Retail Grocery Industry Ombudsman

First Annual Report

16th July 2001 – 12th September 2002
OMBUDSMAN’S FOREWORD

Our first annual report is being presented at a time of many challenges for the Australian Retail Grocery Industry. There are pressures on growers to produce more efficiently, market agents to demonstrate greater transparency in their transactions and retailers to justify the margins they receive.

The responsibilities imposed on industry peak associations have been great. Important issues include dealing with the drought; assisting the ACCC in its report to the Commonwealth Senate on wholesale grocery prices; and working with the newly created position of Industry Ombudsman to implement the Retail Grocery Industry Code of Practice.

The Retail Grocery Industry Code of Practice (the Code) was promoted by the Commonwealth Government following its acceptance of recommendations by the Federal Parliamentary Joint Select Committee on the Retailing Sector in its report, “Fair Market or Market Failure?” The Code was developed by industry peak associations in consultation with Government and introduced on 13th September 2000.

The Code is voluntary to the point of industry endorsement and mandatory on participants following endorsement by their industry peak association. The high level of cooperation extended by industry is illustrated by noting that all peak councils and retailers invited to endorse the Code readily agreed to do so.

The Code provides guidelines on matters of key concern to industry participants, including:

- Produce standards and specifications;
- Contracts;
- Labelling, packaging and preparation;
- Notification of acquisitions.

Importantly the Code also contains comprehensive dispute resolution procedures based around a two-stage process. The first stage places an onus on participants to resolve disputes under any internal procedures which may exist and, where problems can’t be resolved in this way, for referral to second stage dispute resolution provided by the industry Ombudsman.

The Ombudsman is required to mediate disputes in accordance with the Code. In particular, the Ombudsman must determine whether a dispute is covered by the Code and whether it is suitable for resolution by mediation.

The Office of Ombudsman is totally independent of the retail grocery industry. It is appointed and fully funded by the Office of Small Business within the Commonwealth Department of Industry, Tourism and Resources.

Effective 16th July 2001, Mediate Today Pty Limited was appointed to fulfil the duties of the Retail Grocery Industry Ombudsman. As the two principals of the company we share the duties and responsibilities.

This first annual report covers the period from the appointment of Mediate Today on 16th July 2001 to 12th September 2002.

Bob Gaussen & David Holst
Retail Grocery Industry Ombudsman

Office of the Retail Grocery Industry Ombudsman: First Annual Report
DISPUTE RESOLUTION SERVICE

The dispute resolution service provided by the Office of Ombudsman is designed to provide a quick and “free” opportunity for retail grocery industry participants to resolve their disputes without resort to litigation which is costly, time consuming and damaging to the business relationship.

After the Ombudsman determines jurisdiction regarding an application, all costs of the service are met by the Commonwealth Government. Normally accepting an application involves payment of a $50 application fee although, in cases of serious financial hardship, the Ombudsman may waive this requirement.

The service is designed as an industry scheme. It deals with disputes that are less than one year old and arise between industry participants in their vertical relationships with one another.

The terms defining the Ombudsman’s jurisdiction have been drafted broadly so as to extend the service widely within the industry.

- “Industry” means those businesses involved in the production, preparation and sale of food, beverages and non-food grocery items, including (but not limited to) primary producers, manufacturers and/or processors, wholesalers, importers and/or distributors, brokers and/or agents and grocery retailers.

- “Produce” means yield, especially of fields or gardens, waterways, dams or oceans, including yield from plants and/or animals under cultivation and/or harvested from the wild, for sale as raw horticultural and agricultural goods. Produce includes yield of freshwater and marine life and yield which is food or non-food (eg. flowers).

- “Product” means that which may be generated or made by a process of industrial transformation, including any produce that has been subject to any process or treatment resulting in an alteration of its form, nature or condition, that is sold in the industry.

- “Vertical relationships” means commercial relationships between suppliers and purchasers of goods or services in different stages of production or distribution in the retail grocery industry supply chain, but not including consumers.

The dispute resolution scheme promotes a two-stage process.

- Stage 1 encourages applicants to raise disputes with the respondent, in accordance with the respondent’s internal procedures; and

- Stage 2 encourages unresolved disputes to be raised with the Ombudsman.

Most matters are referred directly to the Ombudsman as few respondents have yet implemented their first stage procedures. Failure to establish first-stage procedures permits applicants to refer matters directly to the Ombudsman without the onus of attempting direct negotiations. In a practical effort to address this issue, the Ombudsman treats matters received as either “enquiries” or “applications”.
“Enquiries” are matters in which the Ombudsman encourages parties to attempt direct negotiations regardless of whether internal dispute resolution procedures exist. In the absence of internal procedures, the Ombudsman may speak privately to the Chief Executive or other senior officer of the respondent and encourage them to give prompt attention to the complaint. In the majority of cases enquiries will be resolved directly between parties however, where this is not possible, the Ombudsman will accept an “application”. An “application” is a matter the Ombudsman accepts is within jurisdiction and suitable for resolution by mediation.

Mediation is a confidential process in which a neutral person (the Ombudsman) chairs a meeting of decision makers and helps them reach a negotiated agreement. Unlike a court of law, the Ombudsman does not “hand down” a decision or impose a solution onto the parties. Under mediation, the Ombudsman assists parties understand the issues in dispute, identify creative options for resolving the dispute and finalise agreement (where possible). It is up to the parties to reach an agreement which is acceptable to both. Mediation is a recognised and accepted alternative to litigation which can result in a fast, effective solution to disputes.

Mediation does not limit the rights of an applicant to seek to enforce their rights through a court of law or by a complaint to the Australian Competition and Consumer Commission (ACCC). As a general rule the Ombudsman will not agree to mediate a matter unless either legal action has not commenced or the applicant suspends such action pending the outcome of mediation.

Matters are normally mediated within 6 weeks of receipt of the application. However a characteristic of the retail grocery industry is that disputes arise between parties which are geographically distant e.g. a grower in North Queensland and a market agent in Victoria. Generally for a “smaller” dispute (considered to involve a claim of less than $20,000), the mediation will be conducted by video conference to minimise the travel time and cost to parties.

**First-stage internal dispute resolution procedures**

The Code encourages industry parties to establish internal procedures. As previously noted, few participants have yet prepared such procedures consistent with the Code. This issue needs to be addressed if the principles of the Code are to be realised.

The Ombudsman has recently completed an advisory paper to assist industry participants prepare procedures that can be tailored to their particular enterprise. The procedures promote “best practice” standards being:

- The process is easily accessible by all stakeholders.
- In the first instance, parties are encouraged to resolve complaints directly between themselves.
- Further review by the respondent is conducted by a senior officer who is independent of the staff member associated with the complaint.
- The complainant is kept informed at all times.
- Resolution of the complaint occurs in the shortest possible time.
- Disputes are handled in good faith and in accordance with the Code of Conduct.
- A complaints handling register is maintained.

This advisory paper will be circulated in the first quarter of 2003, together with a proposed reprint of the Code of Practice and new explanatory brochure.
STATISTICAL REPORT

How many dispute enquiries?

Following a slow start to the operation of the Ombudsman service, there has been a substantial growth in the number of enquiries. In the 14 months covered by this reporting period, one hundred and one (101) dispute enquiries were received compared to five (5) in the proceeding period. There is clearly a growing awareness of the Code of Practice and the services of the Ombudsman.

Number of Dispute enquiries by State / Territory

<table>
<thead>
<tr>
<th>State / Territory</th>
<th>Number of Enquiries</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>7</td>
</tr>
<tr>
<td>Qld</td>
<td>35</td>
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<tr>
<td>NSW</td>
<td>20</td>
</tr>
<tr>
<td>NT</td>
<td>11</td>
</tr>
<tr>
<td>SA</td>
<td>2</td>
</tr>
<tr>
<td>Tas</td>
<td>9</td>
</tr>
<tr>
<td>Vic</td>
<td>11</td>
</tr>
<tr>
<td>WA</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>101</strong></td>
</tr>
</tbody>
</table>

![Enquiries](chart.png)

Number of enquiries by time period

![Chart](chart2.png)
How many applications for help?

Of the 101 dispute enquiries received, 60% were either resolved by direct negotiation between the parties or not proceeded with by the enquirer. 40% of enquiries resulted in formal applications being lodged. Significant interest by mango growers in particular has resulted in Queensland being the dominant State at this stage.

Number of Mediation Applications received by State / Territory

<table>
<thead>
<tr>
<th>State / Territory</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
<td>0</td>
</tr>
<tr>
<td>Queensland</td>
<td>25</td>
</tr>
<tr>
<td>NSW</td>
<td>6</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>8</td>
</tr>
<tr>
<td>South Australia</td>
<td>0</td>
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<tr>
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<td>0</td>
</tr>
<tr>
<td>Victoria</td>
<td>1</td>
</tr>
<tr>
<td>Western Australia</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>40</strong></td>
</tr>
</tbody>
</table>

How many actual mediations?

Of the 40 mediation applications:

- 5 were rejected by the Ombudsman as either beyond jurisdiction (for example the contract between the parties was made overseas) or frivolous (no merit);
- 7 related to substantially similar matters as other application(s) and were joined with those applications; and
- 2 were withdrawn prior to mediation commenced after receipt of additional information from the respondent.

26 matters continued to formal mediation.
Number of Mediations undertaken by State / Territory

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Mediations</th>
</tr>
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<tr>
<td>ACT</td>
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</tr>
<tr>
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<td>13</td>
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<td>NSW</td>
<td>6</td>
</tr>
<tr>
<td>Northern Territory</td>
<td>6</td>
</tr>
<tr>
<td>South Australia</td>
<td>0</td>
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<td>Tasmania</td>
<td>0</td>
</tr>
<tr>
<td>Victoria</td>
<td>1</td>
</tr>
<tr>
<td>Western Australia</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>26</strong></td>
</tr>
</tbody>
</table>

What is the mediation success rate of the parties?

Of the 26 matters in mediation, 10 matters were continuing at the end of the reporting period. Of the remaining 16 matters, **all** resulted in signed agreement between the parties. This represents a 100% success rate for matters formally mediated by the Ombudsman.

During the review period, 21 mediation agreements were actually signed owing to multiple agreements arising from a single mediation or a mediation which joined numerous applications.

Number of formal mediations resulting in signed agreements between the parties

<table>
<thead>
<tr>
<th>State/Territory</th>
<th>Mediations</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
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</tr>
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<td>Queensland</td>
<td>11</td>
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<tr>
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<td>Tasmania</td>
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<td>Victoria</td>
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<tr>
<td>Western Australia</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>21</strong></td>
</tr>
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</table>
How many current matters?

Ten mediations remain in progress. The Office of the Ombudsman attempts to ensure that all matters are mediated within 6 weeks of receipt of the application. However this is not always possible due to a number of reasons:

- The parties are not ready to proceed and/or are having difficulty agreeing on a date for mediation and/or having agreed to a date for mediation, they seek to defer the date for personal or business reasons.

- The issue is complex and the parties need additional time in which to prepare and exchange information.

- Many applications originate from growers living in remote areas (e.g., Northern Territory). The respondent may reside in a different State (e.g., Victoria). For cost and time resource reasons, the Office of the Ombudsman will seek to organise a number of matters into one or more “sittings”. For example, 4 of the matters “in progress” originate in the Northern Territory and are being mediated over two days in October 2002.

Current matters by State / Territory

<table>
<thead>
<tr>
<th>State</th>
<th>Matters</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACT</td>
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</tr>
<tr>
<td>Qld</td>
<td>3</td>
</tr>
<tr>
<td>NSW</td>
<td>2</td>
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<tr>
<td>NT</td>
<td>4</td>
</tr>
<tr>
<td>SA</td>
<td>0</td>
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<tr>
<td>Tas</td>
<td>0</td>
</tr>
<tr>
<td>Vic</td>
<td>1</td>
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<tr>
<td>WA</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>10</strong></td>
</tr>
</tbody>
</table>

Current matters
### Other statistics of interest

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of application fees collected:</td>
<td>33</td>
</tr>
<tr>
<td>Number of application fees waived:</td>
<td>5</td>
</tr>
<tr>
<td>Number of application fees returned:</td>
<td>5</td>
</tr>
<tr>
<td>Number of certificates issued under Clause 10.17 of Code:</td>
<td>0</td>
</tr>
<tr>
<td>Number of referrals to other agencies where enquiry was beyond the scope of the RGIO:</td>
<td>3</td>
</tr>
<tr>
<td>Number of “requests” for information from web-site</td>
<td>14,639</td>
</tr>
<tr>
<td>Average daily number of “requests” for information from web-site:</td>
<td>36.6</td>
</tr>
</tbody>
</table>
HIGHLIGHTS FOR 2002

Opening of the Office of the Ombudsman and launch of web-site

The new office of the Ombudsman was commissioned on 16th July 2001 including a freecall number (1800-004-444). A web-site to promote the office was launched on 8th August 2001. This site at www.rgio.com.au provides information about the Code and allows online applications to be lodged. The site includes the following:

- Details on the roles and responsibility of the Ombudsman.
- How to contact the Ombudsman.
- Assistance on preparing and participating in mediation.
- On-line and printed application forms to initiate an application to the Ombudsman.
- Assistance in completing these forms.
- The Code of Conduct.
- Background to the establishment of the Code of Conduct, including the relevant Government reports and press statements.
- Links to other relevant internet sites.

The site has proved popular with 14,639 requests for information recorded. This translates to an average 36.6 “requests” per day.

Overcoming concerns of victimisation

Many industry participants believe that raising complaints with the Ombudsman will result in victimisation. They believe the concentration of a limited number of buyers at a wholesale and / or retail level puts sellers in a vulnerable position. It is considered that this concern is the principal reason why no applications were lodged under the Code from its launch (13th September 2000) to 19th December 2001.

The National Farmers Federation (NFF), as the main grower representative organisation, argued forcefully and persuasively that unless this concern was addressed the Code could never achieve industry objectives.

At the request of the Office of Small Business, the Ombudsman produced a confidential report dated 12th October 2001 entitled “Report and Recommendations on the Effectiveness of the Code of Conduct“. The majority of recommendations address concerns about possible victimisation. Following industry consultations, a supplementary report was issued on 29th November 2001 which contained similar recommendations for dealing with possible victimisation should an application be made under the Code.

In an attempt to address the problem the Ombudsman committed to meeting industry participants across Australia informing them about the Code, the role of the Ombudsman and issues arising from the Code, including perceptions of possible victimisation.

These meetings have been successful in promoting the Code. The first applications received by the Office of the Ombudsman originated from areas where the Ombudsman addressed meetings of growers. A close correlation between applications received and the geographic location of speeches remains today.

Since appointment, the Ombudsman has attended and addressed 53 conferences and industry meetings.
While the Ombudsman continues to promote the benefits of the Code and the dispute resolution service, there remains a long way to go.

In this context, it is pleasing to note that no grower or other industry participant has reported victimisation in their business dealing resulting from proceedings under the Code. On the contrary the Ombudsman has received assurances from industry participants that victimisation shall not occur or, if it does unknowingly occur, will be immediately dealt with by senior management.

This strategy to meet with industry participants will continue in 2002 – 2003. An important component is identification of poor business practices which generate disputes and working with the industry to develop better processes to overcome these issues.

**Close liaison with ACCC to identify critical markets**

The Ombudsman has established communication links with the ACCC small business branch and meets with them at least once a month. This forum provides an opportunity for discussion on industry issues and coordination of our activities. A number of matters being investigated by the ACCC have been identified as suitable for mediation and following a request by the complainant, referred for mediation by the Ombudsman.

The Ombudsman and ACCC regularly provide coordinated presentations at industry conferences. These presentations have been well received by the industry and similar initiatives are planned for the final quarter 2002.

The Ombudsman appeared as a guest on the ACCC small business forum which was televised on 21st May 2002.

**High success rate from mediation**

A highlight has been the successful resolution of all matters that have proceeded to mediation. While reaching agreement is not the sole measure of a successful mediation, it is important that industry participants have confidence in the operation of their industry Code. The success rate is reflective of the high level of cooperation extended to the Office of the Ombudsman by all industry participants.
SYSTEMIC PROBLEMS

Through receiving and considering enquiries and applications, the Ombudsman is able to identify systemic problems which affect either the industry generally or particular produce groups specifically.

The term “systemic” is understood to relate to or affect either the entire industry or a particular sub-set (eg produce group) of the industry.

Where a systemic problem is identified, the Ombudsman will raise it in speeches and discussions with parties and encourage them to consider implementing processes to address the problem.

The nature/basis of most applications relate to disputes between growers of fruit and vegetables and market agents/merchants (wholesalers). Over 50% of these applications have been filed by mango growers.

Typical disputes relate to:

- **What is the legal relationship between the wholesaler and grower?**
  
  There can be uncertainty as to whether the wholesaler is acting as an agent or merchant. An agent is the grower’s “man in the market” who sells produce owned by the grower and receives a commission. In this case the grower owns the produce until sale to the retailer. A merchant is the growers’ customer who buys the produce at an agreed price and resells at his/her risk but potentially at a higher margin than an agency commission agreement would permit. Without clarification of the legal relationship, growers may suspect that wholesalers vary the relationship to take the best of both worlds (a merchant’s profit in good time and an agent’s commission when there is a problem).

- **When does ownership of the produce change?**
  
  Synonymous with change in ownership is responsibility for the product. A common dispute relates to the grower complaining that the return paid by the market agent is (eg) 75% less than expected. The agent blames poor quality and asserts he did the best job possible under the circumstances. The grower believes he has been “ripped off”. Unfortunately for both parties, it is all too common that the agent has failed to tell the grower of the problem within “reasonable” time thereby depriving the grower of any opportunity to redirect the produce to maximise return and/or obtain an independent inspector’s report. The grower argues that an agent’s failure to advise of a quality problem within “reasonable” time should deny the agent the ability to pay less than fair market price for the day.

- **What is an appropriate commission for an agent?**
  
  The Ombudsman is yet to mediate a matter in which the grower has produced a written agreement with his/her market agent relating to commission payable to the agent upon sale of produce. In most cases the grower and agent had never discussed the matter. The absence of such an agreement can lead to abuse.
• **Do agents have the right to average commissions?**

A grower may receive a single cheque for “sale of produce”. During mediation, it is revealed that there may have been (eg) 15 separate transactions at different sale prices. Do agents have the right to average the grower’s return without a prior agreement?

• **What are the rights of the grower to inspect the market trail?**

During mediation, growers may request details of each commercial transaction (the date of sale, who bought the produce, for how much and what commission was deducted). Some wholesalers readily agree while others refuse.

• **What are the rights of retailers to return produce after accepting delivery?**

A retailer may return produce received from market if quality does not meet specification. What obligation, if any, do retailers have to growers and/or wholesalers to demonstrate that the return is not a result of over ordering or that quality deterioration is not the result of sitting in a hot loading dock?

These issues have been deliberately expressed as questions. It is not the responsibility of the Ombudsman to provide the answers rather, as a mediator, to assist and empower parties to negotiate appropriate and fair solutions.

The answer to each question (or even whether the question should be addressed) need not be the same across all industry sectors. It is up to growers in cooperation with wholesalers, processors and retailers to provide the answers that best suits the market circumstances for their particular produce group. For example, the answer to when ownership changes for a highly perishable fruit such as mangoes may be a shorter time frame than for potatoes. The “fair” commission to a market agent for selling bananas (which are often stored and ripened by the agent) may be higher than the “fair” commission for selling onions.

Each of the questions raised relate to an absence of transparency in market based transactions. While existing market arrangements remain, there will continue to be disputes over issues such as:

- Whether the price is an estimate or a firm offer.
- Whether the price includes all commissions and charges.
- Terms of supply eg conditions (quality, size, shape) on which produce may be refused or returned.

Since March 2002, the Ombudsman has been actively encouraging industry participants to establish Codes of Fair Conduct based on produce groups. To date, the response has been positive with a number of produce groups in different stages of examining the idea. The mango industry should be particularly commended. They have acknowledged their problems and commenced work on developing a Mango Industry Code of Practice.

The Ombudsman is available to parties who seek to implement a Code but need the assistance of an independent mediator to reach their agreement.
The Retail Grocery Industry Code of Conduct was introduced as a result of an enquiry which primarily addressed the market behaviour of retailers. However the Ombudsman has received few enquiries and very few applications affecting retailers. Whether this is due to a proactive approach in dealing with matters promptly, a perception by growers and wholesalers that an application may result in victimisation, or a combination of both, remains to be seen.

As previously noted, the Ombudsman has not received any allegations of victimisation by retailers or any other industry group arising from matters mediated under the Code.

Whatever reservations retailers, processors, wholesalers and growers had arising from the recommendations of the Parliamentary enquiry, the development of the Code of Conduct and the establishment of the Office of Ombudsman, the facts are that there has been a high degree of cooperation with the Ombudsman in fulfilling his responsibilities.

The Ombudsman wishes to acknowledge this cooperation and thank industry participants for their assistance and encouragement.
CASE STUDY - HORTICULTURE

Background

A number of growers of fresh produce operated farms in Northern Queensland and sold product into the Melbourne market. Their product was packaged by a local company and freighted to market by road. The product was grown as premium quality and the expectation from the growers was for a high return in the market environment.

The Dispute

Applications were lodged with the Ombudsman by the individual farmers regarding a claim that they had been “short paid” for the produce. All efforts by parties to resolve the matter in direct discussions were unsuccessful. Due to the similar nature of the applications, the Ombudsman agreed to join the matters and mediate them simultaneously.

The Facts

There was an oral contract between the packing house and the wholesaler. The growers did not have any direct contact with the wholesaler and the wholesaler had utilised the services of an agent. The details of the contract were the subject of emotive disagreement. While the growers had received payment, it was considerably less than their expectation. The shortfall would cause some growers to face bankruptcy. There was no documentation of the oral contact.

The Process

Following receipt of applications from the growers, a letter was sent to the wholesaler notifying that a dispute had been lodged with the Ombudsman. The parties were encouraged to negotiate directly.

After advice that direct negotiations were unsuccessful, the Ombudsman spoke with the parties privately. The discussions clarified the areas of disagreement over the terms of the oral contract, what documentation would need to be made available to provide the best opportunity for resolution and who would attend the mediation. The intervention of the Ombudsman also assisted in dealing with the high emotions resulting from poor communication between the parties.

The mediation was held in the grower’s town and at a neutral venue. The parties tabled their paperwork but this was of little assistance. The mediation dealt with different versions and “facts” of the same transaction. In short, if the matter proceeded to court all parties were in a weak position and any prediction of the outcome would be uncertain.

The parties decided on a compromise with the growers accepting a substantial payment from the wholesaler although less than their original claim. An enforceable legal agreement was signed and payment made within 7 days.

Lessons to be learnt

It is important to document the contract terms to other parties in the transaction and keep a paper trail of product movements throughout the distribution process. When problems are identified, follow-up immediately and if not resolved escalate the dispute to the appropriate person within the organisation. If unsuccessful the Ombudsman is available to assist.
CASE STUDY  -  PROCESSING

Background

A processing company uses contract growers to grow their product. The contract growers own their property and infrastructure while ownership of the product remains with the processor. Growers have a significant capital investment in their business and rely on a satisfactory return over a minimum time period to service their borrowings and keep up with expensive technological change.

Growing contracts expire after 4 years. There is no automatic provision for renewal. During the contact term, a growing property and associated infrastructure was sold and the “new owner”, with approval of the processor, continued to fulfill the original contract requirements.

The bank, in extending finance to the new owner to purchase the property, accepted statements that contracts “had always been renewed in the past”.

The Dispute

The processor made a management decision to consolidate their growing operations and not renew contracts of some growers distant from their processing plant. The “new owner” was caught by this decision and notified that the contract would not be renewed. The “new owner” sought compensation for loss of contract and breach of promise.

The Facts

There was great uncertainty as to which statements, if any, the “new owner” relied on in making the decision to purchase the property. Not surprisingly, the “new owner” made strong assertions which were hotly denied by the processor. The bank refused to provide either party with a statement of its understanding. The parties were able to agree that the management decision to consolidate growing operations was made several months after the “new owner” commenced fulfilling contract.

The Process

The Ombudsman contacted the processor to discuss the application and determine how best to proceed. Despite initial concerns by the processor as to the jurisdiction of the Ombudsman, the parties accepted his ruling to continue with the application. Neither party was interested in further direct discussions having exhausted their best efforts at resolution.

The Ombudsman spoke with both parties privately to identify the issues to be resolved. In preparation for mediation the Ombudsman requested both parties prepare a position paper explaining the background to the dispute and identifying the issues requiring mediation. These papers were exchanged prior to mediation. The Ombudsman also established who would be present at the mediation and what role they would play in the decision making process. Under the Retail Grocery Code of Conduct legal representatives are precluded from participating in mediation.

In settlement of the dispute, both parties acknowledged that communication had been poor especially when the “new owner” was relying on a long term contract to meet bank commitments. Without admitting to liability, the processor agreed to extend the contract for several years and assist the grower convert his production to a different product.
OTHER ISSUES

Legal Indemnity of Ombudsman

A significant issue is the possibility that legal proceedings may be brought against the Ombudsman. There are several areas in which parties may seek to hold the Ombudsman liable, including:

- A party feels dissatisfied with a deal struck at mediation and attributes a loss to the negligence of the Ombudsman;
- A party feels they could have done substantially better through litigation and seeks to reopen the dispute in a court of law;
- A party feels aggrieved by the procedures adopted by the Ombudsman;
- A party objects to being named publicly by the Ombudsman as engaging in “reprehensible business practices” and / or is subject to proceedings arising from allegations of victimisation or similar.

Many statutes extend full protection and immunity against civil liability to mediators operating in court-attached systems or through government agencies. An example is the Courts (Mediation and Arbitration) Act 1991 (Cwth) which introduced provisions into the Family Law Act 1975 and the Federal Court Act 1976 extending to all mediators and arbitrators, when operating under the relevant sections of the Acts, the same protection and immunity enjoyed by judges when performing judicial duties. Similarly the community justice legislation in New South Wales, Queensland and Victoria extends an absolute immunity to mediators in the respective services. Most modern legislation providing for mediation also contains an absolute or qualified immunity.

General Promotion

During the previous reporting period, the Code of Conduct and Office of Ombudsman was launched by the dissemination of 55,000 dispute resolution brochures and 2000 copies of the Code to the industry. Upon the appointment of the Ombudsman, hundreds of personal letters were sent to industry associations and other stakeholders. Publicity in radio, television and press was sought for the new appointment.

In retrospect the success of these measures was questionable. No applications were received until December 2001 when the Ombudsman commenced speaking and touring extensively to promote the Code.

These lessons have been learned. The most effective communication is word of mouth. This includes both the Ombudsman presenting at meetings and industry participants, who have experienced mediation, promoting the dispute resolution procedures of the Code. Growers, in particular, have demonstrated that before the make use of the new service they want confidence in the individual(s) serving as the Ombudsman.

Growers have also learnt of the Ombudsman by referrals from:

- Industry associations,
• ACCC,
• Office of Small Business,
• State departments of Fair Trading and/or Agriculture,
• Media, particularly press interviews,
• Web-site.

Promotions during the period under review included:

• Attending 53 conferences and field trips to meet with industry groups, including national peak councils, state representative councils, industry conferences, produce representatives, wholesalers and growers.

• Speaking at joint presentations with the ACCC, including appearing on the “Small Business Forum”.

• Ongoing mail out to industry participants as they are identified on the industry database. This letter provided information on RGIO jurisdiction and services, contact information, availability and requests for internal dispute resolution procedures.

• Distributing “Tips from the Ombudsman” series which is written quarterly for publication in industry journals.

• Frequent radio interviews focusing on “Country-wide” or “Rural Hour” type shows. Press and television interviews.

• Field trip to NT (organized by ACCC); meeting with NT Government, business leaders and growers at 4 seminars.