



THE COMMERCIAL
ACADEMY

@Nick Hogendijk



The Australian Food and Grocery Code of Conduct

PART 3

Conduct Generally
- Requiring Payments
from Suppliers

PROHIBITED PAYMENTS FOR SHRINKAGE

Retailers and wholesalers are prohibited from requiring suppliers to make payments for shrinkage compensation.

However, they can discuss proposals and procedures to mitigate the risk and occurrence of shrinkage.

PROHIBITED PAYMENTS FOR WASTAGE

Retailers and wholesalers cannot require suppliers to make any payment to cover wastage of groceries incurred at their premises.

Exceptions apply if the relevant grocery supply agreement expressly sets out the circumstances, the payment is reasonable, and the retailer or wholesaler takes steps to mitigate costs.

NO PAYMENTS AS A CONDITION OF BEING A SUPPLIER

Retailers and wholesalers cannot require payments as a condition of stocking or listing grocery products.

Exceptions apply if the payment is made in relation to a promotion or if the payment is reasonable based on the costs and risks of stocking, displaying, or listing the products.

PROHIBITED PAYMENTS FOR BETTER POSITIONING

Retailers cannot require suppliers to make payments to secure better positioning or an increase in allocation of shelf space.

Exceptions apply if the payment is required under the relevant grocery supply agreement and is reasonable based on the additional benefits to the supplier and the costs and risks to the retailer.

NO PAYMENTS FOR BUSINESS ACTIVITIES

Retailers and wholesalers cannot require suppliers to make payments for activities that are not related to the supply of grocery products.

Exceptions apply if the payment is reasonable based on the actual costs incurred by the retailer or wholesaler.

NO PAYMENTS FOR ADVERTISING AND MARKETING

Retailers and wholesalers cannot require suppliers to make payments for advertising and marketing that benefits the retailer or wholesaler.

Exceptions apply if the payment is for cooperative advertising or if the payment is reasonable based on the actual costs incurred by the retailer or wholesaler.

NO PAYMENTS FOR LISTING FEES

**Retailers and wholesalers cannot
require suppliers to pay listing fees for
the privilege of stocking or listing their
products.**

**Exceptions apply if the payment is
made in relation to a promotion or if
the payment is reasonable based on
the costs and risks of stocking,
displaying, or listing the products.**

NO PAYMENTS FOR SUPPLY CHAIN COSTS

Retailers and wholesalers cannot require suppliers to make payments to cover supply chain costs.

Exceptions apply if the payment is for a specific service provided by the retailer or wholesaler or if the payment is reasonable based on the actual costs incurred by the retailer or wholesaler.

PROHIBITED PAYMENTS FOR PACKAGING

Retailers and wholesalers cannot require suppliers to make payments for packaging of grocery products.

Exceptions apply if the payment is for a specific service provided by the retailer or wholesaler or if the payment is reasonable based on the actual costs incurred by the retailer or wholesaler.



NO PAYMENTS FOR QUALITY CONTROL

Retailers and wholesalers cannot require suppliers to make payments for quality control of grocery products.

Exceptions apply if the payment is for a specific service provided by the retailer or wholesaler or if the payment is reasonable based on the actual costs incurred by the retailer or wholesaler.

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

Want to know more about the Australian Food & Grocery Code of Conduct?

 Follow

Follow us to receive the more Code of Conduct insights over the coming weeks:

1. **Preliminary and Good Faith**
2. **Grocery Supply Agreements**
3. **Paying Suppliers**
4. **Requiring Payments from Suppliers**
5. **Delisting Products**
6. **Other Conduct**
7. **Price Increases**
8. **Dispute Resolution**
9. **Strategies for Successful Resolution**
10. **The Code's Independent Reviewer**
11. **Mediation and Arbitration**
12. **Compliance**
13. **Summary of the Code**





If you enjoyed this, please like
and comment on this post. 

Contact us to learn more about how our
training and resources can help your
organisation comply with the Code and
grow your business.



THE COMMERCIAL
ACADEMY