

Grocery supply code guidance

Clause 11 – Transport or logistics services: crates and pallets

March 2026



Clause 11 of the Grocery Supply Code ('Code') concerns transport and logistics of groceries. It provides:

11 Transport or logistics services

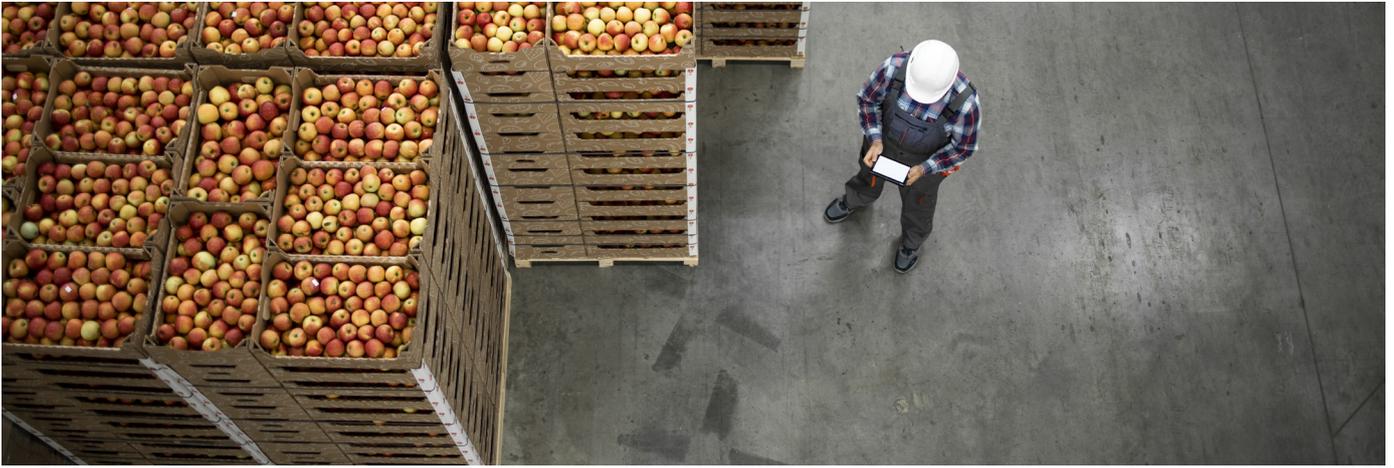
- (1) *The retailer must not directly or indirectly—*
 - (a) *require a supplier to use a particular transport or logistics service; or*
 - (b) *impose unreasonable service standards in respect of transport or logistics.*
- (2) *Subclause (1) does not prevent a retailer imposing reasonable service standards in respect of transport or logistics.*

Transport and logistics services are ancillary to the business of grocery retail, as they constitute separate services that can be provided by businesses who are not grocery retailers and the same businesses can provide them to competing regulated grocery retailers (RGRs).

There is also scope for logistics providers to compete with each other. This is important as transport and logistics services contribute to costs in the grocery supply chain that are ultimately passed to consumers by the RGRs. By reducing costs or improving efficiency or quality through innovation, competition for these services is ultimately good for consumers.

Clause 11 does not apply to logistics and transport used when a supplier sells groceries to an independent wholesaler. This is because the Code only applies to RGRs.





What this clause covers

Logistics

In the context of clause 11, logistics refers to the activities that enable groceries ordered by a RGR to reach the RGR at the time, place, and in the condition, required by the RGR, including the use of equipment and other assets necessary to perform those activities.

Any equipment, including software, used in performing these activities are included in logistics services. This is because the use of items to meet the time, place and condition requirements is an integral part of a logistics offering. Drawing an artificial distinction between the activities and the items used to perform them could incentivise RGRs to specify particular items known to be used by a particular provider because they are comfortable dealing with that provider. This would restrict competition between logistics providers and be contrary

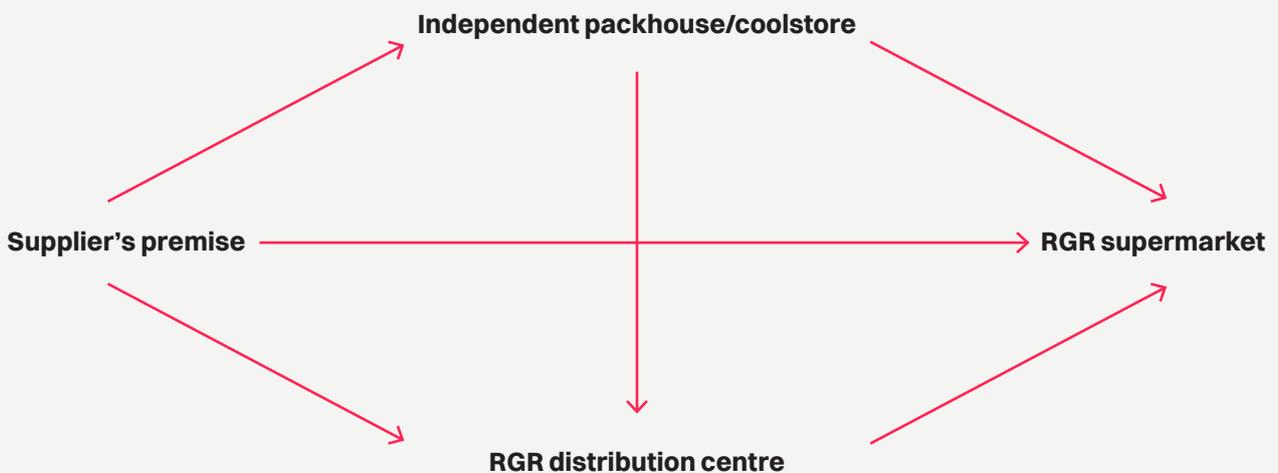
to the purpose of the Act, which is to promote competition and efficiency in the grocery industry for the long-term benefit of consumers.

Scope of this guidance

The grocery supply chain involves many aspects of logistics. However, the focus area for this clause 11 guidance is **containers used to transport groceries**, which are typically pallets and crates. We may issue guidance on other aspects of logistics relevant to clause 11. In the meantime, industry participants should seek legal advice if they are unsure about the application of clause 11 to other aspects of logistics used in the grocery supply chain.

Transport

In the context of clause 11, transport refers to the arrangements for the conveyance of groceries between the supplier and the RGR. This includes any of the movements represented by arrows in the following diagram:



The reasoning applied to items used in logistics also applies to transport. Transport would include any type of vehicle used in the journey, such as ferry, train and road vehicle.

While independent packhouses and coolstores are not businesses regulated by the Code, the Code applies to any RGR requirements covering movements of groceries to these premises.

The absolute prohibition

Clause 11(1)(a) of the Code prohibits RGRs from specifying a particular transport or logistics service that suppliers must use. Allowing suppliers to choose their own transport and logistics services is an important aspect of facilitating competition in these markets.

The RGR is not permitted to specify one or even several providers who the supplier must use, even if those providers are completely independent of the RGR. Communications with suppliers regarding suitable providers should focus on service standards for transport and logistics. RGRs may identify providers that meet their service standards but supplier communications must not state or imply that suppliers are limited to those providers.

If an RGR refuses to accept produce from a specific transport or logistics provider or delivered in particular crates or pallets, it must be able to explain why that provider or equipment does not meet the RGR's service standards. Those standards must themselves be reasonable (see below).



Service standards

The purpose of the Grocery Industry Competition Act 2023 (set out in section 3 of that Act) is to promote competition and efficiency for long term benefit of consumers. RGRs are entitled to use efficient and predictable business processes as these benefit consumers and are consistent with the purpose of the Act. Clause 11 of the Code reflects this by permitting RGRs to impose reasonable service standards for transport and logistics.

Reasonableness

Clause 11 requires that service standards be “reasonable”.

When drafting service standards, RGRs should check that they are consistent with the purpose of the Act and the purpose of the Code by considering the impact on competition and efficiency.

A standard is more likely to be reasonable if it is aimed at achieving legitimate business objectives such as:

- improving the reliability, quality, or safety of deliveries;
- reducing avoidable delays, spoilage, or handling costs;
- complying with food safety requirements.

However, a service standard will not be reasonable if it goes beyond what is operationally necessary, imposes unnecessary costs on suppliers, or is disproportionate relative to the legitimate business objectives.

A service standard is not reasonable merely because it avoids the RGR having to adjust its existing processes or because it aligns with exclusivity arrangements the RGR has with incumbent providers. Service standards must be justified by legitimate operational, safety, or efficiency needs—not by internal convenience or commercial preferences.

A service standard that limits competition may be reasonable only where the limitation is objectively necessary and proportionate—for example, where the operational costs or risks associated with using multiple transport or logistics providers outweigh any competitive benefits. In such cases, the RGR should be able to demonstrate why less restrictive alternatives are not viable and why the standard is necessary to support efficient, safe, or reliable operations.



Examples

Acceptable service standard

Service Standard	Reason	Other Comment
Onions, shallots and garlic must be delivered loose in crates measuring W55mm x L75mm x H25mm to enable them to be displayed and stacked adjacently in store using our fixed display layouts and signage without further handling.	Standard is narrow in scope in that it applies to just 3 produce items. The reason relates to investment into store fixtures, fittings and signage. Enables use of any proprietary crate meeting those dimensions.	While it favours crate providers who already use crates of the specified dimensions, it does allow for competition from other providers who choose to invest in those crates.
Crate supplier must have an overall stock of at least [n] crates to meet at least [specified proportion] of our crate needs during peak harvest.	Requirement has an efficiency purpose of enabling servicing of a material portion of the RGR's needs: service providers with very limited crate stock could make suppliers vulnerable to restricted market access when supply chain disruptions occur and therefore compromise reliable delivery of produce to the RGR.	Care is required here in application of this example. Specifying a stock number that matches the RGR's total or a large part of its crate needs could unnecessarily exclude smaller suppliers. Any specified minimum coverage of the RGR's crate needs depends on the circumstances and should pay particular heed to enabling competition between crate and pallet providers.

Unacceptable service standard

Service Standard	Reason	Other Comment
Pallet providers must operate depots in these locations: [list of locations at which incumbent operates depots].	There is no obvious efficiency reason for listing locations at which the incumbent operates a depot. The efficiency reason needs to be linked to the RGR's business, not that of the service provider.	An acceptable standard could potentially specify a maximum distance for provider depots from named RGR distribution centre sites and/or key produce packhouses if this is necessary for RGR efficiency reasons.

An efficiency-based reason for a service standard should be clear to enable suppliers and potential service providers to know the business needs that their offerings must meet. This enables their confident participation in the market for services ancillary to grocery retail.

Examples

Acceptable service standard

Service Standard	Reason	Other Comment
Reusable containers and pallets must be supplied by a party that will remove empty containers and pallets on RGR's request where request is made by RGR logging into a digital portal managed by the container provider.	Transparent about key features of container management from the user's perspective.	Enables competition as RGR open to working with multiple reusable container providers and multiple digital portals.

Unacceptable service standard

Service Standard	Reason	Other Comment
Crate types for loose produce must be approved by each distribution centre ('DC') manager.	Each manager's decision criteria are unknown therefore lack of certainty and transparency for suppliers and logistics providers. Standard is inefficient as each DC manager may have different criteria that require suppliers to make delivery-specific packing arrangements. This would impose more costs that are eventually passed to consumers.	Separate service standards for each DC could be reasonable to enable efficiencies from significant long-term investments specific to each DC. However, the service standard would need to be transparent and accessible to all potential providers and not go further than is necessary to achieve the relevant efficiencies.

RGR checklist

Do

- ✓ Be specific where there is a requirement that cannot be met in any other way

- ✓ Give reasons so that suppliers understand constraints from the RGR's perspective and can consider ways to avoid them

- ✓ Link requirements to material risks

Don't

- ✗ Specify requirements that are unlikely to be met by new providers

- ✗ Try to protect existing contracts with crate and pallet providers

- ✗ Base requirements on remote risks

- ✗ Be vague or refer to unpublished requirements

- ✗ Use procedural barriers that push suppliers towards the RGR's 'easier' route

- ✗ Treat aesthetics and branding as justifications for narrow requirements

Supplier checklist

Do

- ✓ Check if the RGR has a service standard for transport and logistics

- ✓ Discuss with your preferred transport or logistics provider its capacity to meet any RGR service standard

- ✓ Meet the standard - if you don't, the RGR may reject your groceries

- ✓ Speak to the RGR if you need clarification on service standard requirements or consider the standard unreasonable

- ✓ Consider raising a dispute under the Grocery Industry Dispute Resolution Scheme if you have outstanding concerns or are being pressured by an RGR

Don't

- ✗ Send groceries without checking any transport and logistics service standard the RGR may have

- ✗ Be pressured into using the RGR's preferred transport and logistics providers or equipment if you/your logistics provider meet the RGR's service standard



Accessibility

All service standards should be set out in writing and use plain English.

Service standards do not need to be publicly available. However, suppliers need to know of their existence and be able to access them without difficulty. This is to ensure that suppliers are aware of their options and are not simply funnelled into using the RGR's preferred transport or logistics provider.

RGRs may already have transport and logistics requirements for groceries in various formats that the Commission would treat as "service standards". RGRs should ensure that these requirements are reasonable.

Level of detail

The service standard should refer to all the key terms of the transport or logistics service.

If the RGR considers that it is necessary for its role in crate and pallet cycling to be contracted between it and a crate and pallet provider, the service standard should refer to this requirement. This is to alert suppliers that they cannot choose a

crate and pallet provider who has no contractual relationship with the RGR or who is unwilling to enter into a contract.

However, it is not necessary for the service standards to specify terms unrelated to crates and pallets that are included in many types of commercial contract e.g. methods of communication, dispute resolution mechanisms. Agreeing these terms would be part of the commercial negotiation between the RGR and the logistics provider.

Engagement

RGRs should consider engaging with suppliers on draft service standards to enable suppliers' perspectives on reasonableness to be considered. After service standards are made, RGRs should be open to constructive engagement with suppliers on their content, in case suppliers have concerns about their reasonableness.

Other

RGRs should take legal advice on how to manage exclusivity terms in arrangements with transport and logistics providers that predate the Code.

