



THE COMMERCIAL  
ACADEMY

@Nick Hogendijk



# The Australian Food and Grocery Code of Conduct

## PART 2

Grocery Supply  
Agreements



# **UNDERSTANDING GROCERY SUPPLY AGREEMENTS (GSA'S)**

Grocery supply agreements are important legal documents that govern the relationship between retailers or wholesalers and suppliers.

In this carousel, we will discuss some key aspects of grocery supply agreements that retailers, wholesalers, and suppliers should be aware of.

# MATTERS TO BE COVERED BY AGREEMENT

Retailers or wholesalers must not enter into a grocery supply agreement unless the agreement specifies certain matters, including:

- Delivery requirements
- Circumstances in which groceries may be rejected
- Payment terms
- Term of the agreement
- Quantity and quality requirements
- Termination provisions

The agreement must specify these matters in clear terms

# UNILATERAL VARIATION OF AGREEMENT

- Retailers or wholesalers cannot vary a grocery supply agreement without the supplier's consent, except in certain circumstances.

These circumstances include:

- Where the agreement expressly provides for the variation.
- Sets out clearly the changed circumstances in which the variation can be made.
- The variation is reasonable in the circumstances.
- The supplier must be given reasonable notice, in writing, and the reasons for making the variation.

# UNILATERAL VARIATION OF AGREEMENT (CONTINUED)

- In determining whether a variation is reasonable in the circumstances, regard must be had to the benefits, costs, and risks for the supplier and retailer or wholesaler.
- The onus is on the retailer or wholesaler to establish the matters in subclause (2).
- In any dispute in relation to a contravention of subclause (1), a person alleging detriment to a supplier in relation to paragraph (2)(c) has the onus of establishing that detriment.

# RETROSPECTIVE VARIATION OF AGREEMENT

Retailers or wholesalers must not vary a  
grocery supply agreement with  
retrospective effect.

This means that changes cannot be made  
to the agreement that affect the parties'  
rights or obligations before the date of the  
variation.

# SUMMARY

In conclusion, it is important for retailers, wholesalers, and suppliers to be aware of their obligations under grocery supply agreements.

These agreements must be in writing, specify certain matters, and not be varied unilaterally (without prior agreement) or with retrospective effect.

By understanding these key aspects, parties can ensure that they are complying with the code and maintaining a fair and sustainable relationship.

# CONCLUSION

Compliance with the Australian Food and Grocery Code of Conduct is critical for suppliers and retailers in the food and grocery industry to ensure fair and transparent trading relationships.

**For more information on the Code and its requirements, visit the Australian Government's official website:**

<https://www.legislation.gov.au/Details/F2021C00201>





# DISCLAIMER

Based on content from the Federal Register  
of Legislation at 5th March 2021. For the  
latest information on Australian Government  
law please go to:

**<https://www.legislation.gov.au>**

# WHEN THIS CODE APPLIES

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