

## PRESS RELEASE - Thursday, May 13.

### PEAK BODIES URGE ACCC TO MAINTAIN FOCUS ON WOOLWORTHS TRACK RECORD OF ANTI-COMPETITIVE BEHAVIOUR FOLLOWING THEIR 'UNDERTAKINGS' WITH PFD

- Fate of hundreds of small businesses in ACCC hands
- Woolworths' latest 3-year separation undertakings to ACCC around proposed PFD acquisition **do nothing** to address the major concerns raised by small food businesses
- **ACCC Chair, Rod Sims himself has said behavioural undertakings are hard to police!**
- Concerns are mounting within small business that the ACCC is being hoodwinked by meaningless undertakings that will be quickly rolled back by Woolworths
- Given its track record in other industries, there is no doubt Woolworths' will use a similar blueprint to eliminate competition in Australia's \$11 billion food distribution industry if the proposed acquisition is allowed to proceed

Five peak bodies believe Woolworths and PFD's draft behavioural undertaking to the ACCC, designed to maintain a degree of separation and independence for three years after the acquisition, does nothing to address the bigger issues.

The main concerns already raised by the five industry bodies to the ACCC opposing Woolworths' acquisition of PFD are:

- The acquisition will reduce choice and increase costs for Australia's food service operators;
- It will significantly reduce distribution choice for suppliers, reducing the route to market for the tens of thousands of products our members are responsible for;
- It will increase costs for suppliers;
- It will erode the value chain for suppliers; and
- It will significantly reduce innovation in both food manufacturing and production.

None of these concerns are addressed in any way by the undertakings Woolworths' has made to date. If this does not change, the ultimate outcome of the acquisition will be higher grocery prices for consumers in the medium term.

Hundreds of small businesses operating in the food distribution industry fear their livelihoods will be wiped out if the Australian Competition and Consumer Commission (ACCC) greenlights Woolworths controversial acquisition of PFD Food Services (PFD) next month. The concerns of the sector escalated this week when the ACCC asked for market feedback on a second round of undertakings Woolworths has proposed in relation to the acquisition.

Richard Hinson, Chairman of Independent Food Distributors Australia (IFDA), said it was concerning that Woolworths' latest undertakings were subject to significant caveats.

"If the consequences of this transaction weren't so serious, it would be laughable that Woolworths' has proposed undertakings it says will preserve competition while in the next breath admitting they could be rolled back within three years subject to fine print," Mr Hinson said.

"ACCC Chair Rod Sims has already admitted that behavioural undertakings can't be policed on a daily basis. The reality of this has been demonstrated over and over again through the track record of

anti-competitive behaviour that Woolworths and the other retail giants have displayed across a range of sectors including hardware, petrol and liquor.”

Theo Foukkare, CEO of the Australasian Association of Convenience Stores (AACS), said Woolworths’ latest undertakings were nothing more than a smokescreen.

“Both sets of Woolworths’ undertakings do absolutely nothing to reduce their significant market power in Australia and should be viewed for exactly what they are, a smokescreen to try and divert attention away from the five key concerns we have raised which remain unaddressed. If allowed, Woolworth’s acquisition of PFD will have a major negative impact all the way through the supply chain from farms through to suppliers, distributors and consumers,” Mr Foukkare said.

COSBOA Chief Executive Peter Strong said the ACCC held the fate of hundreds of small businesses in its hands.

“We’ve previously described this transaction as a watershed moment for Australia’s retail sector and it is important the ACCC understands the consequences of getting this decision wrong,” he said.

“Our members, particularly those in regional Australia, have already been hard hit by the COVID-19 pandemic and, if allowed, this transaction will destroy many small businesses and cost thousands of jobs within our \$11 billion industry.”

MGA CEO Jos de Bruin said, “Regardless of any so called undertakings that Woolworths may propose to the ACCC to secure the PFD acquisition, MGA believes this is just another “creeping acquisition” to further dominate the food and grocery market and lessen competition.

“Clearly Woolworths have very deep pockets and resources to be able to drive their agenda to acquire PFD. Once acquired that will be the end of robust competition and choice in the Food Service and Grocery distributor market as we know it to be today.

MGA’s members have long advocated that Woolworths domination in Australia’s grocery, food distribution and liquor markets is already so strong that the Woolworths Group ought to be considered for divestiture to rekindle consumer choice and to enhance a robust, diverse and competitive food and grocery marketplace”.

The ACCC has been investigating Woolworths proposal to acquire PFD, a significant player in the food distribution services sector, for nearly six months with its decision about whether the acquisition can proceed now expected to be handed down in June 2021.

The proposed acquisition has caused significant concern within the food distribution sector which typically involves small to medium businesses, many of which are family-owned and based in regional areas around Australia.

**Ends**



Mark McKenzie  
CEO, ACAPMA



Peter Strong  
CEO, COSBOA



Jos de Bruin  
CEO, MGA



Richard Hinson  
IFDA



Theo Foukkare  
CEO, AACS