

MEMBER BRIEF

FGCC *Woolworths – Claims*

Issue:

Woolworths continue to make financial claims, as a result of the forensic audit process, on AFGC members outside the 2014 agreement.

Background:

In August 2014 Woolworths commenced a process of raising financial claims against their vendors in response to a forensic audit process undertaken within their business.

The AFGC concluded this tactic may be a breach of the Food and Grocery Code of Conduct (FGCC) and reached an agreement with Woolworths, detailed below:

- Automatic deductions to cease and would not occur in future claims;
- Deductions already made are open to any request for further documentation or discussions;
- The two week response time is for an initial reply only and not a deadline;
- The review period will be limited to 2 years. This was confirmed in writing to be two financial years, including the current financial year. For example, claims being made today could only relate to the 2015-16 and 2016-17 financial years, or no earlier than 1 July 2015;
- Members wanting to take up company specific issues with Woolworths should contact Ian Dunn, Head of Trade Relations, directly on (02) 8885 2992 or idunn@woolworths.com.au.

The agreement was communicated to all members via a Members Brief on 11 August 2014.

Recent Activity:

Disappointingly the AFGC has recently received feedback from a number of member companies that the above agreement is not being honoured, with the retailer seeking payment for financial claims beyond the agreed review period.

AFGC reiterates the above parameters were agreed and should be maintained.

In addition at the time the agreement was reached Woolworths stated that their intention was to get progressively closer to 'real time' trading. Earlier this year Woolworths indicated that the two year review period would shift to 18 months back from the current date, starting from 1 January 2017.

Company Action:

Based on the commitments made by Woolworths as summarised in this brief, companies that continue to have issues with historic claims should raise those specific issues with Ian Dunn or the Commercial GMs with whom they deal.

At any time member companies are encouraged to provide further detail on this or similar practices to either Chris Preston (chris.preston@afgc.org.au), Samantha Blake (Samantha.blake@afgc.org.au) or myself.

GARY DAWSON
CHIEF EXECUTIVE OFFICER