

29 February 2024

The Hon Dr Craig Emerson
Independent Reviewer
Review of the Food and Grocery Code of Conduct

Dear Dr Emerson,

Thank you for the opportunity to lodge our comments to the review of the Food and Grocery Code.

About MGA Independent Businesses Australia (MGAIBA) (formerly known as Master Grocers Australia)

1. MGAIBA is a national employer industry member-based organisation representing independent grocery, liquor, and other retail businesses including timber and hardware outlets, in all States and Territories. These businesses collectively make a significant contribution to the retail industry, accounting for approximately \$15 billion in retail sales.
2. There are approximately 2,600 branded independent grocery stores with MGAIBA membership, trading under brand names such as Ritchies, IGA, IGA Xpress, Drakes, Farmer Jacks, FoodWorks, Foodland and SPAR, with a further approximately 1,300 independent supermarkets trading under their own local brand names. In addition, there are numerous independent liquor stores operating throughout Australia and trading under names such as: Cellarbrations, The Bottle O, Bottlemart, Duncans, and Local Liquor, which are either single or multi-store owners. Members also own independent hardware stores that trade under brand names including frame and truss manufacturers, Mitre 10, Home Hardware, Thrifty Link and True Value Hardware. These stores, which collectively employ more than 120,000 staff, are comparatively smaller when juxtaposed against the large supermarket chains of Coles, Woolworths and Bunnings, which combined represent approximately 80 per cent of the retail supermarket, liquor and hardware industries. Although MGAIBA's members face similar industry challenges to the major supermarket chains, they have significantly less resources and face the fierce competition of such chains. A significant portion of MGAIBA's members are family operated businesses who face the same economic and financial pressures of the average Australian.

Implications of increasing regulatory burdens on independent grocery stores

3. **MGAIBA supports responsible business behaviours throughout the food and grocery supply chain, including the relationship between retailers and suppliers.** It is the responsibility of each grocery retail business (brand banner) to determine whether they choose to sign up to The Food and Grocery Code of Conduct ('the Code'). MGAIBA is not involved in these decisions. MGAIBA is aware that Metcash is one of four signatories to the Code.
4. With the vast and ever-increasing regulatory burden coupled with the spiralling cost of business inputs as is regularly reported by MGAIBA members, **Government must ensure that any recommendations resulting from this review do not unfairly and unnecessarily place additional downward pressure on small business owners during what are already difficult trading conditions. The cost and complexity of compliance of conducting the day-to-day operations of a grocery business will lead to members facing a direct threat to the ongoing viability of their businesses.**
5. Government must ensure that independent grocery stores are supported to a greater degree as is currently evident in Australia. Knowing that some communities may be forced to contend with the closure of their local independent grocery store is an unacceptable situation and therefore must be addressed by this Government. Additional burdens on independent retailers could potentially lead to a decrease in competition, increase in the cost of essential goods, loss of employment opportunities and the destruction of communities. MGAIBA's member businesses are the cornerstone of Australian society and the economy, providing employment and essential services to all Australians. An attack on these businesses is an attack on Australian employees and consumers.
6. MGAIBA through its members is acutely aware of the significant economic and financial pressures being endured by Australian businesses and consumers during the current cost of living crisis. Small to medium sized family owned and operated businesses have been severely burdened in recent times by soaring interest rates, rising costs of transport and fuel coupled with significant energy cost increases.



7. In summary, MGAIBA would be deeply concerned if any consideration is to be given to extending the Code beyond the major players who are currently signatories to the code. Smaller retailers cannot be expected to confront and manage additional and unnecessary compliance burdens.

Thank you again for the opportunity to submit our views to this review.

Yours sincerely,

David Inall
Chief Executive Officer