

Metcash Food and Grocery Pty Ltd (MF&G)

Code Arbiter Report

Background

This report has been prepared pursuant to the obligations of the MF&G Code Arbiter (**Metcash Food Code Arbiter**) under clause 36D of the Competition and Consumer (Industry Codes – Food and Grocery) Regulations 2015 (Cth) (the **Code**).

General Information

In the 2021-2022 financial year the Metcash Food Code Arbiter received 0 complaints for investigation.

In light of this fact, other than including MF&G's report under clause 27B of the Code (see below), it would appear there is no further information to be provided in this report under clause 36D of the Code.

Information about price increases

Attached as Schedule 1 to this report is a letter from MF&G dated 26 July 2022 (**Letter**) which sets out information required to be given by MF&G to the Metcash Food Code Arbiter under clause 27B of the Code. As will be evident from the Letter, the information provided by MF&G under clause 27B is in respect of the period 22 November 2021 to 30 June 2022 only. MF&G has been unable to provide the information required under clause 27B in respect of the full reporting period (ie from 1 July 2021 to 30 June 2022) for the reasons set out in the Letter.

Dated: 27 July 2022



Martin Shakinovsky

Metcash Food Code Arbiter

SCHEDULE 1



Confidential

26 July 2022

Martin Shakinovsky
MF&G Code Arbiter

cc: Deborah Ziegler
Code Arbiter Delegate

By email: complaints@metcashcodearbiter.com.au

Dear Martin

Information about price increases under clause 27B of the Code

We refer to clause 27B of the *Competition and Consumer (Industry Codes – Food and Grocery) Regulations 2015 (Code)*, which requires Metcash Food & Grocery Pty Ltd (**MF&G**) to give the Code Arbiter the following information in relation to a financial year:

- (a) the total number of notifications given under subclause 27A(2) of the Code by MF&G to any supplier during the financial year;
- (b) the number of those notifications that were not given within the 30-day period required by that subclause;
- (c) the total number of negotiations entered into during the financial year following requests made under subclause 27A(3) of the Code;
- (d) the number of those negotiations in which MF&G did not conclude its position on the negotiations within the period of 30 days starting on the day (the *notification day*) MF&G was notified of the relevant proposed price increase by the supplier; and
- (e) for each of the negotiations to which paragraph (d) applies, the number of days MF&G took to conclude its position on the negotiations starting from the notification day for the relevant proposed price increase.

We set out in the Appendix to this letter the information required to be produced under clause 27B of the Code.

The information included in the Appendix is in respect of the period from 22 November 2021 to 30 June 2022. As previously noted in the MF&G Code Arbiter Annual Report for the financial year ending on 30 June 2021, MF&G was unable to provide the information in the form specified in clause 27B of the Code, in respect of its first reporting period under the Code. As further noted in that Report, to address this MF&G was in the process of creating an "Activity Log" to capture all pricing negotiation discussions between MF&G Heads of Trade, Trading Managers and State Buyers and suppliers.

MF&G's Supplier Price Change Log, which tracks supplier price increase proposals accordingly, went live on 22 November 2021 and on and from that date MF&G has been able to accurately capture and therefore provide the information in the form required under clause 27B of the Code. Since its launch, MF&G's Supplier Price Change Log has been well received by suppliers with many commenting on its user-friendly functionality. As the Supplier Price Change Log only went live on 22 November 2021, however, MF&G is not in a position to provide the information required under clause 27B of the Code for the full reporting period (1 July 2021 to 30 June 2022). It will, however, be in a position to now provide the relevant information for the next reporting period (1 July 2022 to 30 June 2023) and others following in full.

METCASH FOOD & GROCERY PTY
LTD
ABN 67 004 391 422

1 THOMAS HOLT DRIVE
MACQUARIE PARK
NSW 2113 AUSTRALIA

PO BOX 557
MACQUARIE PARK
NSW 1670 AUSTRALIA

PHONE: 02 9741 3000
FAX: 02 9741 3399

Kind regards



Grant Ramage | Merchandise Director

Metcash Food

1 Thomas Holt Drive, Macquarie Park | NSW 2113 | Australia

Phone: +61 2 9741 3512 | **Mob:** +61 409 025026 | **Web:** www.metcash.com

Appendix

Clause 27B – Information about Price Increases

MF&G's reports in relation to the supplier price increase information required to be produced pursuant to subclauses 27B(a) to (e) of the Code are below.

(a) the total number of notifications given under subclause 27A(2) by the retailer or wholesaler to any supplier during the financial year

MF&G gave 739 notifications (**Wholesaler Notifications**) in the period 22 November 2021 to 30 June 2022 (**Relevant Period**) in response to being informed of a price increase by its suppliers (**Price Increase Proposal**).

(b) the number of those notifications that were not given within the 30-day period required by that subclause

Of the 739 Wholesaler Notifications given by MF&G during the Relevant Period, 7 Wholesaler Notifications were not given within the 30-day period required by subclause 27A(2) of the Code, representing less than 1% of the Wholesaler Notifications given in the period.

(c) the total number of negotiations entered into during the financial year following requests made under subclause 27A(3)

Of the 739 Wholesaler Notifications given by MF&G during the Relevant Period, MF&G has entered into negotiations with suppliers following requests under subclause 27A(3) of the Code (**Negotiations**) in respect of 24 of the Wholesaler Notifications.

(d) the number of those negotiations in which the retailer or wholesaler did not conclude its position on the negotiations within the period of 30 days starting on the day (the *notification day*) the retailer or wholesaler was notified of the relevant proposed price increase by the supplier

Of the 24 Negotiations, 12 did not conclude within 30 days of being notified of the Price Increase Proposal.

(e) for each of the negotiations to which paragraph (d) applies, the number of days the retailer or wholesaler took to conclude its position on the negotiations starting from the notification day for the relevant proposed price increase

Below is a breakdown of the negotiation lengths for the 12 Negotiations that did not conclude within 30 days of the Price Increase Proposal.

- 1 negotiation took 31 days.
- 1 negotiation took 33 days.
- 1 negotiation took 40 days.
- 1 negotiation took 42 days.
- 1 negotiation took 44 days.
- 1 negotiation took 47 days.
- 1 negotiation took 61 days.
- 1 negotiation took 70 days.
- 1 negotiation took 86 days.
- 1 negotiation took 92 days.
- 1 negotiation took 108 days.
- 1 negotiation took 118 days.