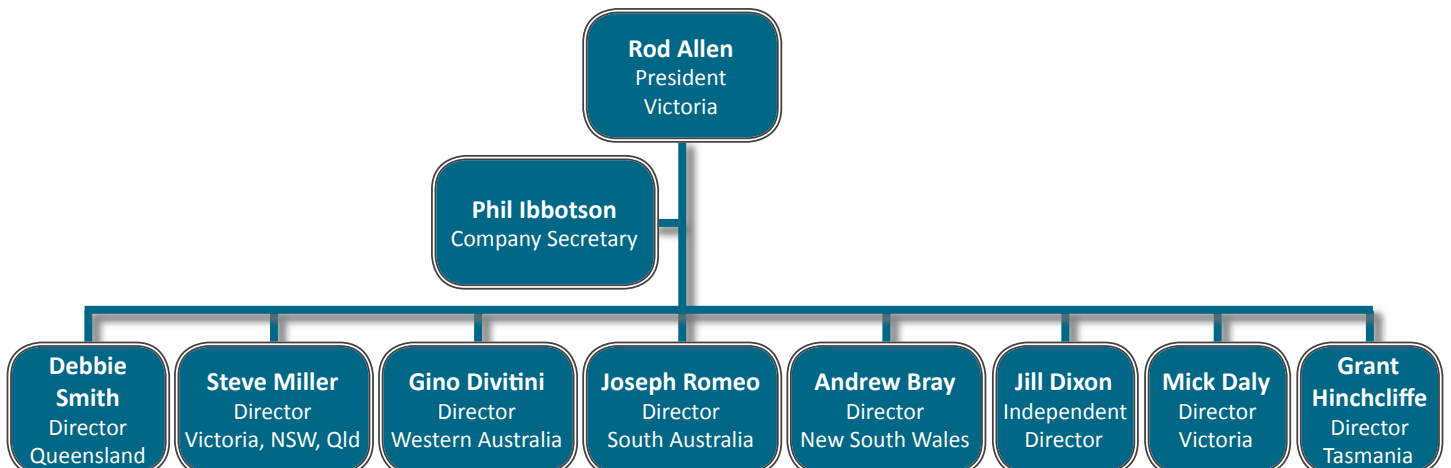
The independent supermarket and packaged liquor industry comprises of many stakeholders who play a major role in the sustainability and future growth of our sector. MGA/LRA places a great emphasis on working closely and collaboratively with all its stakeholders toward facilitating continuous future growth and sustainability of its members. MGA/LRA’s stakeholders include:

- IGA, Foodland, FoodWorks, Metcash Food and Grocery, SPAR, Australian Liquor Marketers, Liquor Marketing Group, State and Federal Governments & Departments and Statutory Bodies.
- ICON Global
- HT Solutions
- National Integrated Business Solutions
- Visionary & Enterprising Management Services
- Gippsland TAFE
- Service Skills Australia
- Service Skills South Australia
- Master Grocers Insurance Services

We thank all MGA/LRA members, partners, suppliers and industry stakeholders for their support and dedication to our industry.

## Master Grocers Insurance Services

MGA’s team has been continuously improving and developing additional membership services. One important membership service is in the form of complete business insurance. Master Grocers Insurance Services provides members with a



comprehensive, customised insurance policy that provides full cover for your business at a very competitive rate.

## Energy Efficiency Information Program – Commonwealth Government Grant Awarded

In March 2012, MGA submitted a comprehensive funding application document to the Department of Climate Change for an Energy Efficiency Information Grant. The application illustrated the energy usage issues the independent supermarket sector is facing now and into the future and outlined the benefit of a tailored and comprehensive Energy Efficiency Information program to be developed and delivered to members, by MGA, over a two year period.

The funding request was for \$990,000. This request was approved with work to begin on the project in June 2012 and the first installment due to MGA in July 2012. Sincere thanks to Michael Russell, MGA's National Training Manager for his input and contribution into the funding application. Congratulations to Steve Sellars who has been appointed the Project Manager to lead the Energy Efficiency Information Program development and implementation over the next two years.

## MGA/LRA has Four Core Pillars

1. Workplace Relations
2. Training and Compliance
3. Industry Representation
4. Industry Community and Membership Services

### 1. Workplace Relations

MGA's main core pillar is Workplace Relations.

The last 12 months has again been very challenging and demanding for MGA's Workplace Relations team.

The Workplace Relations Team was contacted 5,243 times and engaged members for 3,461 hours – average time per contact is 39 minutes.

Wages and condition enquiries accounted for 33 percent of contacts and 20 percent of time unfair dismissal claims accounted for 10 percent contacts / 20 percent time.

Members in all states have just completed the third year of the phasing in of the General Retail Award. Changes in the Fair Work Act, including the reduction in the unfair dismissal staff threshold from 100 to 15 staff members, has also had a major impact on many members throughout the year. Staff members applying to FWA for an unfair dismissal, is on the rise and has, at times, challenged MGA's resources in regard to mediation, conciliation and arbitration processes.

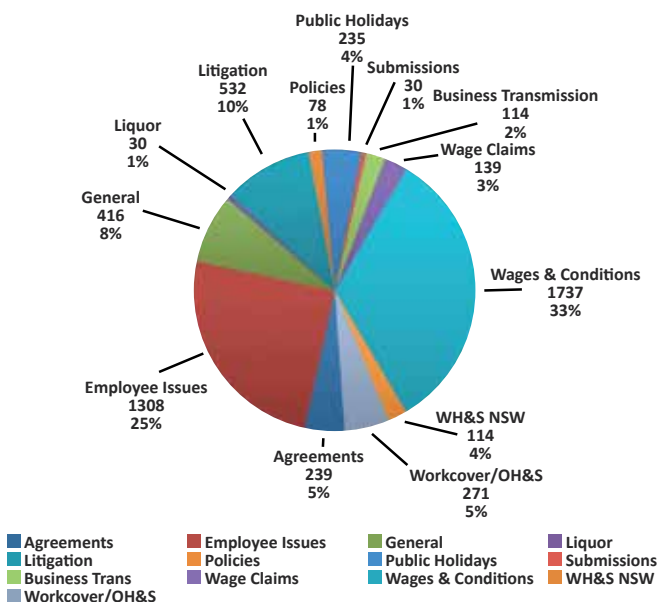
MGA's Workplace Relations Team, led by Marie Brown was successful in obtaining a \$150,000 grant from the NSW State Government to develop Workplace Health and Safety education tools for MGA members and other retailers in NSW. A full program of seminars and workshops, utilising the information developed, was conducted throughout NSW over the duration the year.

The team also delivered a WH&S seminar program in all other states in Australia.

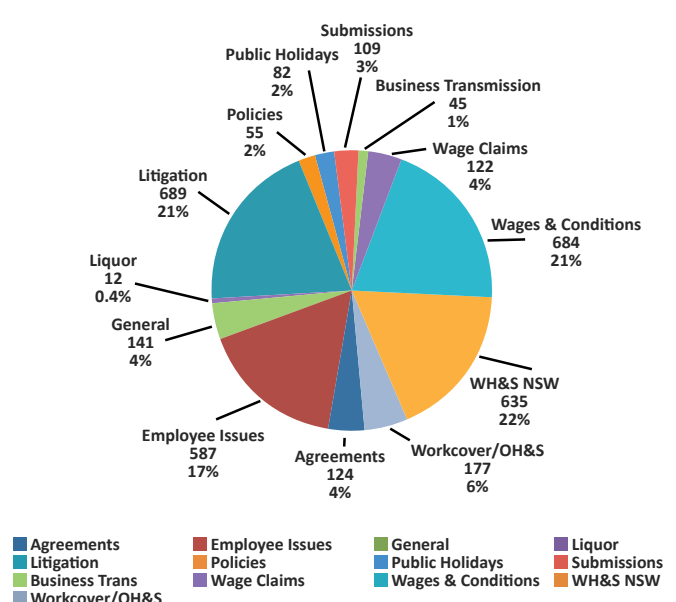
Other achievements included:

- Represented members concerning deregulation of trading hours in Townsville, Bundaberg, Maryborough and the Sunshine Coast in Queensland - successful in Townsville and Sunshine Coast
- Submission to FWA and attending hearings concerning Sunday Penalty Rates, Public Holidays (no additional) and flexible part-time hours.

**National - Contacts by Topic  
Workplace Relations  
1 July 2011 to 30 June 2012  
Total: 5243 contacts**



**National - Hours by Topic  
Workplace Relations  
1 July 2011 to 30 June 2012  
Total: 3461 hours**



- Continuous negotiation for settlements for Unfair Dismissals and wage claims
- increased contact with Fair Work Australia through Commission appearances and increased contact with the Fair Work Ombudsman
- National Wage Review – conducted a member’s survey and made a Submission to FWA including a recommendation for a NIL increase for FY 2013.

## 2. Training and Compliance

Industry Training in the independent supermarket sector continues to present challenges to the MGA team.

Industry attitudes and short term views toward staff training and workforce development are at times frustrating. MGA’s team has worked very hard this year to capture supermarket operator’s interest in training their staff. Many supermarkets have signed up staff members to carry out a number of MGA retail training and compliance courses. Many day-to-day pressures have affected the capacity of store owners to drive their staff to complete these courses including; weak consumer discretionary spending, intense competition from the chains and the increased cost to do business - rising energy costs, wages, EFTPOS charges and so on.

Despite these challenges the MGA team has continued to achieve training uptake budgets.

Achievements include:

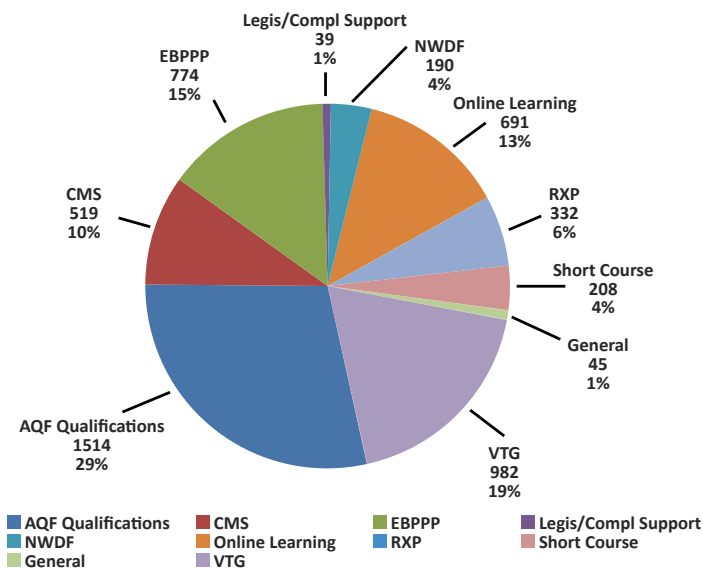
- Development of a highly skilled and capable training team to deliver a wide range of industry training
- EBPPP Training Grant - 150 EBPPP places (from 2011) for Retail Management Certificate IV qualification – MGA’s team continues to drive participants to complete their courses

- Partnership with ICON Global – MGA adapted its online Food Safety and RSA courses which have been placed on the ICON Global platform – this has facilitated access to MGA’s training courses outside of our industry. (FS courses generated \$2k per month in revenue toward end FY)
- Responsible Serving of Alcohol - developed online training for all states except Victoria
  - RSA course developed for the ACT has been very successful with a very big uptake – 800 people prior 2012
  - Development of modularisation of WH&S online compliance training packages and programs as contained within the CMS for uploading onto the ICON Global platform
  - seven new packages
- Continuous development of store policies, procedures and templates within the CMS.
- MGA is a preferred training provider for the FoodWorks Supermarket group – creating a portal on FoodWorks Extranet
- Metcash Food and Grocery have included MGA as a training partner within the IGA Training Academy – online compliance via ICON Global and retail training.
- Successful collaboration with Service Skills South Australia to secure funding and conduct Retail Executive Training Programs in SA
- In discussions with Mitre 10 Australia in regard to providing retail training solutions.

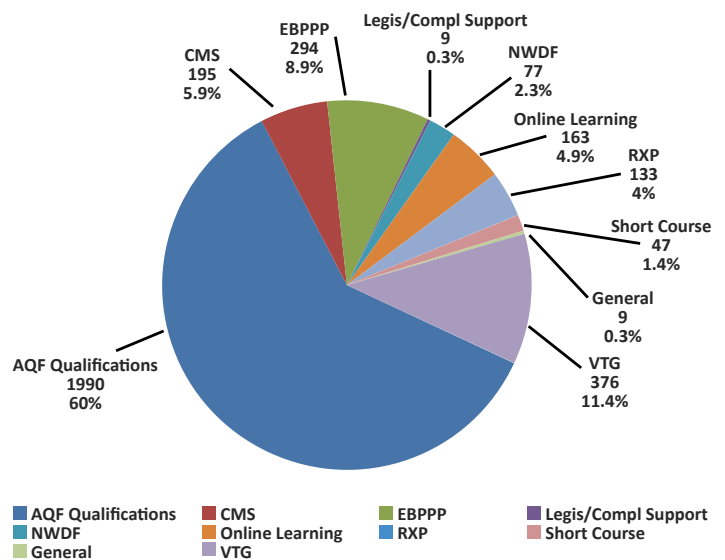
## Changes to Retail Training Funding

Late this financial year there were two government announcements that will have a significant effect on MGA training in FY 2013.

**National - Contacts by Topic Training**  
1 July 2011 to 30 June 2012  
Total: 5294 contacts



**National - Hours by Topic Training**  
1 July 2011 to 30 June 2012  
Total: 3293 hours



## Victorian Training Grant

From July 1, 2012 the Victorian Training Guarantee Funding (VTG) has been reduced from \$5.39 per hour to \$1.50 per hour for Certificate II & III and \$4 per hour for Certificate IV qualifications.

Owing to these significant funding cuts MGA will develop a new pricing structure and promotional strategy for post July 1, 2012. The price to employers is expected to increase by 500 – 600 percent for Certificates II & III and 200 – 300 percent for Certificate IV.

The New pricing structure is in place in Victoria – where courses were \$187.50 each they have now increased to between \$945 and \$1250. Marketing of the new price will commence in September 2012.

## Commonwealth Incentive payments

From July 1, 2012, Commonwealth Training funding for employers will be reduced from \$4,000 per candidate (\$1,500 paid after 3 months & \$2,500 paid upon completion) to \$3,000 per candidate payable upon completion.

## 3. Industry Representation

MGA/LRA is a committee member of:

- **ACCC** - Small Business Consultative Committee – Federal
- Victorian Whole of Government Drugs and Alcohol Expert Advisory Committee
- **LCAC** – Liquor Control Advisory Council - Victoria
- **Victorian Commission for Gaming and Liquor Regulations** – sub committee

## MGA/LRA Engagement

### National Association of Retail Grocers Australia (NARGA)

In December 2011 the NARGA was absorbed by MGA. NARGA was to be wound up, owing to insufficient funding. MGA was able to employ Ken Henrick, former NARGA Executive Director as a National Policy Advisor.

MGA/LRA continues to build credibility by attending many meetings with politicians and bureaucrats at state and federal government levels, as well as, forwarding industry submissions that address issues affecting our members.

### Federal representations on behalf of members

- **ACCC** – address Coles and Woolworths competition issues on behalf of members – Grocery and Liquor

- Creeping acquisitions
- Misuse of market power
- Unconscionable conduct
- Shopper dockets - petrol
- Development MGA Industry report – Let’s Have Fair Competition
- Plain Tobacco Packaging – application for three month Grace period from December 1, 2012
- Address increases in EFTPOS charges from October 1, 2011
- National Container Deposit Scheme – Advocate No – this will drive more Red Tape and Cost Burdens
- Refrigerant Gas cost increases – address the issue with Minister for Climate Change
- Fair Work Australia – Wages Review – July 1, 2012
- Fair Work Australia –Review Fair Work Act and General Retail Industry Award
  - application to reduce Sunday Penalty Rates and abolish “additional” public holidays
  - amend the Unfair dismissal staff threshold up from 15 staff and implement unfair dismissal application screening
- The Productivity Commission – Parental Leave
- OH&S - National Harmonisation

### State representations

- State Health Departments – ACT, NSW, Victoria and WA – Changes to Tobacco Laws and Regulations, particularly addressing the Removal of Tobacco from Display.
- NSW State Health Department – Tobacco Act 2008 - review the definition of POS to exclude the one cash register rule
- ACT – Supermarket Competition Policy
- ACT – Liquor Regulations Reform consultation, Liquor Licence fees & RSA training
- New South Wales – Planning issues
- NSW Department of Health – Food Labelling
- South Australia – Trading Hours and Public Holidays issues
- Queensland – Trading hours issues
- Victoria – Victorian Retail Planning Policy Review
- Victorian Commission for Gaming and Liquor Regulation
- Victorian Council of Small Business





## 4. Industry Community and Membership Services

MGA’s core pillar, “Industry Community”, encapsulates bringing the independent supermarket and liquor industry together, to network, build relationships, learn from each other and lift the profile of the independent sector.

The community fundraising arm of MGA/LRA is the Grocery and Liquor Association (GALA).

This committee comprises of industry volunteers from grocery and liquor. They are retailers, wholesalers, suppliers and industry stakeholders. Andrew Reitzer is Patron of GALA (we thank Andrew for his generous commitment) with all proceeds being donated to the Reach Foundation – dedicated to youth in our community.

Industry events include:

- August 2011 - The Grocery and Liquor Association (GALA) Dinner Dance. 500 members of industry enjoyed a wonderful night.
- November 2011 – LRA Committee function at CUB. Professor Richard Larkins was a special guest.
- November 2011 - MGA’s Industry Breakfast and AGM, Guest speakers included Vic. Minister for Consumer Affairs Michael O’Brien and former Senator Guy Barnett.
- December 2011 – QLD – Brisbane Breakfast – Guest speakers included Paul Lucas, Attorney General, Alan Ducret, ACCC Qld. General Manager.

- March 2012 - NSW Industry Breakfast in Sydney. Guest Speaker Bruce Billson, Shadow Minister for Small Business, Geoffrey Annison, CEO AFGC and Rose Webb from the ACCC.

Industry Community Golf days (WA, NSW, Vic) were also very successfully held in - Victoria (62nd event, held in March with 180 participants) and Western Australia (2nd WA event with 100 participants). The NSW golf day was played at St Michaels in October 2011

- We sincerely thank all our supporters and sponsors of these valuable events.

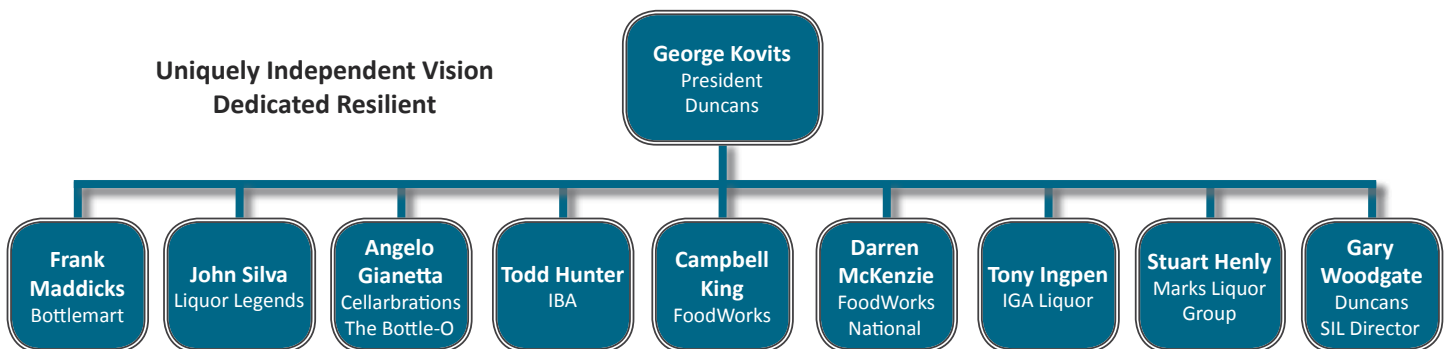
## Independent Packaged Liquor – Liquor Retailers Australia (LRA)

LRA committee is recognised as a dynamic industry committee comprising representation from all parts of the independent packaged liquor sector.

This full representation has facilitated a strong relationship with Victorian State Government, and the newly formed Victorian Commission for Gaming and Liquor Regulation.

The LRA is delivering its desired outcomes to members and the industry in general, it is well on the way to working with government toward an industry accreditation program, reducing liquor licence fees, normalising trading hours (before 9am, Christmas Day, Good Friday, Boxing Day, Anzac Day) and so on.

## LRA Committee Members include:



*“We succeed when we meet and exceed the expectations of our members”*



