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# The Australian Food and Grocery Code of Conduct

## **PART 3**

Conduct Generally  
- Paying Suppliers





# **APPLICATION OF PART 3 CONDUCT GENERALLY**

Part 3 of the legislation does not apply to supplies made by wholesalers to retailers.

This part of the legislation outlines guidelines for paying suppliers for grocery products delivered under a supply agreement.

# PAYMENTS TO SUPPLIERS

- Retailers and wholesalers must pay suppliers for all grocery products delivered in accordance with the supply agreement.
- Payment must be made:
  - Within the time frame set out in the agreement
  - or**
  - Within a reasonable time after receiving the supplier's invoice
- Retailers and wholesalers cannot set off any amount against a supplier's invoice or remittance **without written consent from the supplier.**

# SETTING OFF AMOUNTS

- Retailers and wholesalers cannot require suppliers to consent to a set-off of any amount against their invoice or remittance.
- The prohibition on setting off amounts does not apply if:
  - The grocery supply agreement allows for it; and,
  - The set-off is reasonable in the circumstances
- In any dispute, the onus is on the retailer or wholesaler to establish that the set-off is allowed and reasonable.



# TIMEFRAME FOR PAYMENT

Payment for grocery products must be made within the time frame set out in the supply agreement.

If the agreement does not specify a time frame, payment must be made within a reasonable time after receiving the supplier's invoice.

The legislation does not provide a specific time frame for payment.

# REMEDIES FOR BREACH OF PAYMENT OBLIGATIONS

If a retailer or wholesaler breaches their payment obligations under a supply agreement, the supplier may seek remedies under the agreement or under the legislation.

Remedies under the legislation include compensation for any loss suffered as a result of the breach.

Retailers and wholesalers may also face penalties under the legislation for breaching payment obligations.



# 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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