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Opinion

# Review backs mandatory grocery code

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Last Monday the Australian government released the interim re. Help of the Review of the Food and Grocery Code of Conduct. The independent reviewer, Dr Craig Emerson, handed down eight firm

recommendations as well as an additional three draft recommendations for further stakeholder engagement.

The key recommendation is that the code be made mandatory, with



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recommendation would make all supermarkets that meet an annual revenue threshold of \$5 billion subject to the code.

This move to make the code mandatory was supported by more than 20 peak agricultural bodies and competition experts including Queensland Fruit & Vegetable Growers, eastAUSmilk, Ausveg, the National Farmers' Federation and former ACCC chairs Rod Sims and Allan Fels.

NFF's Horticulture Council further welcomed all the recommendations of the interim report, particularly applauding the notion of penalties equating to up to 10 per cent of a supermarket's annual turnover.

The report also highlighted the significant imbalance in market power which has incentivised poor behaviour from retailers and prevented suppliers from publicly challenging the supermarkets due to fears of commercial retribution.

While these recommendations and acknowledgements do validate industry concerns and certainly reflect a step towards correcting a broken food and grocery market, there remain concerns around the code's reporting and enforcement processes.



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Competition experts have pointed to the difficulty in maintaining the independence of the mediators and arbitrators the report

proposes, given the mediators would be engaged by the supermarkets.

Likewise, they point to the potential for loopholes and ambiguity in a mandatory code, suggesting that the big supermarkets will continue to use their legal muscle to dominate suppliers.

Finally, there is a lack of clarity in how confidential complaints will be handled anonymously - leading back to the concerns of retailer retribution that have made growers fearful of speaking out to date.

QFF joins the industry in awaiting the delivery of the final report and its subsequent implementation by government. Meanwhile, earlier this week the Queensland government announced an industry-led farm gate price monitoring scheme in conjunction with QFVG to collate and analyse farm financial performance, deliver contract negotiation training through workshops in each major growing region and develop a best practice model for Queensland growers to help understand their profitability and risk.

QFF congratulates QFVG on its advocacy on behalf of its members and for coming to the table with a project that will help deliver change on the ground for Queensland farmers.

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