

A quick guide to the three trading pathways under the Horticulture Code of Conduct, showing how each works in practice and what to do if something goes wrong: **Agent, Merchant (Agreed price), and Merchant (Method/Formula).**

The Code's purpose is regulating trade between growers and traders for transparency and clarity of transactions and providing a fair dispute resolution procedure.

|  | <b>AGENT</b>   | <b>MERCHANT</b><br>How does the HPA set the price?<br><b>AGREED PRICE</b>   | <b>MERCHANT</b><br>How does the HPA set the price?<br><b>METHOD/FORMULA</b>  |
|--|--|---|--|
| <b>1. Good Faith</b>                       | Both grower and trader must act in good faith, including being honest and not acting arbitrarily.  |   |  |
| <b>2. Role</b>                             | The trader sells on the grower's behalf, acts in the grower's best interests, and sells at arm's length (unless with grower consent)   | The trader buys the produce to resell.  |  |
| <b>3. Ownership</b>                        | Does not pass to the agent, it passes to the third party buyer when sold.  | Usually on delivery. If a merchant service is provided, ownership passes when the service is finished. <i>Price agreed later is not a standard Code pathway.</i>  |  |
| <b>4. Handling while in control</b>        | While the produce is under the trader's control, the trader must look after it properly until it is sold.  | While the produce is under the trader's control and still the grower's produce, the trader must exercise reasonable care and skill in handling and storing the grower's produce.  |  |
| <b>5. Pooling</b>                          | Is only allowed if same quality.   |   |  |
| <b>6. Rejection</b>                        | Rejection can only happen for reasons listed in the HPA, with notification within 24 hours and written reasons.  |   |  |
| <b>7. Proceeds/ Price</b>                  | The amount paid to the grower is the <b>sale proceeds received by the agent</b> from the buyer, less the commission + GST and other deductions permitted under the HPA and depends on the buyer paying.  | <b>The price paid to the grower</b> must be agreed in writing before, or immediately upon, delivery.  | <b>The price paid to the grower</b> is calculated using the method/formula set out in the HPA e.g. Sales price less a margin   |
| <b>8. Payment The detail is in the HPA</b> | The agent must pay the grower within the payment period in the HPA, <b>once the sale proceeds are received.</b>  | The merchant must pay the grower within the payment period in the HPA.  |  |
| <b>9. Bad debts</b>                        | Bad debts sit with the grower.   | Bad debts sit with the merchant.  |  |
| <b>10. Statement and reporting</b>         | <b>Reporting period:</b> as set out in the HPA. <b>Statement must include (for that period):</b> delivery date, sale date or dates, produce type and quantity sold, sale price achieved, each deduction (commission, fees, charges), unsold produce and why, any produce destroyed and any stock held at period end. | <b>Reporting period:</b> as set out in the HPA. <b>Statement must include (for that period):</b> what was purchased (produce type, quality, quantity), purchase date or dates, delivery date, and the price paid to the grower. | <b>Reporting period:</b> as set out in the HPA. <b>Statement must include (for that period):</b> delivery date, sale date or dates, produce type and quantity sold, sale price achieved, each deduction (fees, charges), unsold produce and why, any produce destroyed and any stock held at period end. |
| <b>Other variable detail is in the HPA</b> | Delivery and quality specs.  |   |  |
|  | Rejection reasons and the written reasons timeframe.   |   |  |
|  | Reporting period and statement timing.   |   |  |
|  | Payment period and payment terms.  |   |  |
|  | Services and service charges, if any.  |   |  |
|  | Commission (GST applies) and any other charges or deductions permitted under the HPA.  | Any other charges or deductions permitted under the HPA.  |  |
| Trader bad debt recovery role, if any.     | N/A  |   |  |
| <b>Concerns and disputes</b>               | <b>See Horticulture Code in Practice, Dispute Resolution Guide.</b>  |   |  |