



Economics References Committee
Senate Standing Committee on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

27 September 2024

RE: 'Big box' retailer price setting

Dear Senator Bragg,

The Australian Food and Grocery Council (AFGC) appreciates the invitation to provide input to the Committee's inquiry into 'big box' retailer price setting.

The AFGC is the peak body representing food and grocery manufacturers and suppliers in Australia. With an annual turnover of \$163 billion, it represents over 32 per cent of total manufacturing turnover in Australia. The industry is made up of over 17,000 businesses ranging from some of the largest globally significant multinational companies to small and medium enterprises and makes a large contribution to rural and regional Australia economies. Almost 40 per cent of its 271,000 employees being in rural and regional Australia.

Many AFGC members conduct business with the various 'big box' retailers under consideration by this inquiry, providing products such as household cleaning supplies, pet-food and dry grocery and beverage products. Notwithstanding the occasional friction, AFGC members manage their commercial relationships with Australia's various 'big box' retailers relatively effectively. The AFGC is not aware of any systemic problems with 'big box' retailer behaviour towards the suppliers of fast moving consumer goods.

The AFGC has a particular interest in the question of whether 'big box and large format retailers that sell products that fall under the category of grocery' should be included in the Food and Grocery Code of Conduct (the Code). As one of the Code's key architects, the AFGC can testify to its effectiveness in improving commercial relationships between supermarket retailers and their suppliers since its inception in 2015.

However, it does not follow that 'big box' retailers should be included under the existing Code. The Code's provisions are specifically tailored to address issues between supermarket retailers and their suppliers. This is unlikely to be well-suited to extension outside of the supermarket channel. Were the Committee to identify issues of sufficient magnitude within the 'big box' retail channel, the AFGC would recommend the development of a new industry code of conduct designed to address issues specific to this channel, potentially leveraging the core tenets of the Code such as good faith, reasonableness and so on.

Please do not hesitate to contact us if the AFGC can be of any further assistance to the inquiry.

Yours sincerely,



Tanya Barden
Chief Executive Officer
Australian Food and Grocery Council