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MEMBERS BRIEF

WOOLWORTHS CALTEX DEAL UPDATE

Further to the members brief issued on 10 October, this members brief provides an update on the Woolworths Caltex Convenience, Loyalty and Wholesale Food Alliance.

UPDATE:

AFGC now understands that Woolworths have provided a Trade Partner Communication on 4 October 2018 to their vendors. [Click here to read.](#)

The communication states:

To enable systems planning and development please confirm via response to this email at your earliest convenience that you understand supply to our Alliance partner will be via our current product sourcing arrangement, which includes all standard trading terms and purchase related product discounts, including deferred deals.

MEMBER CONSIDERATIONS:

Members who have received such a communication may wish to consider:

- The appropriateness of applying the supermarket trading terms to the wholesale business by reviewing your existing trading terms and Grocery Supply Agreements compared to your existing arrangements with Caltex.
- Evaluating the proposition in relation to the Food and Grocery Code of Conduct and in particular:
 - o Unilateral variation (9) – Woolworths are trying to extend the supermarket trading terms and associated deals to wholesale. It could be argued that members negotiated agreements for the supply of product and associated deals with the supermarket and are now being asked to extend the same deal to product being sold to WW Wholesale / Caltex.
 - o Business disruption (23) – impacts on range and ranging. AFGC understands that moving forward Caltex will determine the range but Woolworths will have the final veto.

- Good faith (28) – Woolworths are requesting suppliers agree to the Woolworths Supermarket terms for wholesale product. The request for deferred deals, discounts etc., to apply to the Caltex products where they are not in a position to activate is unreasonable and not in good faith.

- Understanding the implications on your business of this request very carefully and preparing for negotiations.

- Seeking legal advice.

AFGC ACTIONS:

AFGC is keen to hear from members who may be engaged in discussions with Woolworths on this issue, we will maintain your confidentiality on this issue. Please contact either myself or [Samantha Blake](#).

TANYA BARDEN
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