



National Farmers' Federation

**Submission to the
Economics Legislation Committee review of the
Competition and Consumer (Industry Codes –
Food and Grocery) Regulation 2015**

March 2015

NFF Member Organisations



Australian Chicken Growers' Council Ltd



Dr. Kathleen Dermody
Committee Secretary
Economics Legislation Committee
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Parliament House Canberra ACT 2600
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Dear Committee Secretary

The National Farmers' Federation (NFF) is pleased to have the opportunity to provide a brief submission on the Competition and Consumer (Industry Codes – Food and Grocery) Regulation 2015 – the Food and Grocery Code of Conduct.

The Code arose in response to concerns raised in recent years about the conduct of retailers towards their suppliers. The NFF has long been concerned about the issue, along with member organisations, like the Australian Dairy Farmers.

The NFF maintains support for a mandatory, binding code that encompasses all retailers. Notwithstanding that the view of the NFF is this voluntary prescribed Code is a constructive step towards addressing the issues of concern to the farm sector. The Food and Grocery Code as it currently stands is not perfect, but it does address several key imbalances with regard to major retailer power over suppliers. Clearly in recent years there has been significant concern in relation to issues of concern across the supply chain where an independent and transparent complaints and mediation process, remedies for breaches of the Code, and a requirement to act in good faith would be of assistance.

The NFF will be monitoring how the initiative will work in practice. The key issue for the farm sector is ensuring that there is transparency and equity right across the agricultural supply chain from saleyards to supermarkets. The development of this Code is one component in addressing these concerns. Another is the Government's review of competition legislation (the Harper Review), where the farm sector has outlined its views on misuse of market power and anti-competitive behaviour across the supply chain.

To be effective the voluntary Code must include a commitment from all major retailers. Clearly, if a voluntary prescribed Code is going to be effective it needs to have support from across the retail sector, and we hope that support will be forthcoming. In addition to the across the board commitment from retailers the other important factor in this Code is the requirement to review its operation and effectiveness in three years. Should the review find that there are some concerns, or if it is not working as it is expected, the NFF will be demanding that a mandatory Code be put in place.

NFF will support a review that looks at the need for additional measures such as including civil penalties and other improvements to ensure that the Code is meeting its objective of

improving standards of business conduct in the food and grocery sector. The NFF will continue to work with the relevant stakeholders to make this happen.

If you require further information on this issue please contact Tony Mahar, Deputy Chief Executive (tmahar@nff.org.au or 62695666).

Yours sincerely

A handwritten signature in blue ink, appearing to be 'ST', is positioned above the printed name and title.

SIMON TALBOT
Chief Executive