

NATIONAL NEWS

NATIONAL RETAIL COUNCIL

By Chairman Kerry Melrose



The National Retail Council has represented you, its members, on many issues during 2008. Each of the State Retail Councils has contributed fully to the outcomes which have been developed and, as a result, the best possible outcome has been achieved.

The year started with the Listeria Guidelines and Council met with representatives of the Regulators and experts in this matter to negotiate a more acceptable outcome. It was never possible to permanently defer the introduction of the Guidelines. Once released AMIC has proceeded to provide training for members and assistance in implementation. It is understood that there is an additional cost to our business but we have now met the legal requirements in each state.

Council developed a Crisis Management Plan which puts in place a framework to manage an adverse event such as a food safety outbreak. It is hoped that this Plan will never have to be used but it is in place, just in case.

MSA grading became an issue with the increase in boning groups and the admission of older cattle. The product from these cattle only makes MSA after an extended holding period between slaughter and sale. Independent retail is the major supporter of MSA and the National Retail Council has advised MLA that it does not support the extension of the boning groups or the requirement to hold product longer before sale. This matter is not resolved and will obviously be an issue in 2009.

The Award Modernisation process will

result in the removal of the Meat Industry Retail Award. In its place will be a Retail Award which covers all retail operations in Australia. AMIC has made three presentations to the Industrial Relations Commission on this matter with the objective of retaining many of the current benefits for members such as spread of hours and penalty overtime rates. This matter will be determined in late December for implementation in January 2010.

The extension of the lamb brand to include hogget has been another issue for Council. The growth in lamb sales and the improvement in prices gained has been one of the success stories in recent years. Council is concerned that any extension to the definition may open the door for wider abuse of the system.

The Meat Industry Strategic Plan (MISP) sets the overall direction of the industry for the next five years. This also determines the funding requirements for grower and processor levies. Council is actively involved in this process to ensure that there is adequate funding for the promotion of meat on the domestic market. MLA funds come from these grower and processor levies and this is why we must ensure that domestic marketing is adequately provided for. The MISP is due for completion in mid 2009.

The National Retail Council will continue to address the major issues which affect your business in 2009.

I will take this opportunity to thank all of the Retail Councilors around Australia, the members of the National Retail Council and the hard working staff for their contribution in 2008. To all of you, our loyal members, I wish you a Happy Christmas and a Prosperous New Year.

THE 2009 NATIONAL SAUSAGE KING COMPETITION



All states have now completed their State Sausage King Competitions and the judges have chosen the top five State champions. Winners were not disclosed until each respective State Award ceremony, where anticipation and excitement filled the air. Even seasoned winners were thrilled to hear their names announced and are already checking their recipes for the prestigious National Competition.

On February 6th and 7th 2009, the 30 State Sausage Kings will head to Adelaide with their prized sausages and compete for the National Sausage King titles. Here is the roundup of finalists:

TRADITIONAL AUSTRALIAN

- Tommy Brown, Tom's Family Butchery, Annangrove, NSW
- Paul Schulte, Schulte's Meat Tavern, Plainland, QLD
- Aaron Reddy, Balhannah Junction Meats, Balhannah, SA
- Marcus Vermey, Vermey's Quality Meats, Sandy Bay, TAS
- Rod Faulkner, Yarra Glen Quality Meats, Yarra Glen, VIC
- Joe Difulvio, Crimea Quality Meats, Morley, WA

PORK

- Allan Waldon, Eastern Road Quality Meats, Turramurra, NSW
- Allan Gitsham, Gitsham Prime Foods, Pomona, QLD
- Richard Gunner, Feast Fine Foods, Adelaide, SA
- Thomas Beuke, Classic BFS, Deloraine, TAS
- Aaron Hirst, Aspendale Meats, Aspendale, VIC
- Joe Princi, Princi Butchers, Beaconsfield, WA

POULTRY

- Marc Edwards, A Cut Above Fine Foods, Beecroft, NSW
- Charles Van Beelen, Bli Bli Butchery, Bli Bli, QLD
- Franz Knoll, Barossa Fine Foods, Adelaide, SA
- Peter Johnston, Johnston's Gourmet Meats, Smithton, TAS
- Craig Henderson, Henderson's Butchery, Ocean Grove, VIC
- Joe Difulvio, Crimea Quality Meats, Morley, WA

CONTINENTAL

- Rod Sellers, Rod Sellers Quality Meats, Stockton, NSW
- Mark Nolan, Gray's Modern Meat Mart, Toowoomba, QLD
- Gary Cimarosti, Colonel Light Meat & Smallgoods, Daw Park, SA
- Shane Mundy, Hill Street Gourmet Meats, West Hobart, TAS
- Alf Di Censo, Di Censo Pty Ltd, Doncaster East, VIC
- Joe & Tony Scarfo, Scarfo's Meating Place, Melville, WA

GOURMET/OPEN CLASS

- Jason Douglas, Exclusive Meats, Turramurra, NSW
- Mark Nolan, Gray's Modern Meat Mart, Toowoomba, QLD
- Paul Cormack, Gawler River Cattle Co, Royal Park, SA
- Peter Johnston, Johnston's Gourmet Meats, Smithton, TAS
- Brad O'Malley, Red Hill Gourmet Meats, Dromana, VIC
- Joe Princi, Princi Butchers, Beaconsfield, WA

Adelaide has planned what promises to be an enjoyable event for competitors, spectators and everyone involved in making this a successful Final. If you'd like to come and experience the fun of a National Sausage King event, please contact your local AMIC office for more details.

AMIC wishes all of the contenders the best of luck in the Competition.

THANK YOU TO OUR SPONSORS OF THE UPCOMING NATIONAL SAUSAGE KING COMPETITION, WHICH WILL BE HELD IN ADELAIDE ON FEBRUARY 6th AND 7th 2009.



NATIONAL SMALLGOODS COUNCIL

BY CHAIRMAN ANDREW RIDDER



Of all the sectors in the meat industry the smallgoods sector is the most competitive and operates on the lowest margins. It is not surprising therefore that we are seeing great changes being forced on to our members because of financial difficulty.

In recent years the Mayfair Group was taken over by Primo Smallgoods. KR Darling Downs and Castlemaine Smallgoods were taken over by George Weston Foods, which has announced that their Western Australia operation (Watsonia) will close in the immediate future and the Altona North Don factory will close in the foreseeable future.

On 28 November it was announced that Queensland based Hans Smallgoods has gone into voluntary administration "after battling higher feed costs due to the drought and increased competition in the pork market." The Administrator, KordaMentha, claimed that the company had been hurt by "competition from subsidized importers selling frozen ham." Hans is the major shareholder in Swicker's, the second largest pork processor in Australia.

It is our understanding that the cost of imported frozen pigmeat has increased significantly in recent months and the cost of Australian pigmeat has also risen to a point where growers are at last making acceptable profits. However, the price of smallgoods, particularly through the major chains, has not kept pace with the increased costs and many smallgoods companies are now facing financial stress.

The supply of Australian pork is predicted to remain tight well into 2009 and there appears to be little chance of a significant reduction of the cost of imported pork.

Further rationalization of the smallgoods manufacturing industry is anticipated.

The National Smallgoods Council has several matters for consideration in 2009. The Awards Modernisation process being undertaken by the Federal Government will affect the current Smallgoods Award. It is likely that smallgoods will become a part of a Food Processing Award and Council will instruct AMIC staff to ensure that the benefits of the current award are maintained.

The Carbon Trading Scheme (CTS) will affect smallgoods manufacturers. Major processors may become subject to direct charges where they reach the emissions totals. All will be subjected to the "upstream charges" for costs associated with electricity generation and transport.

The recently announced Fair Work Bill will, when implemented, affect the employment conditions for our employees. The major provisions are scheduled for January 2010 but some provisions apply from July 2009.

And FSANZ, the organization which gave us the cost increases associated with listeria testing, will continue to dabble in our industry. Salt levels in sausages are on the agenda as is the introduction of a new Meat Standard throughout Australia.

The National Smallgoods Council will continue to represent you, its members, in these issues. You are welcome to attend a Council meeting and provide input into the matters which affect your business. Contact AMIC for information.

I thank the members of the Council for their support in what has been a difficult year. I also thank you, our members and wish you a Happy Christmas and a Prosperous new year.

THE PERILS OF UNDER INSURANCE

Every year a substantial number of small business owners find themselves under considerable financial strain because, in the event of a loss, they find they are underinsured – as they underestimated the real cost of replacing their business assets, such as the building, machinery and equipment.

Some members renew their business insurance year after year without taking into account the growth and expansion of their business, or the increase in replacement cost of their assets – and then a major loss occurs.

Insurance policies generally, but principally Fire and Business Interruption policies, contain what is called an "Average Clause", which basically works as follows:

- Actual replacement cost \$100,000
- Amount the asset was insured for \$75,000 (75% of the replacement cost). This means you are effectively insuring the other 25% yourself.
- Partial loss through a fire, say \$40,000 (being the cost to repair)
- The insurance company payout will be just \$30,000, being only 75% of the loss, as the other 25% you effectively insured yourself

You have worked hard over many years to establish a profitable business. The cost of adequately insuring your assets is negligible compared to the loss if you are underinsured.

For many years AMIC has had a relationship with JMD Ross Insurance Brokers (all states except Victoria) and Phillips Insurance Brokers (Victoria) for the benefit of members.

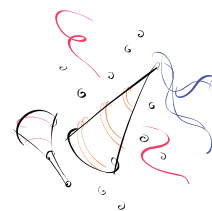
For more information call Graeme Fitton at JMD Ross on 02 9478 0809, or Rosemary Dee at Phillips on 03 8586 9316.





AMIC'S 80th ANNIVERSARY

The Formation of the Master Butchers Meat and Allied Trades Federation of Australia in 1928



By Elizabeth Butel



butchers wait even longer. The Federation stepped in and negotiated bulk settlement in outstanding payments, acting as a clearing house so members had cash flow to buy meat. Strikes and drought compounded the problems, making survival difficult.

They struggled to achieve their first Federal Award; winning and losing before the Award was made on 8th September 1932. Membership at the time was around 300 in Queensland and 876 in NSW, a little under half the number of butcher shops in the State.

It's AMIC's 80th birthday, or rather the birthday of MATFA, the organization which gave rise to AMIC, in September 1928. It's time to celebrate and reflect on those pioneers and their lessons of survival in difficult times and the strength of unity and co-operative effort.

Early in 1928, Fred Paul, the guiding intelligence of MATFA, suggested a national organization to battle the power of the AMIEU and on 17th September MATFA came into being. It was a brave resolution. Of the 300 people invited, only 20 turned up. When the hat was passed around, only 10 shillings and 3 pence was raised.

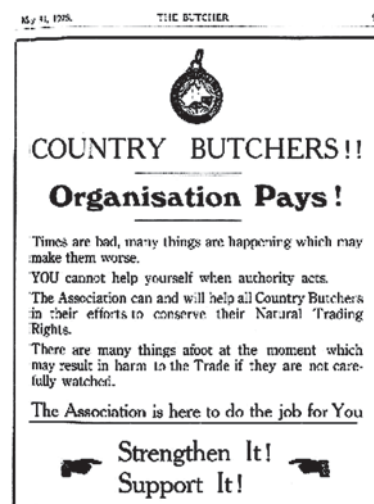
Their action in setting up MATFA brought on the wrath of the Union, with MATFA executives singled out for special attention. These were the days of militant unionism and many members felt physically intimidated. For providores, like Paul, the restrictive provisions of State Awards meant sneaking employees in and sealing up windows. Most Australians were eating meat for breakfast, lunch and dinner and expecting to buy it fresh. Queues of 20 to 30 people would wait outside busy shops at opening time. There was no question of trying to dodge overtime. Employers were not allowed to work men overtime at all.

A Federal organization needed Federal support. When Victoria turned them down, they turned to Queensland and on 27th April 1929, the Queensland Branch was formed. Australia was in the grip of the Depression, with numbers of unemployed growing. Dole coupons were a major concern, with coupons surrendered by customers in exchange for meat and the same coupons sometimes passing between retailers and wholesalers as payment. By 1931, half of all trade was paid for by coupons and butchers were doing it tough. When the time came to redeem them, a cash-strapped government made



The First Annual Commonwealth Meat Trade Conference, Sydney 1937

The Depression began to lift in 1934. By 1937, the Federation sensed the need for greater co-operation and staged the first Australian Meat Trades Convention, in Sydney. It was widely attended by trade members from all parts of Australia. It resulted in the formation of the Victorian Division that year. South Australia formed a Division in 1938, Western Australia, in 1941 and Tasmania in 1946. By MATFA's 25th birthday in 1953, there were 5,000 members, processing and/or distributing approximately 90% of meat for domestic consumption.



YOUR SUPERANNUATION INVESTMENTS

The media is currently full of doom and gloom with “recession” the most overused word and information about how much the share market has fallen on every news bulletin. Articles are regularly appearing about poor performance in superannuation and the “experts” continue to talk down the same industry that they are also providing advice to.

If you have any concerns about your superannuation investments you should take specific professional advice from an independent, qualified financial planner. The information provided by the media is general in nature and may not relate specifically to your investments in the manner suggested in the media.

There are many different types of superannuation funds. The most common is what is known as a Balanced Fund and this has a range of investments including shares, property, fixed interest bonds and cash.

When the media reports losses in the share market this is only a part of the investment for the Balanced Fund. The other investments such as cash and property in most cases will be earning positive returns and are generally less volatile than shares. You should consult the Product Disclosure Statement for your superannuation fund which has the percentages of shares, cash and property for your Balanced Fund.

A financial planner will be able to advise you on your particular Balanced Fund and show you how each of the investments vary in their risk and return. If you are uncomfortable with the risk and return it may be possible to move to a profile which has more cash, less shares and less volatility.

The second important feature of your superannuation fund is the cost of management. Typically the cost of Retail Funds (Colonial First State, BT, AMP and similar) are much higher than the costs of Industry Funds (AMIST, MTAA, MEISF and similar). Industry Funds have lower overheads, generally do not pay commissions to financial planners and are frequently not-for-profit organizations with all returns going to members.

A recent report stated that “The big retail funds will typically charge up to five percent as an up front fee and anything from 0.5 per cent to two percent per year in management fees.” The fees charged have a significant effect on the net returns to members.

It is not possible to say how long this downturn will continue. Superannuation is a long term investment and should be considered over a 5 to 7 year cycle. Changes to your investment strategy should only be made after consulting your Financial Planner.

SHARP KNIVES CUT COSTS.

Every skilled butcher knows how vital well-sharpened knives are. They're not only much safer to use, but by holding their edge longer, make cutting, trimming and filleting quicker and easier, while retaining moisture in the meat. While you're maximising profits by minimizing waste, your customers will love the superior presentation, cooking and flavour. And come back for more.

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