

Australia releases interim report of review of grocery code of conduct

10 April 2024 | News

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Australia Government released the Interim Report of the Review of the Voluntary Food and Grocery Code of Conduct (the Code), the Independent Reviewer, Dr Craig Emerson, announced it makes 8 firm recommendations, including that the Code be made mandatory, with penalties of \$10 million or more for serious breaches.

The Report makes a further 3 recommendations on which stakeholder views are sought.

The mandatory Code would be enforced by the competition watchdog, the Australian Competition and Consumer Commission (ACCC).

For serious breaches, the ACCC would be empowered by Parliament to seek penalties from the courts of up to \$10 million, 10 per cent of a supermarket's annual turnover, or 3 times the benefit it gained from the breach, whichever is greatest.

Penalties for less serious breaches would be up to 600 penalty units, which at present is \$187,800.

Dr Emerson said making the code mandatory was essential to deal with the heavy imbalance in market power between the major players – Coles, Woolworths, ALDI, and Metcash – and their smaller suppliers.

'The voluntary Code of Conduct has no penalties, leaving the competition watchdog chained up on the back porch', Dr Emerson said.

The Interim Report also makes firm recommendations to strengthen protections for suppliers against possible retribution from supermarkets.