



## **Australian Government**

Australian Government response to the  
Senate Select Committee on Supermarket Prices

Supermarket Prices: Final report and Competition and  
Consumer Amendment (Divestiture Powers) Bill 2024

May 2026



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# Introduction

The Government acknowledges the work of the Select Committee on Supermarket Prices and welcomes the opportunity to respond to its report.

The Government has introduced a range of measures to ensure that the right regulatory settings are in place to foster a competitive and sustainable supermarket sector, drive down grocery prices and hold supermarkets to account.

These measures include:

- increasing maximum penalties for breaches of Australia's competition and consumer laws from \$10 million in 2022 to \$100 million per breach in 2026, ensuring big companies face real consequences, not just a cost of doing business
- implementing regulations to ban very large supermarkets from charging consumers excessive prices on groceries
- directing the Australian Competition and Consumer Commission (ACCC) to conduct an inquiry into pricing and competition in Australia's supermarket sector, and agreeing in principle to the recommendations of that inquiry
- funding the ACCC to deliver a consumer awareness campaign showing shoppers how they can use unit pricing to find the best value for money
- funding CHOICE to give shoppers more information on supermarket prices
- consulting on options to strengthen the Unit Pricing Code, including to tackle shrinkflation
- making the Food and Grocery Code mandatory with heavy penalties for supermarkets and stronger protections for suppliers
- funding national education and training for smaller fresh produce suppliers to help them understand and enforce their rights under the new Food and Grocery Code and strengthen their ability to negotiate with large grocery businesses
- taking forward recommendations from the ACCC supermarkets inquiry to improve transparency about prices, price trends, promotions and loyalty programs in the supermarkets sector
- reducing the costs of around 30 essential items in stores in remote First Nations communities.

These measures are complemented by other reforms as part of the Government's broader competition policy agenda. These include the Government's merger reforms that mandatorily commenced on 1 January 2026 and require Coles and Woolworths to notify the ACCC and seek approval of all acquisitions of supermarket businesses and certain land acquisitions. The Government's competition policy agenda also includes incentives for states and territories to reform commercial planning and zoning rules under the revitalised National Competition Policy. This is backed by the \$900 million National Productivity Fund and will make it easier for new supermarkets to enter the market.

The 2026–27 Budget further strengthens this framework by increasing maximum penalties for breaches of competition and consumer laws, including for misconduct in the supermarket sector, and by allocating an additional \$67.7 million over four years to strengthen the ACCC's competition and consumer law enforcement capabilities. This builds on the Government's earlier investment of over \$30 million provided in the 2024–25 Mid-Year Economic and Fiscal Outlook to boost the ACCC's investigation and enforcement activity in the supermarket and retail sectors.

Collectively, these measures will help to put downward pressure on supermarket prices by lowering barriers to entry, addressing market concentration and increasing regulatory scrutiny into, and consumer awareness of, supermarket prices and pricing practices. Additionally, the measures will bolster suppliers' bargaining power with major supermarkets and help to level the playing field for farmers and producers.

The Government has carefully considered the recommendations from the Committee's report, including renewed calls for an expanded divestiture power. The Government's response to the recommendations is provided below.

# Response to the recommendations

## Committee report

### Recommendation 1

The committee recommends the Australian Government amend the *Competition and Consumer Act 2010* to create divestiture powers specific to the supermarket sector, where a supermarket has been found to have misused their market power under section 46 of the Act, or engaged in unconscionable conduct.

#### *Australian Government response*

The Government **does not support** this recommendation.

Divestiture is only available as a remedy in limited cases in Australia: to unwind mergers, to dispose of assets in a foreign investment context, or as a last resort to deal with aggravated cases of abuse of market power in electricity markets.

As past competition reviews have found, introducing divestiture powers as a remedy for breaches of misuse of market power provisions carries more risks than benefits and would likely result in significant adverse economic and legal consequences. The Hilmer (1993), Dawson (2003) and Harper (2015) reviews did not recommend divestiture as a remedy to address market power concerns. Similarly, the ACCC did not recommend divestiture powers in its recent year-long inquiry into the supermarket sector (2025), and the Independent Review of the Food and Grocery Code of Conduct (2024) did not support divestiture powers.

The Government has recently implemented a comprehensive suite of reforms that directly address the underlying drivers of market concentration and market power in the supermarket sector. These include a mandatory merger control regime that commenced on 1 January 2026, targeted notification requirements for supermarket acquisitions and land holdings, strengthened planning and zoning reform efforts through the revitalised National Competition Policy, and implemented new regulations prohibiting excessive pricing by very large supermarkets.

These reforms provide a more proportionate and effective framework to promote competition and protect consumers, while avoiding the significant economic and legal risks associated with introducing sector-specific divestiture powers. The Government will continue to monitor the effectiveness of these reforms.

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## Recommendation 2

The committee recommends that the Australian Government progress legislative amendments to section 46 of the *Competition and Consumer Act 2010* to prohibit the charging of excess prices (otherwise known as price gouging).

### *Australian Government response*

The Government **notes** this recommendation.

The Government has implemented new regulations to prohibit very large supermarkets from charging prices that are excessive, when compared to the cost of the supply plus a reasonable margin. This law will provide a safeguard for consumers against excessive prices by Australia's two largest supermarkets.

The new regulations amend the *Competition and Consumer (Industry Codes–Food and Grocery) Regulations 2024* and will come into effect on 1 July 2026, enforced by the ACCC. Breaches of the laws attract maximum penalties of \$10 million, three times the value of the benefit, or 10 per cent of the company's turnover over the preceding 12 months.

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### Recommendation 3

The committee recommends that, as a matter of priority, the Australian Government establish a Commission on Prices and Competition to examine prices and price setting practices of industries across the economy, and review Government and other restrictions on effective competition which are leading to high prices. In relation to supermarkets, the commission should be provided with the authority to:

- monitor and investigate supermarket prices and price setting practices, including prices along the supply chain (including the farmgate, wholesale and retail price), mark-ups and profits;
- conduct market studies to review restrictions on competition in the supermarket sector;
- require supermarkets to publish historical pricing data that is transparent and accessible to both suppliers and consumers;
- access any data and information required to undertake its work, including supermarket pricing, mark-ups and profits data and price setting policies (both historical and current);
- make referrals to the Australian Competition and Consumer Commission for enforcement; and
- publish reports as required and at least on an annual basis.

#### *Australian Government response*

The Government **does not support** this recommendation.

The ACCC can investigate and take action against businesses that mislead consumers about pricing, as well as those involved in price fixing or other anti-competitive conduct.

The Government directed the ACCC to conduct an inquiry into pricing and competition in Australia's supermarket sector including the pricing practices of the supermarkets and the relationship between wholesale (including farmgate) and retail prices. The Government agrees in principle with the recommendations from the inquiry and has commenced work implementing these recommendations, which build on actions the Government has already taken and will be considered as part of our existing work.

Additionally, the Government has implemented regulations to prohibit very large supermarkets from charging excessive prices for groceries through amendments to the *Competition and Consumer (Industry Codes—Food and Grocery) Regulations 2024*, which will come into effect on 1 July 2026. These new laws will be policed by the ACCC and require very large supermarkets to keep pricing information for at least three years to assist the ACCC in enforcing the prohibition.

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## Recommendation 4

The committee recommends the Australian Government progress legislative amendments to allow the Australian Competition and Consumer Commission (ACCC) the authority to investigate and prosecute unfair trading practices.

### *Australian Government response*

The Government **supports** this recommendation.

In April 2026, the Government, following agreement by states and territories, introduced the *Competition and Consumer Amendment (Unfair Trading Practices) Bill 2026* to protect consumers from unfair trading practices. This includes introducing a general prohibition on practices that manipulate consumer decision-making and cause harm, as well as specific protections against subscription traps and hidden fees. The Bill has passed the House of Representatives and is before the Senate for consideration.

On 14 March 2025, the Government committed to progressing work to extend unfair trading practice protections to small businesses. Treasury will consult on the design of these protections, including whether a principles-based prohibition should apply and whether specific unfair trading practices should be targeted to protect small businesses.

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## Recommendation 5

The committee recommends that The Treasury take immediate steps to make the Food and Grocery Code of Conduct mandatory, with an appropriate regime of financial and other penalties for breaches and protections against supplier retribution. The code should be made mandatory as soon as possible and no later than 30 September 2024.

To ensure complete supply chain protection, the mandatory Food and Grocery Code of Conduct must include the Dairy Code of Conduct and the Horticulture Code of Conduct as schedules.

The Food and Grocery Code of Conduct should:

- be fully mandatory for retailers with enforceable rules;
- be enforceable with substantial penalties for breaches;
- include mandatory minimum standards that cannot be 'opted out' of;
- be overseen by Code arbiters who are fully independent of supermarkets, who should proactively conduct random audits so suppliers have anonymity in the process;
- create provisions specifically for the trading of fresh produce, reflecting the perishability of the product and the particular vulnerability of suppliers;
- create a portal for suppliers to lodge issues, and once a threshold is met and a consistent theme is identified, the ACCC can investigate the issue;
- investigate implementing measures under the Code that provide suppliers with improved information symmetry, which should include creating a price register for farmers to assist them in understanding market prices across primary industries; and
- a public consultation period to implement all of the above.

### *Australian Government response*

The Government **notes** this recommendation.

On 12 December 2024, the Government remade the Food and Grocery Code of Conduct as a mandatory code, following an extensive independent review by Dr Craig Emerson. The new code came into force on 1 April 2025.

The new code implements recommendations from Dr Emerson's review and contains a range of measures to level the playing field for farmers and producers, including: heavy penalties for breaches of the code; new obligations to protect suppliers from retribution; additional protections for fresh produce suppliers; and strengthened dispute resolution mechanisms for suppliers.

The Government provided \$2.0 million over three years from 2025-26 to help fresh food suppliers understand and enforce their rights under the new code. This funding will support fresh produce industry associations to deliver targeted education to suppliers. In addition, the Government has introduced an anonymous complaints portal for suppliers and other relevant parties to report conduct under the code directly to the ACCC.

The Dairy Code of Conduct and the Horticulture Code of Conduct operate separately from the Food and Grocery Code because they regulate different points in the supply chain. The Dairy Code applies to the relationship between dairy farmers and processors, while the Horticulture Code governs trade between growers and horticultural produce traders. Although some dairy farmers

and horticulture growers supply supermarkets directly, the codes remain separate to ensure each part of the supply chain is regulated by a framework suited to specific industry dynamics.

The Government released the second review of the Dairy Code in December 2025 which found that the code continues to support the dairy industry by ensuring fair, transparent and equitable arrangements between farmers and processors.

On 28 January 2026, the Government announced an independent review of the Horticulture Code of Conduct. A final report is expected to be provided to Government mid2026, with a Government response to follow.

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## Recommendation 6

The committee recommends that The Treasury amend the mandatory Food and Grocery Code of Conduct to explicitly provide that:

- greenlife industries are captured by the code; and
- the code includes any large retailer that stocks food and/or grocery products.

### *Australian Government response*

The Government **notes** this recommendation.

On 12 December 2024, the Government remade the Food and Grocery Code of Conduct as a mandatory code. The new code came into force on 1 April 2025.

Consistent with the recommendations of Dr Emerson's extensive review, the mandatory code applies to all supermarkets with an annual Australian revenue greater than \$5 billion. The new code currently applies to Woolworths, Coles, ALDI and Metcash, which were also signatories to the previous voluntary code.

The new code continues to apply to the supply relationships between these supermarket businesses and nursery product suppliers, as the definition of grocery products under the new code specifically includes 'plants, flowers and gardening equipment'.

As indicated in its response to Dr Emerson's review, the Government is concerned about allegations of retailer conduct towards suppliers of nursery plants. The Government expects that all businesses, especially those with significant bargaining power, treat their suppliers fairly and in line with the law.

In its response, the Government encouraged industry to consider options to ensure that suppliers have adequate avenues to raise concerns, and retailers have sufficient mechanisms in place to handle and address these concerns.

The Government is aware that in April 2025, Greenlife Industry Australia and Bunnings jointly released a statement of principles as a formal agreement between Bunnings and plant producers which sets out commitments on fair trading, clearer communication and independent complaints process.

The Government will continue to monitor conduct in the nursery plants industry.

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## Recommendation 7

The committee recommends that the Australian Government implement merger reforms as proposed by the Australian Competition and Consumer Commission (ACCC), including:

- mandatory notification of mergers above a prescribed notification threshold, with a call-in power for proposed transactions below the threshold that raise potential competition concerns;
- merger clearance tests applied by the ACCC and Tribunal on review;
- reversal of the test for clearance under section 50 of the *Competition and Consumer Act 2010* to require merger parties to satisfy the ACCC, or the Australian Competition Tribunal on review, that the transaction would not be likely to substantially lessen competition; and
- amendments to section 50 of the *Competition and Consumer Act 2010* to provide for increased focus on changes to the structural conditions resulting from a merger that may make markets less competitive and to address creeping acquisitions.

### *Australian Government response*

The Government **notes** this recommendation.

On 28 November 2024, the Government passed the *Treasury Laws Amendment (Mergers and Acquisitions Reform) Act 2024* through the Parliament.

On 1 January 2026, a mandatory and suspensory administrative system for mergers replaced the previous ad hoc voluntary approach. Businesses have been able to make voluntary notifications under the new system since 1 July 2025.

The ACCC administers the system and will be better equipped to meet community expectations that it can detect and stop anti-competitive mergers. This includes serial acquisitions and mergers by firms with substantial market power in key sectors such as supermarkets, liquor and healthcare that affect the cost of living for Australians.

The ACCC will more efficiently and effectively target anti-competitive mergers while allowing pro-competition mergers to proceed faster. Consumers will have more confidence in the ACCC and benefit from lower prices and more choice. For businesses, the system will be faster, more predictable, and with clear information requirements.

Many stakeholders during public consultations on reform options objected to reversing the onus of proof because it could be a presumptive ‘ban’ on mergers. The Government considers the reform embeds incentives for merger parties to provide relevant information upfront and in a timely fashion. Over time, this will deliver an improved system achieving competition outcomes on a systemic and economy-wide basis.

The ACCC does not have the ability to ‘call-in’ mergers below the thresholds for review, but it may investigate a below-the-threshold merger for breach of any other relevant provisions of the *Competition and Consumer Act 2010*. Further, a Treasury Minister has the power to introduce additional targeted notification obligations in response to evidence-based concerns regarding certain high-risk mergers.

The reform brings Australia more in line with international best practice. Six of the G7 economies and around three-quarters of OECD members have administrative merger control systems.

## Recommendation 8

The committee further recommends that as part of reform to merger laws, the Australian Government provide the Australian Competition and Consumer Commission with the powers to investigate and make recommendations to government to address land banking in the supermarket sector.

### *Australian Government response*

The Government **notes** this recommendation.

Under the Government's merger reforms, a Treasury Minister has the power to introduce additional targeted notification obligations in response to evidence-based concerns regarding certain high-risk mergers. Using this power, the Minister has made the Competition and Consumer (Notification of Acquisitions) Determination 2025 that requires Coles and Woolworths to notify the ACCC and seek approval of all acquisitions of supermarket businesses and certain land acquisitions.

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## Recommendation 9

The committee recommends that the Australian Government amend the Unit Pricing Code made under the *Competition and Consumer Act 2010*, so that supermarkets are required to:

- adopt a mandatory information standard for unit pricing, including improvements to the legibility and prominence of unit prices, and changes in price and size of products, in line with consumer expectations;
- standardise and rationalise discount and promotional terms, to prevent promotional material indicating a discount when one is not available; and
- prominently disclose any changes in the price or size of a product.

The committee recommends that the Australian Government ensure the Australian Competition and Consumer Commission is provided with sufficient regulatory and enforcement powers regarding the Unit Pricing Code.

### *Australian Government response*

The Government **supports in principle** this recommendation.

On 2 October 2024, the Government announced it would strengthen the Unit Pricing Code to make it easier for Australians to make accurate and timely price comparisons and introduce substantial civil penalties for breaches of the code. On 1 September 2025, the Government released a consultation paper seeking stakeholder views on options to crack down on shrinkflation and strengthen the Unit Pricing Code, including:

- introducing a new shrinkflation notification regime
- improving unit price display requirements (including readability and prominence)
- expanding the scope of retailers covered
- addressing inconsistency in units of measure to improve in-store and cross-retailer price comparisons
- how to introduce penalties for non-compliance.

Public consultation closed on 19 September 2025, and the Government is currently considering outcomes of the consultation

The Government has also agreed in principle with the ACCC's supermarkets inquiry recommendations. This includes consideration of recommendation 4 that 'supermarkets should be subject to minimum information requirements for discount price promotions, supported by record-keeping obligations.' On 20 January 2026, the Government released a consultation paper seeking feedback on proposals to improve transparency about prices, price trends, promotions and loyalty programs in the supermarket sector. Public Consultation closed on 17 February, and the Government is currently considering outcomes of the consultation.

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## Recommendation 10

The committee recommends the Australian Government increase funding to the Australian Competition and Consumer Commission (ACCC) to ensure the ACCC is adequately funded and resourced to regulate, investigate, enforce and prosecute competition policy matters, including unfair trading practices, the Unit Pricing Code, the Food and Grocery Code of Conduct, and any other matters falling within its remit.

The committee further recommends that the ACCC be given appropriate legislative powers to compel whatever information it requires as part of its investigative work.

### *Australian Government response*

The Government **supports** this recommendation.

The Government supports a well-resourced ACCC. The 2026–27 Budget allocates an additional \$67.7 million over four years to further strengthen the ACCC’s competition and consumer law enforcement capabilities. This funding will support the ACCC’s expanded role in enforcing new pricing regulations, monitoring compliance with industry codes, and taking action against anti-competitive and unfair conduct, including in concentrated sectors such as supermarkets.

This builds on the Government’s earlier investment of over \$30 million provided in the 2024–25 Mid-Year Economic and Fiscal Outlook to increase the ACCC’s investigation and enforcement activity to address harmful and misleading conduct in the supermarket and retail sectors.

The *Competition and Consumer Act 2010* equips the ACCC with compulsory information-gathering powers that support its ability to obtain information, documents and evidence in relation to its enforcement functions, certain authorisation and notification decisions, and regulatory matters.

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## Recommendation 11

The committee recommends that the Department of Climate Change, Energy, the Environment and Water update the 2017 National Food Waste Strategy to include a best-practice, nation-wide approach to addressing food waste in the supermarket chain. The updated strategy should consider:

- reform of the use-by and best-before labels and their role in food wastage and consumer confusion;
- whether unrealistic cosmetic standards are adversely affecting farmers and the quantity of food waste across the country; and
- a requirement for supermarkets to publish regular data on food waste volumes, including food rejected for cosmetic reasons and food donated to foodbanks and similar charities.

The committee recommends that the above reforms be progressed following a public consultation period.

### *Australian Government response*

The Government **notes** this recommendation.

The Government has released Australia's *Circular Economy Framework* which provides the blueprint for Australia's circular economy transition. This framework sets clear priorities and targets to keep materials in our economy for as long as possible, while reducing waste. The food and agriculture sector is one of four priority sectors identified in the framework. Reducing food waste to support decarbonisation is identified as a key opportunity for Australia.

The Government has committed \$3.5 million to develop Feeding Australia: A National Food Security Strategy. The strategy will be developed with farmers and fishers, industry and the community. It aims to boost the productivity, resilience and security of our food system. Early consultation identified climate change and sustainability as an early theme for consideration in strategy development.

Opportunities to reduce greenhouse gas emissions through the food supply chain are also being identified to support Australia's achievement of the legislated target of net zero greenhouse gas emissions by 2050.

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## Recommendation 12

The committee calls on supermarkets to do more to improve the health and safety standards for supermarket employees, to ensure supermarket workers are appropriately protected from customer abuse.

### *Australian Government response*

The Government **supports** this recommendation.

Work health and safety (WHS) in Australia is legislated and regulated separately by each of Australia's state, territory and Commonwealth jurisdictions. WHS laws are largely harmonised across these jurisdictions through a set of uniform laws known as the model WHS laws. Under the model WHS laws, a person conducting a business or undertaking (PCBU) such as a supermarket or retail business, has a duty to eliminate or minimise, so far as is reasonably practicable, risks to the physical and psychological health and safety of workers and other persons. This includes risks arising from violence, aggression and harassment in the workplace. The model laws have been adopted in most jurisdictions.

As retail work usually involves interaction with members of the public, the risk of exposure to harmful behaviours such as violence, aggression and harassment is high. Young workers, who commonly commence in the workforce in the retail and hospitality sectors, face heightened risks of sexual harassment, aggression, coercion or bullying from customers, managers or other workers. Other common psychosocial hazards associated with retail work include high job demands and poor support, including inadequate training.

Safe Work Australia, the national tripartite policy body for WHS, has published a range of guidance for PCBUs on preventing workplace violence and aggression, as well as the model *Code of Practice: Managing Psychosocial Hazards at Work*.

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## Additional Comments from Senator Tammy Tyrrell

### Recommendation 1

The Australian Government should investigate ways to remove barriers to entry for grocery retailer competitors, including through collaboration with state and territory government where necessary. Such an investigation should focus on regional areas, and particularly Tasmania, which lacks competition and where unique logistical and supply chain issues apply.

#### *Australian Government response*

The Government **notes** this recommendation.

Restrictive state and territory planning and zoning rules can act as a barrier to supermarket entry. The Government is addressing these through the revitalised National Competition Policy agreements agreed by all Treasurers in November 2024.

Pro-competitive reform to commercial and industrial planning and zoning regulation, processes and systems is one of the 5 initial priority reforms in the agreements. The aim of the reform is to facilitate business entry and expansion, simplify and lower the costs of regulatory processes and encourage competition.

Reform action is underpinned by a \$240 million allocation from the National Productivity Fund which will be made available to states who deliver reform consistent with the evidence-backed Competition Reform Guidelines. Implementing the guidelines is likely to create a commercial planning and zoning system with more flexible land use and improve regulatory consistency across local governments.

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### Recommendation 2

The effects of the Food and Grocery Code of Conduct becoming mandatory should be independently reviewed 24 months after implementation. The review should:

- have a particular focus on agreements between producers and supermarkets;
- invite public submissions; and
- include provisions for producers to put in submissions without fear of retribution.

#### *Australian Government response*

The Government **supports in principle** this recommendation.

The new mandatory Food and Grocery Code of Conduct requires that a review in relation to the operation of the code must commence before 1 April 2027 (24 months after its commencement). The review must assess the impact of the code in improving commercial relations between retailers, wholesalers and suppliers.

In March 2025, the Government announced that it would consult on the ACCC's recommendations relating to the code as part of the review of the code.

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# Coalition senators' dissenting report

## Recommendation 1

The Labor government should deliver a budget that fights homegrown inflation and addresses Australians' falling standard of living.

### *Australian Government response*

The Government **notes** this recommendation.

The 2025-26 Budget delivers on the Government's economic plan, which is focused on finishing the fight against inflation, rolling out responsible cost-of-living relief and building a stronger economy and stronger budget. Against the backdrop of the conflict in the Middle East triggering substantial economic disruption across the world and compounding cost pressures for households and businesses, the 2026-27 Budget is helping to take the pressure off inflation by improving the fiscal position, while providing further cost-of-living relief including a new tax cut for every Australian worker.

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## Recommendation 2

The Labor government should accept responsibility for the impact of its failing economic policies on driving up inflation. Labor should stop putting all the costs of bringing down inflation on mortgage holders.

### *Australian Government response*

The Government **does not accept this characterisation of its economic policies.**

The Government's primary focus is delivering practical cost-of-living relief for Australians who are doing it tough, while managing the economy responsibly in a challenging global environment. Australians are facing significant pressures, many of which are driven by international factors beyond domestic control, and the Government is acting to support households through these conditions.

The Government is delivering targeted, practical relief to ease pressure on family budgets, including tax cuts for every taxpayer, with another tax cut coming in July this year that the Opposition voted against, opening another 50 Medicare Urgent Care Clinics, and delivering the largest cut to the cost of medicines in the history of the Pharmaceutical Benefits Scheme. These actions provide immediate support to households while avoiding measures that would add further pressure to prices. The 2026-27 Budget delivers lower deficits and less debt, helping to take pressure off inflation and build fiscal buffers at a time of heightened global uncertainty, while providing further cost-of-living relief including a new tax cut for every Australian worker.

The Government remains focused on the here and now for Australians, delivering cost-of-living relief and maintaining a responsible economic approach that supports households through today's challenges while laying the foundations for a stronger future.

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### Recommendation 3

The government should explore incentive-based policies to support better use of food waste.

#### *Australian Government response*

The Government **notes** this recommendation.

The Australian Government has invested \$37 million in infrastructure to enhance Australia's capacity to recycle food and organic waste, and leveraged more than \$239 million in further funding from state and territory governments and the private sector.

In the transition to a circular economy and net zero, it is also important to reduce the amount of waste we generate to reduce emissions from the waste and resource recovery sector.

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### Recommendation 4

The Coalition reaffirms the recommendation that the Food and Grocery Code of Conduct be made mandatory with increased penalties and improved access to dispute resolution. As part of this reform, the supermarket appointed arbiter be replaced with an independent arbiter.

#### *Australian Government response*

The Government **notes** this recommendation.

On 12 December 2024, the Government remade the Food and Grocery Code of Conduct as a mandatory code. The new code came into force on 1 April 2025.

The new code implements recommendations from Dr Emerson's review of the previous voluntary code and contains a range of measures to level the playing field for farmers and producers, including:

- heavy penalties for breaches of the code
- new obligations to protect suppliers from retribution
- additional protections for fresh produce suppliers
- strengthened dispute resolution mechanisms for suppliers.

The new code requires supermarket businesses regulated by the code to appoint a Code Mediator (replacing the role of Code Arbiter under the voluntary code) to, among other things, assist suppliers in resolving disputes with the supermarket and investigate complaints. This gives suppliers an option to have issues handled by a person with appropriate expertise and in-depth knowledge of the relevant supermarket business. Suppliers can also request a review of a Code Mediator's processes by the Code Supervisor who is an independent appointee under the code. In addition to these mechanisms, the new code also allows for independent mediation and arbitration.

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## Recommendation 5

The ACCC should be empowered to collect, investigate and publish long term data on prices in the food and grocery sector. The ACCC should publish regular data on horticultural and vegetable pricing from the major supermarkets to enhance price transparency and support better bargaining power for horticultural producers.

### *Australian Government response*

The Government **notes** this recommendation.

The Government directed the ACCC to conduct an inquiry into pricing and competition in Australia's supermarket sector including the pricing practices of the supermarkets and the relationship between wholesale (including farmgate), and retail prices.

The ACCC's inquiry made recommendations to increase price transparency to help deliver fairer prices for families and fairer deals for farmers. The Government has agreed in principle to the ACCC's recommendations and will consult on the recommendations as part of the next review of the Food and Grocery Code.

As part of its initial response to findings in the report, the Government has provided \$2.9 million in the Budget over three years from 2025-26 to help fresh food suppliers understand and enforce their rights under the new code. This funding will support fresh produce industry associations to deliver targeted education to suppliers.

These programs will help level the playing field for farmers and producers, equipping suppliers with the knowledge to push back against unfair practices and secure better commercial outcomes.

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## Recommendation 6

Price transparency policies should be carefully designed to ensure maximum benefit to consumers with minimum compliance burden to companies and delivered through the Australian Competition and Consumer Commission, rather than new bodies.

### *Australian Government response*

The Government **notes** this recommendation.

The Government directed the ACCC to conduct an inquiry into pricing and competition in Australia's supermarket sector including the pricing practices of the supermarkets and the relationship between wholesale (including farmgate) and retail prices.

The ACCC's inquiry made recommendations to increase price transparency to help deliver fairer prices for families and fairer deals for farmers. The Government has agreed in principle to the ACCC's recommendations and will consult on the recommendations as part of the next review of the Food and Grocery Code.

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## Recommendation 7

The government should create clearer pathways for small producers and growers to apply for ACCC exemptions to share information.

### *Australian Government response*

The Government **notes** this recommendation.

The mere sharing of information, without any form of agreement or cooperation between businesses, is not prohibited by Australian competition law. Information to assist small businesses as to what is likely to breach competition law is available on the [ACCC's website](#).

Where there is a risk of sharing of information amounting to a breach of competition law, there are multiple mechanisms for small producers and growers to obtain exemptions. For example, the ACCC has provided small businesses with a collective bargaining class exemption which allows eligible small business to collectively bargain without breaching competition laws. To obtain the protection of the class exemption, small business collective bargaining groups need to fill out a one-page notice form and provide it to the ACCC. Once this form is given to the ACCC each business in the group that meets the eligibility criteria gets immediate, automatic protection under competition laws when collectively bargaining as part of the group. The ACCC's [guidelines](#) provide further detail about how this class exemption operates, including the criteria businesses (including small producers and growers) must meet to be eligible for the class exemption.

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## Recommendation 8

The government should explore policies to strengthen protection for mutuals and cooperatives from creeping acquisitions.

### *Australian Government response*

The Government **notes** this recommendation.

Mutuals are regulated as companies under the *Corporations Act 2001*, while cooperatives are regulated by the states and territories under the Co-operatives National Law – a uniform set of state and territory laws governing the formation and operation of co-operatives across Australia.

There are existing rules specific to mutual enterprises relevant to the demutualisation of such enterprises. These include the ability for mutuals to issue equity capital to investors, which provides mutuals with access to a broader range of capital raising and investment options. Mutuals and cooperatives are also able to protect their members' interests via member vote requirements in their constitutions.

On 28 November 2024, the Government passed the *Treasury Laws Amendment (Mergers and Acquisitions Reform) Act 2024* through the Parliament. On 1 January 2026, a single mandatory and suspensory administrative system for mergers replaced the previous ad hoc voluntary approach.

The ACCC administers the system and will be better equipped to meet community expectations that it can detect and stop anti-competitive mergers. This includes serial acquisitions, and mergers by firms with substantial market power.

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## Recommendation 9

Bring the horticulture and dairy codes in as schedules of the Food and Grocery Code of Conduct to enshrine them and complete the supply chain protection.

### *Australian Government response*

The Government **does not support** this recommendation.

The Dairy Code of Conduct and the Horticulture Code of Conduct operate separately from the Food and Grocery Code because they regulate different points in the supply chain. The Dairy Code applies to the relationship between dairy farmers and processors, while the Horticulture Code governs trade between growers and horticultural produce traders. Although some dairy farmers and horticulture growers supply supermarkets directly, the codes remain separate to ensure each part of the supply chain is regulated by a framework suited to specific industry dynamics.

The Government notes that Dr Emerson's review heard feedback from stakeholders that various industry codes operating in the grocery industry and the wholesale market supply chain should be kept separate.

The Government released the second review of the Dairy Code in December 2025 which found that the code continues to support the dairy industry by ensuring fair, transparent and equitable arrangements between farmers and processors.

On 28 January 2026, the Government announced an independent review of the Horticulture Code of Conduct. A final report is expected to be provided to Government by mid 2026, with a Government response to follow.

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## Recommendation 11

The Coalition does not believe the committee has persuasively found that divestiture powers should not be pursued at all. However, divestiture powers should be targeted to sectors of concern—with appropriate safeguards for regional jobs and services, and have a clear public benefit test.

### *Australian Government response*

The Government **does not support** this recommendation.

Divestiture is only available as a remedy in limited cases in Australia: to unwind mergers, to dispose of assets in a foreign investment context, or as a last resort to deal with aggravated cases of abuse of market power in electricity markets.

As past competition reviews have found, introducing divestiture powers as a remedy for breaches of misuse of market power provisions carries more risks than benefits and would likely result in significant adverse economic and legal consequences. The Hilmer (1993), Dawson (2003) and Harper (2015) reviews did not recommend divestiture as a remedy to address market power concerns. Similarly, the ACCC did not recommend divestiture powers in its recent year-long inquiry into the supermarket sector (2025), and the Independent Review of the Food and Grocery Code of Conduct (2024) did not support divestiture powers.

The Government has recently implemented a comprehensive suite of reforms that directly address the underlying drivers of market concentration and market power in the supermarket sector. These include a mandatory merger control regime that commenced on 1 January 2026, targeted notification requirements for supermarket acquisitions and land holdings, strengthened planning and zoning reform efforts through the revitalised National Competition Policy, and implemented new regulations prohibiting excessive pricing by very large supermarkets.

These reforms provide a more proportionate and effective framework to promote competition and protect consumers, while avoiding the significant economic and legal risks associated with introducing sector-specific divestiture powers. The Government will continue to monitor the effectiveness of these reforms.

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## Recommendation 12

The government's merger reforms must adequately address the practice of creeping acquisitions and land banking.

### *Australian Government response*

The Government **notes** this recommendation.

On 28 November 2024, the Government passed the *Treasury Laws Amendment (Mergers and Acquisitions Reform) Act 2024* through the Parliament. On 1 January 2026, a single mandatory and suspensory administrative system for mergers replaced the previous ad hoc voluntary approach.

The ACCC administers the system and will be better equipped to meet community expectations that it can detect and stop anti-competitive mergers. This includes serial acquisitions and mergers by firms with substantial market power in key sectors such as supermarkets, liquor and healthcare that affect the cost of living for Australians.

Under the reforms, a Treasury Minister also has the power to introduce additional targeted notification obligations in response to evidence-based concerns regarding certain high-risk mergers. Using this power, the Minister has made the Competition and Consumer (Notification of Acquisitions) Determination 2025 that requires Coles and Woolworths to notify the ACCC of all acquisitions of supermarket businesses and certain land acquisitions.

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## Recommendation 13

The government should put in place enterprise-led economic strategy that supports business growth and job creation through energy, industrial relations, tax, and workforce policies to drive investment to increase competition.

### *Australian Government response*

The Government **notes** this recommendation.

The Government is committed to boosting Australia's productivity, which is a key driver of business investment and higher living standards over time.

In November 2024, the Government committed \$900 million to a revitalised National Competition Policy with all states and territories. Competition reforms drive productivity growth, remove unnecessary regulatory barriers for small businesses, encourage business growth, and enable healthy competition that ensures small businesses get a fair go.

In the 2026-27 Budget, the Government is delivering over \$3.5 billion of new measures that lower taxes for businesses and start-ups including loss refundability, support for venture capital, and a permanent \$20,000 instant asset write off for small business. The Government is also rolling out a comprehensive productivity package that will reduce regulatory burden by \$10.2 billion each year, boost long-run GDP by around \$13 billion through work underway with states and territories, and lift young firms' investment in R&D by \$400 million per year. These reforms make it easier to do business, easier to build and easier to invest through meaningful reforms to approvals processes, establishing a single national market, promoting the uptake of AI, implementing landmark reforms to energy markets and making significant investments in science and innovation.

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## Recommendation 14

The government should put a pro-investment, pro-competition planning reform on the National Cabinet agenda at Premier, Treasurer, and building Minister's level. The government should use these forums to drive planning reform that enables competitors to enter the market and prevents land banking.

### *Australian Government response*

The Government **notes** this recommendation.

The Government is addressing supermarket planning and zoning issues through the revitalised National Competition Policy agreements agreed by all Treasurers in November 2024.

Pro-competitive reform to commercial and industrial planning and zoning regulation, processes and systems is one of the 5 initial priority reforms in the agreements. The aim of the reform is to facilitate business entry and expansion, simplify and lower the costs of regulatory processes and encourage competition.

Reform action is underpinned by a \$240 million allocation from the National Productivity Fund which will be made available to states who deliver reform consistent with the evidence-backed Competition Reform Guidelines. Implementing the guidelines is likely to create a commercial planning and zoning system with more flexible land use and improve regulatory consistency across local governments.

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