



## **SUBMISSION TO THE SENATE ECONOMICS LEGISLATION COMMITTEE**

The Retail and Supplier Roundtable (RSR), comprising Coles, Woolworths and the Australian Food and Grocery Council (AFGC), welcomes the opportunity to make this submission to the Committee's Inquiry into the Competition and Consumer (Industry Codes—Food and Grocery) Regulation 2015.

The RSR supports the Code and its adoption as a prescribed voluntary code under the Competition and Consumer Act. The development of the Code has been an industry-led initiative by the RSR, with agreement being reached on the terms of a draft Code on 18 November 2013. The matters and issues addressed in the draft Code were informed by the collective experiences of the supplier members of the AFGC, including its small and medium enterprise CEO Forum; and Coles and Woolworths, each as customers of many thousands of suppliers.

Subsequent to this, the RSR continued to engage in detailed consultations with the Government to revise the draft Code to fulfil legislative requirements and clarify its operation.

In August 2014 the RSR provided a public submission in response to the consultation paper *Improving Commercial Relationships in the Food and Grocery Sector*. This submission confirmed the RSR's view that the Code is an industry-led initiative to build stronger relationships across the grocery sector, negotiated and agreed between parties for whom the dynamics of these relationships are an everyday reality. The RSR's submission is available on the Treasury's website should it be of relevance to the Committee's present deliberations.

Since then the RSR has continued to work constructively with Government to ensure that the Code is as practical and effective as it could be. The RSR believes that the now prescribed Code provides a comprehensive consideration of issues pertinent to supplier/retailer relationships.

The RSR's view is that the Code, as negotiated by industry and prescribed by Government, should not be subject to further amendments that would alter either its spirit or practical outcomes. Accordingly, the RSR's position is that the Code should proceed quickly and unchanged through its disallowance period. Amendments would be imprudent as they would necessarily involve further delays and more consideration of issues that have already been exhaustively considered, discussed and negotiated. In any event, the RSR notes that a thoroughgoing review of the Code's operations and effectiveness has already been scheduled and that this review would be the appropriate forum to canvass any further changes in the light of industry's practical experience of the Code in operation.

The effectiveness of the Code will be enhanced by the broadest industry coverage. The RSR takes the view that once the disallowance period has expired all the major grocery retailers operating in Australia, with revenues exceeding \$1 billion a year from a supermarket business, should become signatories to the Code. Any uncertainty regarding changes or disallowance of the Code during this period will have a bearing on the timing of a retailer's decision to formally sign on to the Code.

In conclusion, the RSR wishes to reinforce the fact that the Code is an industry-led initiative to build stronger relationships across the grocery sector, negotiated and agreed between parties that understand the day to day realities of doing business in Australia's highly competitive food and grocery sector. The RSR commends the Regulation to the Senate and recommends that it proceed without further change.

To assist the Committee, we have also included a timeline of key points in the development of the Code.

Retail & Supplier Roundtable  
C/- Australian Food and Grocery Council  
Locked Bag 1, Kingston, ACT, 2606  
Tel: 02 6273 1466

Canberra  
13 March 2015





## FOOD AND GROCERY CODE OF CONDUCT TIMELINE

The Retail and Supplier Roundtable provides the following timeline summarising the extensive development of the Competition and Consumer (Industry Codes—Food and Grocery) Regulation 2015.

- |                               |  |
|-------------------------------|--|
| September 2012                | AFGC, Coles, Woolworths and National Farmers Federation (NFF) tasked with developing a prescribed voluntary code in response to concerns over trading relationships between suppliers and retailers.<br><br>Work commences on drafting a Food and Grocery Code of Conduct.   |
| March 2013                    | NFF cease participation in the development of the Food and Grocery Code of Conduct.  |
| 18 November 2013              | AFGC, Coles and Woolworths agree on a Food and Grocery Code of Conduct and hand the Code to the Minister for Small Business the Hon Bruce Billson.   |
| 30 April 2014                 | Following an extensive review by Treasury and the Office of Parliamentary Counsel (OPC) a re-drafted Code is provided to AFGC, Coles and Woolworths for consideration.<br><br>Negotiations between Treasury, OPC, AFGC, Coles and Woolworths continue and a final version is agreed in August to be the basis for public consultation. |
| 6 August 2014                 | Public consultation commences under Treasury's Regulatory Impact Assessment. Release of the Discussion Paper <i>Improving commercial relationships in the food and grocery sector</i> .  |
| 12 September 2014             | Public consultation concludes (33 submissions were received, including 13 confidential submissions)<br><br>Sections of the Code are redrafted to take account of recommendations flowing from the public consultation.   |
| October 2014 to February 2015 | Negotiations underway with Metcash Trading and ALDI  |
| 12 December 2014              | AFGC, Coles, Woolworths, Treasury and OPC conclude negotiations on Code content.   |
| 3 March 2015                  | Food and Grocery Code of Conduct tabled in Parliament.   |