



## WATERSHED MOMENT FOR AUSTRALIA’S RETAIL SECTOR

### Woolworths’ confidentiality undertaking to the ACCC on PFD acquisition does nothing to address the major concerns of small businesses and food distributors.

The undertakings provided to the ACCC by Woolworths and PFD Foods last week are designed to distract both the regulator and the Australian small business community from the real issues of Woolworths’ extreme market dominance.

Organisations that represent hundreds of thousands of workers ask whether the ACCC will listen to small food businesses, and stand up to the might of Australia’s largest supermarket retailer?

ACCC Commissioner, Rod Sims has clearly stated in the past that he doesn’t believe in behavioural undertakings because they are just too difficult to monitor on a daily basis and that any undertakings should be structural undertakings.

Woolworths’ is already one half of the most powerful duopolies in corporate Australia - its market dominance means their actions impact the everyday lives of almost every Australian, as well as thousands of small businesses in the retail supply chain.

COSBOA Chief Executive Peter Strong said, “Woolworths latest undertakings to the ACCC to keep supplier and customer information confidential, as part of its bid to acquire PFD Foods, are yet another smokescreen to steam-roll both small business and the ACCC. We remain extremely concerned about the inevitable negative impact of this proposed merger on businesses in the food supply chain, from growers, to manufacturers, distributors, food service retailers and independent grocers and, ultimately Australian consumers. Giving even more market power to one of the biggest and most influential companies in Australia will not benefit anyone other than their own shareholders.

“The undertakings by Woolworths address none of the major issues raised by our members who jointly represent over 1.3M small and family owned businesses. The undertakings do not address the concerns of the five industry peak bodies, led by COSBOA and reinforced by hundreds of interested industry stakeholders who have made submissions to the ACCC over recent weeks.

“Specifically, that the acquisition will dramatically reduce choice and will increase costs for Australia’s food service operators- many of whom have already been decimated by the impacts of industry lockdown and COVID restrictions; that it will significantly reduce distribution choice for suppliers; that it will without doubt increase cost for suppliers; that it will erode the suppliers’ value chain and will significantly reduce innovation in both food manufacturing and production”, Mr.Strong said.

IFDA Chairman Richard Hinson believes that Woolworths’ ability to dramatically impact price through cross-subsidisation on key ranges or products to rapidly gain market share will be to the detriment of the majority of members operating in the food sector and to many SMEs in Australia – and ultimately to consumers as a result of increased market concentration over time, “Keeping supplier information confidential is fine if you are a chosen Woolworths supplier, however for the small suppliers who will not be part of their network if this acquisition goes through, the impact will be severe.

MGA Independent Retailers CEO Jos de Bruin said “There is no doubt in the minds of industry peak bodies that Woolworths has a clear strategy to further pressure suppliers, cross-subsidise operational and technology investment, commercialise customer data and savagely reduce costs in order to streamline PFD’s existing supply

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