

**From:** [Megan Jeremenko](#)  
**To:** [Committee, Indigenous Affairs \(REPS\)](#)  
**Subject:** Additional information  
**Date:** Thursday, 8 October 2020 12:40:59 PM  
**Attachments:** [image001.png](#)  
[image002.png](#)  
[image003.png](#)  
[image004.png](#)

Hello

Apologies for the delay – being Budget week we have been quite stretched.

Please find below further information to assist with the inquiry as mentioned during the AFGC appearance.


Kind regards  
Megan

Megan Jeremenko  
Director, Corporate Affairs



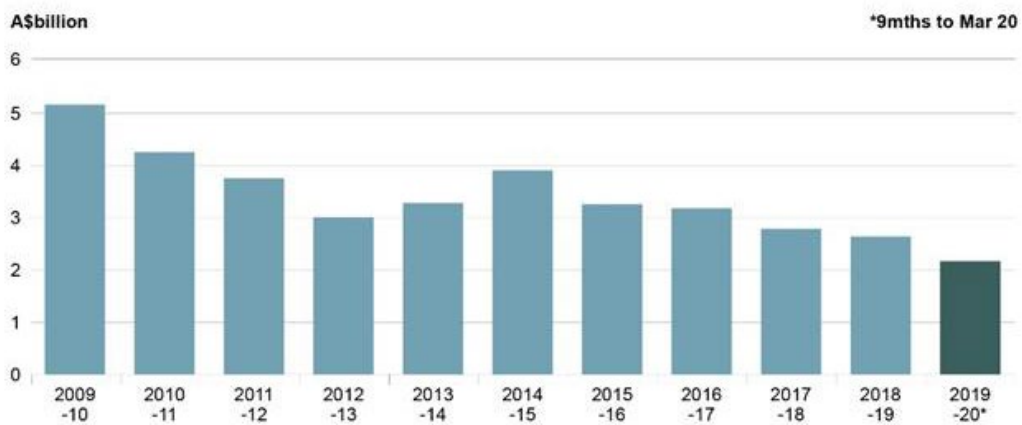
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 is the peak national body for Australia's largest manufacturing sector: food, beverage and grocery. AFGC is committed to sustainability. Please consider the environment before printing.

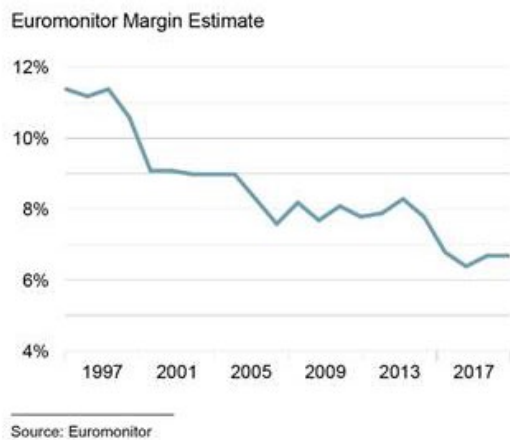
The graph below shows the margin estimate. IN addition, we have also included a high level overview of trade spend, to assist with the questions around rebates.

Food Manufacturing Profits (Operating Profits Before Tax)



Source: ABS, EQ Economics

Food manufacturers' margins have been falling for the past two decades



Trade spend (rebates) between the supplier and the retailer / wholesaler refers to investment a supplier makes with a retailer. Trade spend refers to the financial contribution provided by suppliers to retailers to support products and brands.

It can include promotions, in-store displays, merchandising, rebates and other commercial spend.

Trade spend incorporates the following items:

- **Trading terms** (fixed) can be defined as the cost of doing business with the retail trade partner.
- **Case deals** (variable) incorporates the suppliers support for price reductions (permanent or promotion) within the retail store.
- **Co-Op** (variable) covers a broad range of variable spend such as product displays, retail catalogue advertising, in-store promotions and collectible campaigns.
- **Other** (variable) includes a broad range of costs from items such as margin support through to fuel levy for retail freight movements.

NB: The AFGC has no line of site of the rebates between the wholesaler and the store (supermarket).