

Media Statement

Tuesday, 16 April 2024

Coles CEO Leah Weckert Opening Statement Senate Inquiry into Supermarket Prices

For more than a century, Coles has been an important part of the Australian community and economy.

We proudly employ 120,000 team members, operate more than 850 supermarkets and 960 liquor stores nationally, and process more than 17 million customer transactions every week.

We partner with 8,000 valued suppliers, many who have worked with us for generations. And with our customers and team members, Coles donates millions of dollars to the communities in which we operate.

Customers

We spend a lot of time listening to, and seeking to understand, our customers.

We know many of our customers are dealing with the challenges of rising cost of living right now.

Thirteen consecutive rate rises have exacerbated the cost of mortgages and rents. It costs more to run the family car with fuel prices continuing to increase.

The cost of education, healthcare, insurance, energy and transport also continue to rise. At Coles we cannot influence these household expenses.

But, what we can do and what we do, is give customers the best value possible on their grocery bill, while balancing this with paying our suppliers fairly and reinvesting in our business to keep it efficient.

As a customer led organisation, our customers expect us to continue to provide a choice of quality products across a range of value propositions to suit their budget and the needs of their household, and we are committed to providing this.

This is something we remain very focused on because we know if we don't, customers have many other alternatives from which to purchase their food and groceries.

Suppliers

We cannot provide great quality products to our customers without our suppliers and our team members.

We're proud to be the retailer of choice for many suppliers to range their products. Without them, we cannot succeed.

Claims have been made about how we interact with our suppliers. We acknowledge that we don't always get it right but all our procedures seek to ensure fair and sustainable relationships.

What has been missing in this conversation is the many suppliers who choose Coles.

Suppliers who have been working with Coles for generations; some for more than 50 years. Australian businesses who have benefited because it is Coles' Australia First sourcing policy which leads to all of our Coles Own Brand fresh beef, lamb, pork, chicken, turkey, duck, milk and eggs being sourced 100% from Australia and around 96% of all our Fresh Produce.

We value our supplier relationships and work hard to interact in a fair, honest and transparent manner.

If a supplier does have a concern, not only do we have confidential robust internal mechanisms, but we are bound by the Food and Grocery Code of Conduct which has alternative complaint mechanisms and is enforced by the ACCC.

However, we are listening and acknowledge some of the concern that has been raised by the farming sector – particularly the horticulture sector around price transparency.

Coles would be very willing to be part of a solution that would involve greater transparency for Fresh Produce growers.

Team Members

Our team members are the critical link between our suppliers and our customers. They are working every day to bring great quality products into our stores, and to give customers a welcoming experience when they shop with us.

We are proud that 1000's of our team members have worked with us for more than 20 years and that we continue to give many young Australians their first job.

We are also proud of how, together with our supplier and logistics partners, our team members ensured the provision of food and groceries across Australia during the difficult COVID years.

Profit

For all these reasons – 120,000 team members, 8000 supplier relationships, 17 million customer transactions per week – it is important that Coles is a sustainable, profitable enterprise.

For every \$100 spent in our stores Coles makes \$2.60 in profit, or less than 3c for every dollar. Compared to many other industries - this is a very small margin.

This margin has remained consistent over the last five years, it did not increase with the rise in inflation. And, it is consistent with profit margins made by supermarkets overseas.

Competition

The Australian grocery sector is highly competitive. We have to compete for customers, suppliers and team members, all of whom have many options for where to shop, where to sell their products, and where to work.

At Coles we welcome competition, and we encourage governments to invest in infrastructure and to minimise regulation to make Australia a more attractive market in which to do business.

Conclusion

More than 100 years after opening its first store, Coles continues to be a successful Australian business contributing to the Australian economy.

This is because we listen to our customers and respond to their changing needs, we strive to treat our suppliers fairly and invest in long term partnerships with them and we value our hard-working team members.

Thank you Senators, we'd be happy to take any questions.