

06 February 2024

Re: Food and Grocery Code of Conduct Review

To Whom it May Concern.

The Granite Belt Growers Association have extensively reviewed the available documentation, being The Code itself as well as the Individual Review of the Food and Grocery Code of Conduct published by the Commonwealth in February 2024.

Based upon our organisation, the industry that we are speaking for is horticulture, and therefore we can only provide legitimate commentary around the widely agreed upon market imbalance present within the fresh produce sector. Our Association is deeply appreciative to The Treasury, for the opportunity to provide feedback on the matter.

Code Arbiter/Arbitration

It is the position of our Association, that provisions set out under The Code, are not fit for purpose. Part 5 pertaining to the use of a Code Arbiter paid for by the retailing/wholesaling signatory for the purposes of upholding The Code is inherently flawed. We feel that the first step in affecting positive change around the fair and equitable enforcement of The Code, is dependent upon the Code Arbiter. Having an arbiter engaged by a signatory promotes the opportunity for, and perception of bias and unfair judgement.

It is the view of our Association, that this Arbiter be an independent third party, acting under the direct report of The Code Enforcer, with a direct line of consultation to key stakeholders and peak industry bodies. Our Association feels that this is the only way to ensure fair and equitable reporting of both positive and negative business practices by Suppliers, Retailers and Wholesalers. We would like to draw attention to the fact that based upon the highly perishable nature of fresh produce, there is still widespread concern that fear and/or retribution will always be a limiting factor when it comes to appropriate enforcement. Whilst having such a binding document is legally sound, it is understood that the practicality of the situation is much more complex.

Model Execution

The Code allows viable framework for the execution of a fair model, however the current arbitration model set forth and the fact that The Code is voluntary, affords an inequitable power balance when it comes to successful bargaining for both parties. Furthermore, it is the view of our Association that due to the highly perishable nature of fresh produce, that additional considerations and requirements be afforded to negotiations and interactions between retailers/wholesalers and fresh food suppliers.

Our Association is of the opinion that the current extent of coverage afforded by The Code is adequate if enforced appropriately and that The Code should also cover local beverage manufacturers. It is also our opinion that The Code envelop any entity with the power to influence the market. Should The Code in its present form be made mandatory, the likelihood of any type of benefit or operational change to suppliers would be minimal.

Code Provisions

1. Purpose of The Code

- a. "to help to regulate standards of business conduct..."

Response: This statement should be an absolute – "To regulate standards....".

18. Funding Promotions

Clause 1: The retailer or wholesaler must not directly or indirectly require a supplier to fund part or all of the costs of a promotion.

Clause 2: Subclause (1) does not apply if:

- (a) the relevant grocery supply agreement provides for the funding; and
- (b) the funding is reasonable in the circumstances.

Response: What would constitute a reasonable circumstance that would allow a retailer/wholesaler to fund the cost of a promotion? It is the retailer's own decision as to what markup they apply to the sale of goods, therefore it should be their onus to fund the cost of a promotion with said markup.

23. Business Disruption

The retailer or wholesaler must not threaten a supplier with business disruption or termination of a grocery supply agreement without reasonable grounds.

Response: Ambiguous. What constitutes "reasonable grounds"? Our Association sees this type of bullying on a regular basis, however due to the perishable nature of fresh produce and the fear of retailer/wholesaler retribution, no formal complaints are laid with the "signatory paid Code Arbitrator", hence the low notification rate.

We thank you for the time you have taken to review our submission. We would welcome any follow up questions or feedback that you may have and look forward to seeing how The Code evolves in the near future.

Kind regards,

Connie Taylor

President