



Media Release

5 May 2014

## **Farmers back ACCC's investigation over treatment of suppliers**

The nation's peak body representing farmers, the National Farmers' Federation (NFF), today welcomed legal proceedings launched by the Australian Competition and Consumer Commission (ACCC) against Coles Supermarkets Australia Pty Ltd and Grocery Holdings Pty Ltd (together, Coles), over its alleged treatment of suppliers.

The ACCC has alleged that in 2011, Coles sought to boost earnings by requiring grocery suppliers to pay ongoing rebates, and if the supplier declined the agreement, allegedly threatened them with commercial consequences.

NFF President, Brent Finlay, said that the ACCC's proceedings in the Federal Court alleging Coles had engaged in unconscionable conduct towards 200 of its smaller grocery suppliers in 2011, raised serious concerns across the Australian farm and small business sectors, and welcomed further investigation of these allegations in court.

"In Australia, the supermarkets have considerable power when it comes to dealing with suppliers, and unfortunately, suppliers and farmers don't often have that same bargaining power. The NFF recognises the importance of an Australian food supply chain where all players – farmers, processors and retailers – have the opportunity to make a profit, and that there's not a misuse of market power by one player against another. That's why it's important that these particular allegations are aired in court and that Coles has a chance to respond," Mr Finlay said.

The NFF has raised concerns over particular areas which are the subject of the allegations, including Coles' use of undue influence and unfair tactics against suppliers in order to obtain payments, and its ability to take advantage of its superior bargaining position. If proven true, this type of behaviour in the market place is capable of causing significant detriment to small business operators.

"The NFF maintains its principal policy of supporting a mandatory code that ensures transparency and equity across the supply chain. We want to see the implementation of fair arrangements that prevent any further activities or outcomes that negatively impact on farmer revenue," Mr Finlay said.

"The NFF was actively involved in the development of a prescribed voluntary code with retailers and processors. Should the ACCC allegations prove true, this will add weight to our decision to move to a mandatory approach, however we have not shut the door to what a prescribed voluntary code could offer in terms of a productive way forward on this issue.

"We will be closely monitoring the outcomes of this process. Ultimately, supermarket heavyweights should be forging stronger ties with Australian suppliers, not weakening them," Mr Finlay said.

**Ends.**

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