
MEDIA RELEASE

THE WAREHOUSE GROUP LIMITED

The Warehouse seeks open consultation with staff

Auckland, 3 December 2009 – The Warehouse was in its first round of collective negotiations with the National Distribution Union (NDU) when the Union chose to end negotiations ahead of schedule, after just five and a half days. The Warehouse has extended an offer to the NDU to continue negotiations and also offered to introduce external mediation. To date, there has been no response from the NDU to the offer of continuing negotiations using an independent mediator.

In an economic environment where many retailers have offered minimal or no pay increases, The Warehouse has awarded a three percent pay increase to all waged employees from 1 August this year, offering a starting wage of no less than \$12.88 per hour. The Warehouse has also increased its staff retention rates from 65.2% in the year ended July 2007 to 77.6% in the year ended July 2009.

Staff levels at The Warehouse are based on store volume levels, with additional staff members brought on at busier times, such as Christmas. With current staff numbers at around 7,500, approximately 1,700 additional team members will be working in store and in night-fill positions in December to cater to increased number of customers.

Over the last 18 months, The Warehouse has been implementing a programme that improves its business performance by operating stores more efficiently.

The programme was driven by customer research, which found that The Warehouse needed to ensure it had the right people, in the right places, at the right times, doing the right things in order to meet customers' needs. This meant recognising the general shift towards weekend retail, and ensuring experienced and skilled retail staff are available on the busiest days.

The Warehouse's CEO, Ian Morrice, says, "Consultation has been taking place over the last 18 months between management and some 7,545 team members, totaling nearly 23,000 hours of discussion. Meetings have involved in depth discussions of what Project Invigorate is, why it is being initiated and how it would be rolled out, inviting feedback at every stage.

"All permanent staff members have been invited to have a series of three one-to-one meetings with store managers regarding their roles, and revisions of staff rosters have been driven by the desired outcome of having the right people, at the right times, doing the right jobs."

"In addition to increasing employee numbers for Christmas trading, no redundancies have been made as a result of staff consultations, and The Warehouse has sought to be flexible in catering to people's specific requirements wherever possible and has sought to be open to negotiating people's needs," says Morrice.

Of the 7,545 team members consulted, The Warehouse was able to reach agreement with all but 28 people who wished to involve independent mediation, and of the 18 who have so far gone through the mediation process, only two cases have been left unresolved.

The NDU has made claims that The Warehouse allows bullying to occur. In response to these claims, The Warehouse has sought on several occasions to obtain examples of bullying from the NDU with an assurance that any such incident would be thoroughly investigated; however, to date, the NDU has not responded with any examples, as requested.

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Background: The Warehouse Group Limited

The Warehouse Group Limited comprises 86 Warehouse stores and 46 Warehouse Stationery stores in New Zealand. The company has a turnover of NZ\$1.7 billion and employs over 8,000 people.

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