

BLENDING COUP

Key acquisition expands MBL's ingredients range, opens new markets

In a major development, MBL's substantial blending operation has been greatly boosted by our acquisition of innovative food ingredients manufacturer Medani Foods.

The takeover adds new products to MBL's already-strong ingredients portfolio and opens new markets in the growing national food and beverage sectors.

Production has ramped up at MBL's modern blending facility at Athol Park following the transfer of manufacturing from Medani's Seaton base in April.

MBL CEO Jamie Higgins says, "The acquisition of Medani is a strong fit and an exciting development.

ingredients range, opens new markets

"The breadth of our combined offering will significantly expand the blending technology and capacity of MBL.

"This will bring great value to the co-operative for the benefit of all stakeholders."

Medani has been well known for its research and development, innovative ingredient formulating and blending

technology across assorted sectors.

Its contract blending customers include bakeries, smallgoods makers, poultry and fish processors, breweries of all sizes, confectionary makers and the fitness and weight loss industries.

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MBL CEO Jamie Higgins (right) has engaged Medani founder Shane Harrison to provide expertise for our extended blending business.



Record tax break: the clock's ticking

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BLENDING COUP

MBL purchased Medani from food ingredients veteran Shane Harrison who founded the business in 2011 and has over 30 years' experience in formulating food ingredients and blending.

MBL has engaged Shane, ensuring a smooth transition and tapping into his vast knowledge of food ingredients innovation and business development.

Jamie says MBL's decision to acquire Medani was the culmination of a strategic review of the co-operative's operations and opportunities for growth.

MBL was formed 115 years ago to cater for butchers but merchandise sales to butcher shops are not growing as much as they have in the past with the rise of supermarkets.

"We remain firmly committed to our traditional Members and with the changing dynamic of the food industry, growing with butchers requires innovation and new ideas," Jamie says.

"We recently conducted a strategic review, looking at how we remain relevant to the Membership while growing the co-operative with more customers in other food and beverage areas.

"Out of this came the decision to purchase Medani and expand our blending range into new markets."

MBL's Merchandise General Manager Bexley Carman says, "The acquisition of Medani opens up doors for MBL outside of traditional butcher shops.

"As well as contract blending for companies, Medani has a history of developing new products for assorted industries.

"Medani's knowledge, innovation, formulations and product development expertise represent a critical strategic extension for MBL, accelerating innovation and growth."

MBL began blending operations in 1980 but expansion was shackled by space restrictions at the co-operative's old base at Kilburn.

The move to larger premises at Athol Park in 2013 allowed MBL operations, including blending,

to expand and begin to reach their potential.

MBL opened a state-of-the-art blending facility to allow longer and more flexible production runs while significantly improving production efficiencies.

The facility's two blending rooms gave MBL the capacity to at least triple the output of the old blending room at Kilburn.

Since then, the facility's improved operating standards have been reflected by continually-rising scorecards from Quality Assurance inspectors, enhancing our reputation as a trusted manufacturer of quality products.

Bexley says MBL's products are now being made in the largest blending room, with the smaller room assigned to Medani products.

"Until now, we have been making gluten-free products in one room for three days a week and products with gluten in the other room for two days," he says.

"The addition of Medani will allow us to use the facility to its full potential.

"The goal is to have both rooms

running for 40 hours a week, operating side by side."

Jamie says MBL's blending production is extremely important as it sets us apart from our main competitors.

"These products set MBL as category leaders in SA and are an excellent fit with our co-operative structure," he says.

MBL blends, led by Master Meal and Special Gluten Free, have long been the basis for winning sausages at state and national competitions.

"The success of these blends has allowed us to support new product development with butchers as they find new markets for products including burgers, sausages, schnitzels and patties," Jamie says.

"Our challenge is to improve our ability to innovate, to be first to market with new trends and to produce new products for new customers.

"We are excited about our future."

MBL NEWS

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AMIC cancels competitions

AMIC has been forced to cancel all competitions, including Sausage King, across Australia for 2020 due to the COVID-19 pandemic.

The competitions are traditionally held in each State, with regional and State finals leading to national titles in the main categories.

Competitions were cancelled after social distancing regulations, which varied across the States, began eating into time scheduled for regional competitions.

The winners of the 2020 State competitions were due to compete in the national final in Adelaide in February, 2021. AMIC's Chris Kelly hopes Adelaide will now host in 2022.



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TIME TO CASH IN

Butchers were run off their feet - now they must work to retain new custom

Like a bolt from the blue, the COVID-19 pandemic delivered silver linings to butchers in the form of substantial cash injections and exposure to new customers.

Takings surged by 30% in some shops, with several butchers likening the rush to Christmas and Easter rolled into one. It was manna from heaven.

With supermarket shelves sometimes laid bare by panic buying, a wave of new customers "discovered" their local butcher shop to enjoy quality meat, friendly service and expert advice.

No expensive advertising or promotional campaign could possibly have had such a stunning, sudden impact on the fortunes of butcher shops.

Butchers garnered a priceless amount of goodwill and while many people returned to supermarkets after the urgency of the pandemic subsided, sales at most butcher shops continued to stay above average.

But industry leaders say butchers' gains can't be allowed to wither. Butchers now need to work hard to ensure that they keep a good portion of the new people who were exposed to their shops.

AMIC SA Retail Council Chairman Trevor Hill says, "We've done fantastically well and gross margins are up, with no extra costs such as rent and staff.

"We're all up. I'd imagine there isn't a butcher in Adelaide who hasn't been able to clear his bills, so it has been great for butchers

and we can certainly build on it from here.

"But I'm cautious. We've gone well not because we planned it and implemented it – we've made unexpected gains on the back of a health crisis and now we have to plan for the future.

"Butchers need to work to cash in on their new popularity, to milk it by giving people the right reasons to keep coming back.

"We have shown new customers some of the great things we do that supermarkets can't do. We need to keep showing them...

"We need to do more than just hope they'll keep coming back. We need to control the

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Appy days in the Riverland

Waikerie's innovative butcher is enjoying immediate success with an app which helped him better manage demand during the hectic weeks of the pandemic.

Nigel Rollbusch, 48, *pictured*, introduced his Rollbusch Quality Meats app in late April and, despite some early technical glitches, he says he's on a winner.

"It's been really good in the first month. Last week, it pushed up sales by 15%," he says.

"We're so far getting up to five orders a day from the app and a lot of them are for bulk packs costing \$300 or more.

"It helped during the busy times. Most orders come in overnight, so we were able to get stuck into them early before the shop opened."

The app is free to download from any app store. It was developed by local IT whiz Naomi Mee who manages the shop's highly successful Facebook pages.

"Mainly younger people have been using the app but we've been surprised by a few older ones," Nigel says.

Orders of over \$50 can be delivered, for free in Waikerie and for \$10 across the rest of the Riverland. Fruit and vegetables, dairy and eggs are also available.

outcome. We can't fritter away the gains we've made."

Clare butcher Jason Mathie, of Sausage King fame, says butchers have been given an unexpected opportunity to grow their businesses.

"For the sake of butcher shops everywhere, I hope people remember how the local butcher helped them out when supermarkets ran out of meat," Jason says.

"I hope they remember the service, advice and quality products that butchers provide, and they support us into the future as small, local businesses.

"Even if just 10% of the new customers stick with us, it would make a big difference to our industry."

AMIC's SA rep Chris Kelly says he couldn't agree more with Jason. "If 10% could be retained, it would be a huge shot in the arm but butchers will have to work hard," he says.

Chris says many butchers were innovative during the busy weeks and they will need to continue being resourceful to retain new customers.

"In the weeks after the panic, most butchers reported they were still up on this time last year. They've found that demand didn't wane as much as some had expected," he says.

"A lot of positives, such as introducing online orders, click and collect, and deliveries, came out of all this and butchers can build on them into the future."

AMIC estimates that 70% of butchers across Australia introduced online shopping and delivery.

Trevor Hill agrees that opportunity knocks but he's cautious and says it's up to butchers to work to secure their futures.

"I'm not negative, just cautionary. I look at the economics, not the emotion. You can't afford to bank short-term gains that may not continue," he says.

"The reality is that consumers' loyalty often runs only as deep as their pockets. We all have budgets. If supermarkets put something on special, people will buy.

"In the months ahead, it will be easy for people to fall back into their old habits (of buying supermarket meat) for the price and the convenience.

"Independent butchers simply need to work and be innovative to keep new customers

TIME TO CASH IN



AMIC's Chris Kelly says butchers will need to be innovative to retain new customers.

and attract others to their shops."

AMIC estimates that meat purchases increased by 33% across Australia during the pandemic.

In SA, butcher shop sales increased by between 10% and 30%, according to a straw poll by *MBL News*.

Sales of MBL merchandise rose by more than 20%. "The demand was unheard of. It was crazy. No promotion could achieve such an outcome," says MBL Merchandise General Manager Bexley Carman.

"Everyone was blindsided and everyone had to do what they had to do to get through it."

Trevor Hill says overall sales across the Bruce's Meat group rose by about 40% compared to March and April last year.

"It was like one big, continuous Christmas week. Stories in the media fed the panic buying," he says.

At Bruce's Meat St Agnes, Carly McLean says her sales over a six-week period were up by between 25% and 30% on normal weeks.

Like in most shops, initial high demand was for versatile mince and chicken for easy meals.

Carly's shop is positioned at the mid-point of a mall, with Coles at one end and Aldi at the other. A butcher shop under different operators has been here for decades but, inexplicably, many people only "discovered" it recently.

"We realised during the mince debacle that many people didn't know we existed. They discovered us and loved the fact that we had heaps of fresh, quality mince when supermarkets had none," Carly says.

"We had a calming effect on people in uncertain times. People were flustered when they couldn't get things. They thought the world was ending, that we'd all run out of food.

"We were able to calm them – it's OK, we're here, we have plenty of meat. They loved the service and they loved getting ideas for meals. >



Meat At The Mount staff Jake Donaldson and Katrina Santucci battled to fill orders during the pandemic. The Mt Compass shop began deliveries which co-owner Scott Endersby says were an unqualified success, equating to an extra two days a week of normal shop trade.



Extraordinary times prompt extraordinary responses, leading Carly McLean to selling more than 300 individual rolls of toilet paper in her St Agnes butcher shop.

"It wasn't about money, it was about helping customers. I could access toilet paper and desperate customers couldn't when supermarkets were empty," says Carly, who purchased online.

Carly placed a limit of four rolls per customer, charging \$1 a roll.

Each roll cost her 80c, with the 20c "profit" set aside for staff Christmas drinks.

"The first pack of 48 rolls sold out in a day, so I kept ordering. At one stage, I was selling 48 rolls a day. Customers were really appreciative," she says.

"Some old ladies asked if they could buy just one roll but I said No, you can just have some from me. It made their day."

➤ "Now that butchers generally have been 'discovered' by new customers, we need to make the most of the opportunity and really deliver on service as well as quality meat.

"No matter how busy we get, we must find time to devote to customers. At no time can we see customers as an inconvenience. They are our livelihood."

Carly introduced home deliveries during the crisis weeks for people who wanted to stay at home. Despite having 10,000 Facebook viewers, only three people took up the offer.

This was in stark contrast to Gumeracha butcher Doug Costello-Smith who closed his small shop to concentrate on strong demand for deliveries.

Strong deliveries were also a godsend for Mt Compass shop, Meat At The Mount, which launched a service covering the Fleurieu Peninsula and southern Adelaide suburbs.

Co-owner Scott Endersby says deliveries for orders over \$40 had been planned for some time but COVID-19 provided a "sense of urgency" and the response was startling.

"We did it to safeguard the jobs of our employees so that if there was a shutdown, we still had a way to do business without being face-to-face with the public," he says.

"Within weeks of a soft launch with one vehicle, we had the equivalent of an extra two days a week of trade and we now plan to extend the delivery area.

"COVID-19 is changing people's buying habits. We plan to review and refine our delivery system and expand, making deliveries a focus of our business."

Buying habits temporarily changed at Windsor Meats, Malvern, where co-owner Sam

Burt says two-thirds of trade was done by lunchtime.

"With no school pickups and less people returning from work, the pattern of our day quickly changed with most people shopping in the mornings," Sam says.

Windsor Meats was among a number of businesses to offer to carry orders out to cars for customers worried about close contact in shops.

"Orders were placed and sometimes paid for over the phone. We'd text when it was ready, they'd contact us when they were outside and we'd take the order out to the car," Sam says.

"Customers stayed in the car and had the option of paying via credit card through the window and we'd put the order into the boot.

"On a busy day, we'd do this for 20 to 30 customers and it accounted for 15% of our business.

"We're keeping it up for the time being as it's a good system for parents with kids in cars, giving another reason to buy here.

"We had six busy weeks and it remained busier than normal after that. We definitely had new customers, especially at the start



Sign of the times at Lowan St Meats, Holden Hill, during the days of panic.

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ABOVE & BEYOND

How MBL's team rose to the challenge of COVID-19

Warehouse Manager Adam Neville (left) and Warehouse Supervisor Colin Anderson led MBL's two high-performing warehouse teams.

As meat sales rocketed and panic buying set in, stressed butchers relied more than ever on MBL for speedy and accurate supply of assorted merchandise.

CEO Jamie Higgins says MBL staff rose to the challenge impressively, with our warehouse teams going "above and beyond" to ensure butcher shops could meet rising customer demand and reap substantial financial rewards.

"There was a significant rise in demand for MBL merchandise and we didn't miss one order. Our people have been fantastic under pressure," Jamie says.

"We asked our warehouse people to work new shifts. Not one person said No. They



were happy to do it. Their response was, 'What can I do?'

"Working out of general sight in warehouses, their efforts can go largely unnoticed but without them, butchers wouldn't have been able to meet full demand.

"MBL is very Member-focused, we are here for the Members. The work of our warehouse teams, under pressure, is one example of our people going the extra yard."

Merchandise General Manager Bexley Carmen says, "The warehouse boys were terrific at a very demanding time.

"They worked harder, faster and nimbler than ever before, getting the work done with limited overtime."

MBL's management was also nimble in fine tuning our operations in response to a fast-changing environment caused by the pandemic.

When panic buying began in supermarkets, the public began "raiding" MBL's showroom at Athol Park, wanting assorted food ingredients, cleaning materials – and toilet paper.

"The showroom became incredibly busy so we made the decision to temporarily close it to all customers, re-directing our resources to supplying our Members and food industry customers as a priority," Bexley says.

"Members and account holders could email or phone us to order, and our online store remained open but with longer delivery times due to Australia Post parcel delays."

(Later, after general panic buying subsided, MBL reopened the showroom with reduced hours to allow for extra cleaning. Social distancing rules were observed, including maximum customer



Another delivery of assorted merchandise from MBL arrives at Brighton City Meats.

limits, hand sanitising and foot traffic directives).

To comply with government health safety directives, MBL's on-road sales reps worked from home for three weeks. Our customer service team at Athol Park was also busy handling increased phone and email orders.

The huge task of assembling the flood of orders fell to two six-man teams in MBL's vast warehouses, led by Warehouse Manager Adam Neville and Warehouse Supervisor Colin Anderson.

Normally, the teams work shifts of 6am to 2pm and 8am to 4pm, resulting in the shifts working together for six hours. This increased the risk of contamination should someone fall ill.

To improve health safety, the shifts were fully separated, becoming 4am to noon and 12.30pm to 8.30pm from March until the end of April. The two teams rotated shifts weekly.

"We needed to make sure the two teams didn't cross paths, so that if there was an infection and one team had to isolate, the other team could continue operating," Bexley says.

"One thing we learnt is that productivity increases when the men are on site by themselves without distractions, compared to normal times when there are interruptions such as courier pickups."

Adam says he was "quite impressed" with the way warehouse workers adapted to the new shifts and knuckled down to tackle the demanding workload.

"It was ridiculously busy – the numbers were bigger than any Christmas - but the blokes didn't complain about the huge workload, they just got on with it," he says.

"Butchers put us under extreme pressure. They needed products as their trade increased and we did as much as we could for them.

"I understand the pressure butchers were



A supreme pizza story

MBL's strong customer service ethos came to the fore in many ways and in assorted circumstances during the COVID-19 crunch period as food businesses did innovative things to keep ticking over.

Machinery Manager Chris Mountford was among those who worked long hours to help our mainstream butcher Members as demand for meat rose.

Chris also found time to help anxious people in other food sectors. Here, he tells how he helped a pizza business survive while securing \$15,000 of sales for MBL.

"After we'd closed the MBL site (at Athol Park) to the public, I got a call from someone unknown who was desperate for help.

"He wanted advice on vacuum packing. He had had to stop dining-in at his two restaurants, and he hoped he could keep going and keep his nine staff employed if he could start supplying pizzas to independent supermarkets.

"I told him we were in lockdown but he could come to the fence with some pizzas and I'd do some experimenting.

"He turned up with some pizzas, turning the boxes on their side to slide them through the fence rails. They were really good pizzas and I was able to vacuum pack them.

"He bought a \$6,000 vacuum machine and 5,000 bags. He phoned to say the machine was fantastic and his pizzas were selling well in supermarkets.

"A week later, he phoned to order another vacuum machine and another 8,000 bags for his second restaurant to keep up with orders. He spent \$15,000 in total and he will support MBL into the future.

"He told me that by MBL helping him, his business survived and his nine staff managed to stay employed.

"I felt really good about how I was able to help."



MBL temporarily closed public access to our Athol Park showroom, re-directing our resources to supplying our Members and food industry customers as a priority.

under. I once had a cafe so I know when the trade's there, you have to take it."

Adam led the morning shift during the hectic times, with the work areas given complete sanitisation before Colin arrived with the afternoon shift.

"The two shifts used different toilets and different lunchrooms, and within shifts we separated into different zones," Adam says.

"With so much going on, it was a beast to control and it was pretty amazing we were able to achieve so much."

Colin says he has never seen it so busy in his 18 years working in MBL's warehouses.

"The boys really stood up and did exceptionally well, with no complaints," he says.

"There were some tired people towards the end – I know I felt I was walking around like a zombie."

For MBL Proteins, it was essentially business as usual at our Wingfield and Keith plants, with social distancing and other health precautions in place.

Butchers across the country adopted varying measures to best manage their businesses during the uncertain weeks of the pandemic. MBL News visited Clare to report on the experiences and approaches of Jason Mathie and Mike Day at the town's two valued butcher shops, which are only a few hundred metres apart.

CLARE'S CRAZY WEEKS

In the first week of March, Jason Mathie noticed a gradual increase in the number of customers at Mathie's Meat Shoppe in Clare's main street.

By the start of the next week, Jason and his three butchers were working flat-chat, battling to meet rising demand as more people placed bigger orders.

Then a few days later, on Thursday, March 12, the Federal Government announced the first stimulus package, the health warnings ramped and panic buying of food began.

"We were unusually busy but things really went crazy here on that Thursday. That's when the penny dropped that we were seeing something huge," says Jason, a multiple winner of national Sausage King titles.

In one week, Mathie's sold 800kg of mince compared with between 200kg and 250kg in a normal week.

"Mince was huge because it's versatile. Demand moved on to sausages and I doubled production," he says.

"Luckily, my monthly supplies from MBL had arrived only a week earlier but I needed to order more and MBL came to the rescue.

"Chicken was also popular, being versatile for easy meals.

"But then we got to the stage where people wanted everything they could get their hands on. People were staying at home, spending time in the kitchen and having barbecues.

"We sold a huge amount of meat. It took three and a half weeks for demand to mellow down – it would be great to have a month like that every year.

"We had some of our biggest-ever weeks, bigger than Christmas, without expensive things like ham and turkey.

"One week was bigger than Christmas and Easter rolled into one. It's something you'd never think could happen."

However, Jason, who worked 25 days straight to keep up with demand, took a big financial hit with his sales to local pubs and restaurants.

'We had some of our biggest-ever weeks, bigger than Christmas, without expensive things like ham and turkey. One week was bigger than Christmas and Easter rolled into one' – Jason Mathie

"Wholesale was 30% of the business but it all stopped," he says.

In the early stages when assorted government restrictions were placed on the community, he says he was worried by the uncertainty of the immediate future.

Jason, a Kiwi, says, "Mum and Dad back home were telling me what was happening in New Zealand where butchers were made to shut during the lockdown.

"I thought this was going to happen here and panic set in. All I could do was work hard while we were open. Thankfully, we didn't have to shut."

One key issue that didn't concern Jason was sourcing meat as statewide demand escalated, as most of his meat comes from local Mid North farms.

"Since taking over this shop in 2008, we have bought local beef which we hang for a week. We now source just about everything from the region," he says.

"Being in the country has its disadvantages but developing reliable local suppliers has been a huge advantage, especially in recent times.

"When I heard wholesalers were starting to run out of meat, I tripled



Jason Mathie relied on meat from district farms to meet unprecedented demand.

our beef order. This was done with one phone call. The beef, from a feedlot near Clare, was here in two days.

"It was the same with lamb, which comes from near Mintaro. Getting extra lamb was one phone call away.

"There was no problem with pork. We had a constant supply from my regular supplier in the Barossa.

"The only hiccup I had was with chicken

which usually comes from Adelaide.

"Only a third of an order arrived so I called a local supplier in Riverton and a delivery came that same day."

Jason says he saw many new faces in his shop, and he was happy to serve anyone who walked in.

"We knew people were normally supermarket customers if they asked if we had buying limits. We've never had limits," he says.

"I also had no issue with people from outside this area. After all, Clare relies on tourism."

Some butchers insisted on customers paying by card only for health safety reasons and to speed up transactions but Jason says he'll always accept cash.

"I accept legal tender and believe it's the right of customers to pay any way they want. Some older people don't have cards," he says.



'We experienced end-of-the-world buying. It was stupid' - Mike Day

Yes, that is a dinosaur on Mike's board of species cuts. He has it to catch the eye of excited kids before offering a slice of fritz.

At Day's Quality Meats in Clare, Mike Day and his crew were run off their feet by panic buying which saw them run out of meat and temporarily shut the shop to regroup.

Mike has never seen such relentless demand in his 32 years as a butcher. "We experienced end-of-the-world buying. It was stupid," he says.

"When Woolworths ran short of meat or ran out, people would come over here.

"At the end of one week, meat was left in only 15 of our 90 display trays. We stopped taking orders because we didn't know if we'd have meat to fill them.

"We completely ran out of meat on March 20, which was a Friday, so I decided to close the shop until the following Tuesday by which time I hoped I'd have

some meat delivered.

"The staff had been under the pump so I gave them the Monday off to catch their breath and I spent the day cleaning the shop from top to bottom."

Mike was unable to obtain meat from his regular wholesalers but he ended up sourcing from Michael Richards who runs an abattoir at Bordertown where his family operates one of the biggest regional butcher shops in South Australia.

On March 26, Mike was able to post on Facebook that his freezers were full again.

He had great success introducing weekly deliveries, for orders over \$40, to Auburn, Balaklava, Blyth and Hoyleton. His wife Kylie makes the deliveries.

"Kylie does the run on Fridays and we've been getting huge orders from new regular customers," Mike says.

He says he saw hundreds of new customers in his shop, some of them locals and others from elsewhere, including Adelaide.

"One day, three big coaches pulled up out the front here (a carpark) and people went on a buying raid at Woolworths. Some came in here," he says.

"Overall, it was noticeable that people were understanding when they saw how we were

operating under pressure and trying to do our best for them.

"Some of them previously would have got upset if they couldn't get what they wanted but they were generally understanding and patient."

Mike says he hopes some people who visited his shop during the "crazy weeks" will become regular customers.

"Some will stick with us but others may go back to their old habits," he says.

"At least six people stated on Facebook that they would now be shopping weekly with us.

"The bottom line is that we will be judged on the quality of our meat and our service."

Testamentary Trust Wills

Testamentary Trust Wills do not cost much more than standard Wills and arguably everyone should have one as they can help your beneficiaries to minimise tax and protect their inheritance.

A Testamentary Trust Will is a Will that creates a Trust (or Trusts) upon the death of the Will maker, with the Trustee holding the assets on trust for the benefit of a range of potential beneficiaries.

Most Testamentary Trust Wills are drafted so that the Trustee will have discretion as to which beneficiary receives income and/or capital from the Trust Fund.

In that way, the Trustee can direct taxable income to the beneficiaries who will pay the least income tax and the assets are protected from creditors of the beneficiaries.

In certain situations, the beneficiaries of a Testamentary Trust may be able to save many thousands of dollars in tax every year.

Who controls Testamentary Trust Wills?

If you want to set up a separate Testamentary Trust for each of your adult children, it is likely that you would appoint each child as trustee of their own trust.

Alternatively, you could appoint someone else such as your executor until your child attains a certain age.

Generally, each trust would have a primary beneficiary who would also be the Trustee. All other potential beneficiaries would in



some way be related to the primary beneficiary.

For example, if the primary beneficiary was your son, the other beneficiaries may include his spouse, their children and their grandchildren.

None of the potential beneficiaries would be entitled to any part of the estate assets as your son would have absolute control of the Trust.

Does a Testamentary Trust Reduce Tax Liability?

Not only does a Testamentary Trust allow for income to be distributed favourably but our taxation laws treat infant beneficiaries of these types of Trusts as adults so their first \$18,000 of income will be tax free.

An example is set out below where the adult beneficiary David is married to Sue who is the full-time carer of their infant children Alex and Chris. David's annual salary is

\$80,000 and so any further income will be taxed at 37 cents in the dollar:

Scenario 1 (No Trust): David's father dies and leaves David \$1 million. David invests his inheritance and receives an annual income of \$50,000. He will pay \$18,500 each year in additional tax, or

Scenario 2 (Testamentary Trust): David's father dies and leaves David \$1 million in a Testamentary Trust which David controls.

Each of David, Sue, Alex and Chris are potential beneficiaries of the Trust. David distributes the sum of \$16,666.66 to each of Sue, Alex and Chris. The money is used to pay normal family living expenses of each person and because the beneficiaries have no other income, no tax is payable, saving David and his family \$18,500 each year.

Can a Testamentary Trust Protect Estate Assets?

The assets of any Trust, including a Testamentary Trust, do not beneficially belong to the Trustee. The Trustee only holds those assets on trust for the benefit of the potential class of beneficiaries in the Trust.

If a beneficiary is sued, the assets in the Trust fund are safe because they have not yet been transferred to the beneficiary and are legally still in the name of the Trustee.

Disclaimer: This article aims to present a general guide to applicable SA law as at the date of publication and so it should not be relied upon in any specific situation.

An advertisement for the law firm BEGER & CO. It features a photograph of two men in business suits sitting at a restaurant table with a white tablecloth, eating a meal. The man on the left is cutting into a piece of meat, and the man on the right is smiling. The background shows a restaurant interior with other tables and chairs. The text "GOT A BEEF?" is overlaid in large white letters at the top of the image. At the bottom of the image, the text "We can help!" is written in green. To the right of the image, there is a black box with white text that reads: "We already act for lots of people in the meat industry. We can help you too. Call Peter Jakobsen or Danny Beger on 8362 6400 for a free, no obligation consultation." Below this text is the BEGER & CO LAWYERS logo, which consists of a green stylized 'B' followed by the firm's name in a black sans-serif font. At the bottom right of the black box, the firm's contact information is listed: "213 Payneham Road St Peters SA 5069 Phone: (08) 8362 6400 www.beger.com.au".

All systems go for Helix Personas

Planning by MLA and AMIC for a sophisticated consumer profiling tool for independent retail butchers is back in full swing after COVID-19 distractions.

AMIC reps have undergone training in how to use Roy Morgan Research's Helix Personas program in preparation for them introducing it to butchers across Australia.

"We did an initial short course with MLA and Roy Morgan Research on how it works and this was followed up in May by a longer training session," says AMIC's SA rep Chris Kelly.

"We're looking at trialling it with some butchers fairly soon before we look to roll it out.

"I've been impressed by what I've seen. It will be a very good thing for butchers."

As reported in the last *MBL News*, the Helix Personas program promises retail butchers the unprecedented ability to identify and target local customers.

It combines data from multiple sources to give detailed insights into consumer attitudes and spending patterns in the catchment areas of specific butcher shops.

Armed with this insight, butchers can adjust their local marketing and product offerings, right down to how displays are arranged, to best attract more local customers.

"This is the biggest marketing opportunity

handed to retail butchers for many years, if not ever," says AMIC SA's Retail Council Chairman, Trevor Hill.

"Only big business once had access to such detailed profiling but now MLA has invested in it for retail butchers and we must embrace it.

"It will give butchers great insights into who lives near their shops so they can make decisions on attracting new customers and improving offerings to existing ones."

The technology was developed for political profiling and has been pivotal in identifying voter attitudes before US elections and the UK's Brexit referendum. It has been modified for retail purposes.

WORLD BUTCHERS' CHALLENGE

Luke has to cool his heels

The COVID-19 crisis in the US forced the postponement of the World Butchers' Challenge in California, but Adelaide's Luke Leyson is looking on the bright side.

The event was scheduled for Sacramento in September but will now be held at the same venue in August next year.

Luke, of Goodwood Quality Meats, represented the six-man Australian Steelers with distinction in the last WBC in Belfast in 2018, earning reselection for Sacramento.

"The postponement is disappointing but we'll now have more time to get together as a team to finesse our display," he says.

"The team is formed from butchers from around Australia and it's been hard to get everyone together for training. We now have more time.

"We're looking forward to the challenge."



Luke Leyson with sausages judged as the world's best at the WBC in Belfast in 2018.

TIME TO CASH IN

From page 5

when people wanted to avoid supermarkets.

Goodwood Quality Meats also enjoyed good success with taking orders out to cars, says shop manager Luke Leyson.

"It was a new way to sell meat and it was well worthwhile. It involved breaking some people's buying habits as ours is a very social shop where there's lots of chat," Luke says.

"We were extremely busy for weeks. It went nuts and we weren't really prepared for it. Things didn't start to slow down until well into May."

Across the industry, the uncertainty of when surging demand would end, or even if butcher shops would be allowed to remain open, played on the minds of butchers.

Sam Burt summed up the mood by saying, "We were going flat out and there was no known finish line.

"At Christmas, it's organised chaos. You know it's coming and you prepare for it. You

know it will end on December 24 and you can have time off for Christmas.

"During the recent weeks, it was easy to get sick of it. There was no timeframe. We didn't even know if butcher shops here would have to shut like in New Zealand."

Chris Kelly says, "It was tough for butchers. It wasn't expected and it just hit them.

"AMIC is working with the Federal Government to ensure the meat industry remains an essential industry into the future, giving retail butchers assurance that they will remain open during future emergencies."

MACHINERY BECKONS

RECORD \$150,000 TAX BREAK TO END

There's never been a better time to buy new machinery and other equipment from MBL – but the clock's ticking.

Time is running out for butchers and other MBL customers to claim immediate tax deductions for every machinery item purchase of up to \$150,000.

A June 30 deadline accompanied the Federal Government's March 12 announcement of the record tax break to help businesses through the COVID-19 pandemic.

MBL Machinery Manager Chris Mountford says this represents a golden opportunity for butchers and others to upgrade their machinery.

"The previous tax break of \$30,000 was regarded as generous, the biggest we'd seen. But this \$150,000 offer is temporary and won't last," Chris says.

"If butchers and others need machinery upgrades, now is obviously the time to seriously consider buying before the June 30 deadline."

Any number of purchases of up to \$150,000 each can be made, and each can be instantly written off this financial year rather than depreciating over a number of years.

The new offer, as announced on March 12, applies to assets purchased between March 12 and June 30, 2020.

Chris says customers should consult their accountants for specific tax advice.

MBL always delivers competitive prices thanks to our buying power and we have generous 12-month interest-free payment terms available for approved applicants.

Members also receive the Co-op's annual rebate.

MBL has a full range of Australian and imported machines to satisfy the requirements of every Member, from the smallest butcher to the largest processor.

Some machines are displayed at the MBL showroom at Athol Park.



Chris Mountford says the \$150,000 tax break is a golden opportunity for butchers to upgrade with machinery from MBL.

Business has been brisk in MBL's Machinery department, led by demand for smoke ovens by retail butchers wanting to make smallgoods.

Manager Chris Mountford says MBL's overall machinery sales increased significantly last spring and have remained strong.

"It has been the busiest I've known since I took over the machinery department in 2014," he says.

"I've been regularly increasing orders to manufacturers for

Smoke ovens demand rises as more butchers make smallgoods

machines across the range to meet the demand.

"We've sold out of vacuum machines several times. At one stage, all we had left on the showroom floor was one band-saw and one mixer mincer.

"I expected sales to dip (during the COVID-19 pandemic) but they didn't, and there's busy

weeks ahead with the \$150,000 tax break due to end on June 30."

Chris says sales of smoke ovens rose significantly last spring in the leadup to Christmas as butchers looked to making smallgoods.

"The high price of meat doesn't allow good margins for butch-

ers. Many look to value adding with smallgoods such as ham, bacon and kranisky," he says.

"We usually average selling around four smoke ovens a year but we sold eight in three months.

"I usually make single orders for smoke ovens but I need to order two at a time."