

## **WOOLWORTHS CODE ARBITER**

### **ANNUAL REPORT FINANCIAL YEAR ENDED 30 JUNE 2023**

This Report is provided pursuant to clause 36D of the Food and Grocery Code of Conduct by Helen McKenzie, Code Arbiter for Woolworths.

#### **Number of complaints received for investigation in the financial year**

None

#### **Number of complaints in respect of which a recommendation under subclause 36(4) was made**

None

#### **Information provided by Woolworths under clause 27B in relation to price increase**

Attached is a report provided by Woolworths dated 28 July 2023.

#### **Observations on Code Arbiter role**

As reported last year, on 1 June 2022 Woolworths agreed to the expansion of my role to enable me to receive and act on reports or concerns raised with me by suppliers without the need for a formal or written notification. I am also able to conduct appropriate inquiries into these concerns and provide feedback to Woolworths on any negative trends or problematic conduct or practices by Woolworths. The expansion of my role was communicated to all suppliers.

Since then I have been contacted by a number of suppliers wanting to raise particular issues relating to their dealings with Woolworths. I have also met with a number of other suppliers who responded to a general invitation I issued late last year to all Woolworths suppliers to meet with me to raise any Code related concerns.

I have also engaged with suppliers more generally through attending and/or speaking at industry events, conferences and meetings.

In total, over the last year I estimate I have met with or spoken to more than 40 individual suppliers, as well as several industry associations and a number of supplier agents or representatives. While this obviously constitutes a very small percentage of the total number of suppliers to Woolworths, they represented a broad cross-section of product categories and industries and have provided me with some valuable insights into some of the issues faced by suppliers.

Overall, as a result of the above engagements, together with the steps taken by Woolworths to advertise and promote my role, I believe there is an increased awareness by suppliers to Woolworths of my role and the avenues that are available to them to raise Code related issues.

While suppliers remain reluctant to authorise me to raise their issues with Woolworths in any way which would result (or potentially result) in their identification to Woolworths, my engagement with suppliers through my expanded informal role has identified some common issues or concerns which I have been able to raise with Woolworths while maintaining the confidentiality of particular information provided to me by a supplier. In some instances, this has led to Woolworths changing a practice and/or providing further information and clarification to suppliers about certain processes.

By way of example, most of the suppliers who have contacted me are small suppliers to Woolworths and while their particular issues varied, many of them raised concerns about the

adequacy of their access to financial and other data relied on by Woolworths, the complexity of data they did receive and difficulties in accessing and communicating with buyers etc.

I have been able to raise these general concerns with Woolworths and Woolworths has responded with a number of initiatives which are directed specifically to smaller suppliers and which address these issues and will improve the support provided to small suppliers.

Another example where confidential discussions with a supplier has resulted in positive change is in relation to some of the template letters used by Woolworths buyers to communicate decisions to suppliers. After a supplier expressed a concern to me that certain wording in a letter they had received was contrary to the Code, I raised the issue with Woolworths who, notwithstanding that it did not consider the original wording to be problematic, agreed to amend the template letter. The supplier was appreciative of the steps taken by Woolworths to address their concern.

Importantly, as well as actively engaging with suppliers as much as possible, I have regularly communicated with Woolworths buyers and senior management to increase my understanding of industry issues in general and Woolworths practices and procedures affecting suppliers in particular. I meet on a regular basis with senior leaders in the Supermarket business to provide feedback on issues affecting suppliers.

I acknowledge and am grateful for the support Woolworths has provided to me in the performance of my role.

In my view, the first full year of operation of the expanded Code Arbiter role has been positive and I am confident that supplier engagement will continue to increase. However, the fear of retribution or adverse consequences that suppliers consistently refer to as the reason why they will not make a formal complaint or permit an informal complaint to be raised with Woolworths, remains the biggest obstacle to the effective operation of the dispute resolution processes.

Gaining the confidence and trust of suppliers in these processes is critical and will continue to be a priority.

I am hopeful that the safeguards provided for suppliers who raise complaints, which are set out in Woolworths' recently announced Complaints Integrity Policy will encourage suppliers to bring issues to me, or directly to Woolworths if they prefer, so that they can be addressed.



**Helen McKenzie**  
**Woolworths Code Arbiter**

**3 August 2023**

## Woolworths FY23 Report to Code Arbiter Information about Price Increases

28 July 2023

In accordance with clause 27B of the *Competition and Consumer (Industry Codes - Food and Grocery) Regulation 2015 (Food and Grocery Code)*, Woolworths Group Limited (**Woolworths**) produces this report to the Code Arbiter. The report contains information about supplier price increase negotiations during the period from **1 July 2022 to 30 June 2023 (FY23)**.

The Code Arbiter must include any information given to her by Woolworths under clause 27B (information about price increases) in a written annual report to be provided to the ACCC, the Independent Reviewer and Woolworths (**Code Arbiter Report**) within 30 business days after the end of the financial year. Woolworths must publish the Code Arbiter Report within one business day of receiving the report.

The Woolworths' information required to be produced pursuant to subclauses 27B(a)-(e) of the Food and Grocery Code is reported **below**.

**(a) the total number of notifications given under sub clause 27A(2) by the retailer or wholesaler to any supplier during the financial year**

Woolworths gave **2049** notifications (**Retailer Notifications**) in response to being informed of a price increase by its suppliers (**Price Increase Request**). Where multiple notifications have been provided to a single supplier in respect of different categories of products, these have been reported as separate individual Retailer Notifications.

**(b) the number of those notifications that were not given within the 30-day period required by that subclause**

**3** Retailer Notifications were not given within the required 30-day period.

Woolworths confirms that these were the result of miscommunications between the Woolworths Own Brand Category Teams and other Category Teams during the peak period of Price Increase Requests at the start of FY23. Woolworths subsequently tightened its process for managing communications between these different teams and retrained the relevant buyers on the Grocery Code requirement to provide Retailer Notifications within 30 days. Following these steps, Woolworths confirms that no subsequent issues in relation to Retailer Notifications have arisen.

**(c) the total number of negotiations entered into during the financial year following requests made under sub clause 27A(3)**

Suppliers requested negotiations (**Negotiation Request**) in respect of **1535** of the 2049 Retailer Notifications.

**(d) the number of those negotiations in which the retailer or wholesaler did not conclude its position on the negotiations within the period of 30 days starting on the day (the notification day) the retailer or wholesaler was notified of the relevant proposed price increase by the supplier**

1076 Negotiation Requests were not concluded within 30 days of the Price Increase Request.

**(e) for each of the negotiations to which paragraph (d) applies, the number of days the retailer or wholesaler took to conclude its position on the negotiations starting from the notification day for the relevant proposed price increase**

We have set out below a breakdown of negotiation lengths for the 1076 Negotiation Requests that exceeded 30 days of the Price Increase Request.

14 negotiations took 31 days	24 negotiations took 49 days	12 negotiations took 67 days
12 negotiations took 32 days	24 negotiations took 50 days	7 negotiations took 68 days
15 negotiations took 33 days	15 negotiations took 51 days	14 negotiations took 69 days
17 negotiations took 34 days	14 negotiations took 52 days	20 negotiations took 70 days
24 negotiations took 35 days	17 negotiations took 53 days	23 negotiations took 71 days
17 negotiations took 36 days	13 negotiations took 54 days	16 negotiations took 72 days
9 negotiations took 37 days	12 negotiations took 55 days	21 negotiations took 73 days
15 negotiations took 38 days	26 negotiations took 56 days	21 negotiations took 74 days
15 negotiations took 39 days	12 negotiations took 57 days	17 negotiations took 75 days
15 negotiations took 40 days	10 negotiations took 58 days	26 negotiations took 76 days
16 negotiations took 41 days	13 negotiations took 59 days	23 negotiations took 77 days
22 negotiations took 42 days	25 negotiations took 60 days	16 negotiations took 78 days
18 negotiations took 43 days	16 negotiations took 61 days	25 negotiations took 79 days
12 negotiations took 44 days	17 negotiations took 62 days	24 negotiations took 80 days
12 negotiations took 45 days	29 negotiations took 63 days	27 negotiations took 81 days
31 negotiations took 46 days	17 negotiations took 64 days	14 negotiations took 82 days
11 negotiations took 47 days	13 negotiations took 65 days	33 negotiations took 83 days
24 negotiations took 48 days	11 negotiations took 66 days	27 negotiations took 84 days

16 negotiations took 85 days	2 negotiations took 95 days	2 negotiations took 106 days
9 negotiations took 86 days	1 negotiation took 96 days	1 negotiation took 110 days
8 negotiations took 87 days	5 negotiations took 97 days	3 negotiations took 111 days
6 negotiations took 88 days	3 negotiations took 98 days	1 negotiation took 115 days
7 negotiations took 89 days	1 negotiation took 99 days	1 negotiation took 119 days
5 negotiations took 90 days	5 negotiations took 100 days	1 negotiation took 129 days
10 negotiations took 91 days	1 negotiation took 102 days	1 negotiation took 138 days
3 negotiations took 92 days	2 negotiations took 103 days	2 negotiations took 144 days
3 negotiations took 93 days	1 negotiation took 104 days	1 negotiation took 145 days
1 negotiation took 94 days	1 negotiation took 105 days	