

Project Summary

‘Understanding trading practices contributing to food loss and waste in Australia’ Project

KEY POINTS

- Limited information exists about how trading practices, particularly unfair trading practices (UTPs) are contributing to food loss and waste (FLW) in Australia.
- Across three phases, this project sought to explore the existing literature relating to UTP and FLW, understand how and why trading practices are contributing to FLW in Australia, and consider potential solutions to addressing UTPs and/or the resulting FLW.
- While this project could not quantify the amount of FLW generated by UTPs, the results of this project do show how UTPs and, relatedly, systemic issues within Australia’s food supply chain are creating FLW.
- There is not a one-size, fits all solution to addressing UTPs.
- The lack of empirical evidence on effective mechanisms to address UTPs suggests regulators will need to trial measures without conclusive proof that they will be effective. That being said, this research points to current limitations associated with Australia’s *Competition and Consumer Act*, as well as the Horticulture Code and the Food and Grocery Code in terms of addressing UTPs in the Australian food supply chain.



THE CHALLENGE

Tackling UTPs has been recognised as a means to reduce FLW in Australia. To date however, there is limited information within the Australian context about how much FLW is generated due to specific trading practices, nor has there been any systematic mapping to identify the various trading practices contributing to FLW, and in turn, what can be done to effect change. While the work done in the EU and UK is a useful starting point, the unique regulatory, legislative, and market landscape in Australia meant research was needed to investigate the specific trading practices in this context, and what measures to effect change are viable.

THE OPPORTUNITY

By developing an understanding of how and why trading practices are impacting FLW and identifying who has the power to affect change to these trading practices, this project aimed to help stakeholders overcome – or at least, raise awareness of – the barriers to reducing FLW.

OUR RESEARCH

This research was conducted over three phases:

Phase 1: This involved a broad scan of literature relating to trading practices (linked to government regulation and other 'policy' measures, such as retail trading practices) that could drive or reduce food waste in the food value chain and develop an understanding of why these practices exist. The focus was particularly on horticulture and bakery, spanning primary production through to retail.

Phase 2: Interviews were conducted with industry stakeholders to (a) identify trading practices contributing to – or addressing – FLW in Australia specifically, and (b) establish if data is available to quantify food loss and waste (or food loss and waste saved) resulting from trading practice, and where possible, estimate the impact and extent of these trading practices

Phase 3: Using the findings from Phase 1 and 2, the project team conducted a deep dive into three proposed 'solutions' that may aid in addressing some of the practices and issues noted via the project. This included: (1) exploring the strengths and limitations of industry codes; (2) considering how data transparency could be addressed; and (3) investigating the potential of whole crop purchasing in mitigating oversupply.

OUTCOMES

Despite the general agreement that trading practices can significantly influence FLW either positively or negatively, this research identified significant gaps in understanding and evidence regarding the link between trading practices and FLW especially in Australia.

Ultimately, the data analysis conducted for this project suggested that market imbalances are facilitating issues with contracting and lack of data/transparency, that these issues with contracting are compounded by the lack of data and transparency, and that the resulting overproduction and surplus these issues create is compounded by the lack of alternative markets, which results in FLW. Whilst the project cannot conclusively prove that UTPs are causing FLW in Australia, the findings of this project do support the

conclusion that UTPs, related to supply chain dynamics, are contributing to FLW especially through the creation of surplus food. Thus, it can be inferred that addressing UTPs may result in reductions to FLW within Australia.

What this project also reveals, however, is that there are a number of regulatory gaps regarding UTPs and their role in facilitating – or reducing – FLW in Australia. This includes limitations associated with the *Competition and Consumer Act*, as well as with respect to the Horticulture Code and Food and Grocery Code, meaning current regulatory approaches to addressing UTPs contributing to FLW are limited. As Phase 1 of the project revealed, however:

1. There is not a single regulatory solution to addressing UTPs, which means a multitude of interventions that work together will be required; and
2. There is a lack of systematic evidence to date of what regulatory measures effectively address UTPs. This means regulatory and market-based responses to addressing UTPs will need to be adopted or trialled without conclusive proof that they will be effective and close monitoring of impacts will be needed.

IMPACT

This project is the first project to specifically investigate how trading practices impact on FLW in Australia and, in turn, explore what could be done to address trading practices contributing to FLW. As this project revealed however, there is currently no data available which highlights specific trading practices are contributing to FLW in Australia. As a result, it is difficult to truly quantify the impact UTPs in particular are having on FLW, and in turn, what the actual impact will be in addressing these UTPs. That being said, modelling in the National Food Waste Strategy Feasibility Study suggests that addressing UTPs could potentially lead to a 4% reduction in 2030 of total (edible and inedible) food waste.

NEXT STEPS

Drawing on the project's findings, this research proposes the need for a comprehensive suite of regulatory reforms including:

- The introduction of general and specific provisions regarding UTPs without exemptions for situations where parties otherwise agree;
- Prohibitions on specific kinds of contractual clauses;
- Amendments to relevant industry codes; and
- Effective compliance and enforcement mechanisms.

It further recommends a range of industry-based actions including, in particular, efforts to improve data transparency.

In addition to this, the next steps could include:

- Exploring the link between unfair trading practices in food loss and waste in other contexts beyond the horticulture and bakery sectors, and/or as they pertain to other stages within the supply chain (e.g. retailer through to consumer).
- Further delineating what is a trading practice versus an underlying supply chain dynamic causing a trading practice.
- Conducting quantitative studies that can test the direct and indirect links between unfair trading practices and food loss and waste.
- Monitoring the impact of amendments underway to relevant regulations.
- Developing case studies of positive trading practices that can be used to illustrate market-based responses to addressing FLW (noting that while attempts were made in this project to highlight positive trading practices, due to the broader socio-political environment at the time of conducting this project, invariably UTPs emerged as the focus).
- Exploring, with industry consultation, the pros and cons of including specific provisions (e.g., with respect to how price is determined/what price is offered, and/or volume) in supply agreements.

PROJECT TEAM

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PROJECT REPORTS/PUBLICATIONS

Hurst, B., et al. 2024. *Report 1: Overview Understanding trading practices. Project 1.3.7: Understanding how trading practices affect food loss and waste in Australia.*

Hurst, B., et al. 2024. *Report 2: Phase 1 Literature Review. Project 1.3.7: Understanding how trading practices affect food loss and waste in Australia.*

Hurst, B., et al. 2024. *Report 3: Phase 2 Interviews. Project 1.3.7: Understanding how trading practices affect food loss and waste in Australia.*

Hurst, B., et al. 2024. *Report 4: Phase 3 'Solutions' deep dive. Project 1.3.7: Understanding how trading practices affect food loss and waste in Australia.*

Hurst, B., et al. 2024. *Report 5: Final report. Project 1.3.7: Understanding how trading practices affect food loss and waste in Australia.*

Hurst, B., Johnston, H., & Maguire, R. December 2024. *Understanding trading practices impacting food loss and waste in Australia.* Australasian Agrifood Research Network Conference, Tweed Heads.

Hurst, B., Johnston, H., & Maguire, R. July 2024. *Understanding trading practices impacting food loss and waste in Australia.* National Food Waste Summit, Melbourne.

PROJECT WEBPAGE

<https://endfoodwaste.com.au/projects/understanding-how-trading-practices-affect-food-waste/>

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ENDFOODWASTE

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