

The Secretariat

[Review of the Food and Grocery Code of Conduct](#)

Market Conduct and Digital Division, Markets Group, Treasury

E: GroceryCodeReview@TREASURY.GOV.AU

29 February 2024

Dear Dr Craig Emerson,

We're writing to you on behalf of long-standing independent retail supermarket chains – Ritchies, Cornetts Supermarkets and Romeo's Retail Group, and as members of the IGA National Retail Council, which has two senior IGA retailers from each State as its members and works in conjunction with Metcash to support independent retailers.

Independent retailers are an important part of the supermarket sector and essential to maintaining healthy competitive tension in the sector. We work with, on average per store, well over 50 different supplier partners in addition to our largest supplier Metcash. Importantly, we are an alternative route to market for many suppliers, as the chains continue grow their private label range.

In regard to the Review of the Food and Grocery Code of Conduct (**Code**), we are particularly concerned with any proposal for the Code to be extended to retailers or wholesalers beyond the four major players operating in the food and grocery sector.

The Code was established in 2015 to address the market power of the two major chains in their dealings with suppliers. This followed the ACCC taking action against the chains for unconscionable conduct, with Coles being fined millions of dollars.

The Code is designed to give suppliers some protection when dealing with supermarket companies who have market power. As the consultation paper points out, the four major players hold 82 per cent of the market. Independent supermarkets do not have market power - we are simply not big enough to have that type of influence with suppliers.

Also, it would be detrimental for the Code to apply to smaller retailers as it would increase regulatory costs to the independent sector, which would only make it harder for independents to compete with the major chains. Regulatory red tape and associated costs are already a significant issue for small businesses. When you add this to the rising cost of doing business, further hurdles might not only put off new entrants to the market but may also cause existing independent retailers to exit.

We believe this Review should focus on addressing issues related to market dominance in the sector so that independent businesses like ours can continue to thrive and provide a genuine alternative for suppliers and shoppers.

Thank you for allowing us the opportunity to make this submission.

Yours sincerely,

Fred Harrison
Chief Executive Officer,
Ritchies Stores Pty Ltd

Joseph Romeo
Company Director, Romeo's
Retail Group & Chairman,
IGA National Retail Council

Graham Booyen
Chief Executive Officer,
Cornetts Supermarkets

RITCHIES
SUPERMARKETS AND LIQUOR STORES

ROMEO'S
family owned • community minded

CORNETTS
SUPERMARKETS