

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 1:**

**Regarding the list provided by Senator Cadell:**

- **the longest time any of those have been in the system without being built;**
- **how long have each of them been there;**
- **how long until each will be going ahead.**

We confirm we have been provided a list from the Committee Secretariat, which Senator Cadell referenced during the hearing.

As explained in our answer to Question 3, below, the allocation of a ‘store number’ does not mean we will move to sign the lease or acquire the property.

The list provided appears to be an extract from our internal SAP accounting system summarising supermarkets and metro store leasehold and freehold opportunities. A store number is assigned even where we have not secured a lease or any interest in the land. Assigning a ‘store number’ in SAP at the outset simply enables us to record and appropriately allocate costs within our business, while the site opportunity is reviewed.

While the document we have been provided is not time stamped, the list is out-of-date.

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 2:**

**When does a site go into your SAP system with a store number for one of your proposed or developed stores?**

Following internal approval to consider a new store opportunity, the site is assigned a 'store number' within our primary accounting system, SAP. A number is assigned for both potential leasehold agreements and potential land acquisitions. A store number is assigned even where we have not secured a lease or any interest in the land. Assigning a 'store number' in SAP at the outset simply enables us to record and appropriately allocate costs within our business, while the site opportunity is reviewed.

As stated above, the allocation of a 'store number' does not mean we will move to sign the lease or acquire the property.

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 3:**

**Senator Kovacic asked Mr Banducci to provide on notice a scale of percentages of the volume of product agreed with suppliers compared to that which was taken, in the context of the fruit and vegetable industry.**

When working with our fruit and vegetable suppliers regarding supply and the outlook for demand, our buyers discuss category and customer trends.

When we do provide a forecast outlook to an individual supplier, it is reflective of their projected contributions to our total requirement for the category. Due to the volatile nature of fruit and vegetable supply, we do not guarantee specified volumes ahead of a season with a supplier.

However, we are very conscious of our responsibility to operate in good faith in accordance with the Food and Grocery Code of Conduct.

In a recent review of our practices, we observed the volume forecasts we had issued with two of our suppliers (one being corn and the other tomatoes).

- Tomato supplier forecast case study: Due to favourable weather conditions and increased plantings, there was a significantly higher supply than we anticipated. In this case, we worked collaboratively with our suppliers to sell additional volumes, and we achieved 150% of the original indicated volume.
- Corn supplier forecast case study: We could only secure 80% of the guidance forecast from our supplier. This was a result of weather impacts and this impeded our ability to meet our customer demand.

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 4:**

**What are the relative prices of bananas in Australia compared to overseas?**

All bananas sold in our Supermarkets are Australian grown.

As we do not transact on the global market for bananas, we cannot comment on the drivers of cost and pricing of bananas globally.

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 5:**

**What was the return on equity for Woolworths in the last financial year?**

Woolworths Group's return on equity (ROE) in the last reported financial year (2023) was 27.8% based on historical cost accounting reported data.

Historical cost accounting ROE is not a key metric used by Woolworths Group in the assessment of financial performance. Reflecting this, the number is not disclosed in our half and full year results announcements, results presentation or annual reports. It is disclosed in the five-year review on the Group's website as part of a 'Du Pont analysis'.

Woolworths Group's key return on capital measure is return on funds employed (ROFE). This is a similar measure to return on capital employed or return on invested capital, which is used by many industrial companies. It measures the operating performance of the business on the total capital invested by equity and debt providers. ROFE is not impacted by capital structure.

Using ROE to compare companies across different industries is problematic given historical cost accounting in some sectors, whereas in other sectors, assets largely reflect current market values. In retail (and many other industrial industries), assets are recorded at historical cost and depreciated, whereas in other industries like financial services, assets reflect current value. ROE is also impacted by the level of gearing or debt within a company and this will vary from business to business and across industries, making cross sector comparisons difficult.

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 6:**

**Could you supply the data for 20 years, starting from financial year 04, on your gross margins?**

We have provided Woolworths Group's gross margins by year from FY2003 to FY2023, as outlined below<sup>1</sup>. It should be noted that accounting standards do not provide specific guidance on what should be included in gross margin and therefore gross margins cannot be accurately compared between different businesses. For Woolworths Group, gross margin is after the cost of providing products and services and includes supply chain costs in the last three years. However, it does not include any store costs or marketing costs as an example. Due to various changes to reporting over the years including acquisitions, disposals, accounting and disclosure changes, financial years may also not be directly comparable.

| <b>FY</b> | <b>Woolworths Group Gross Margin</b> |
|-----------|--------------------------------------|
| FY03      | 25.1%                                |
| FY04      | 24.9%                                |
| FY05      | 24.9%                                |
| FY06      | 25.0%                                |
| FY07      | 25.3%                                |
| FY08      | 25.3%                                |
| FY09      | 25.7%                                |
| FY10      | 25.9%                                |
| FY11      | 26.0%                                |
| FY12      | 26.4%                                |
| FY13      | 26.9%                                |
| FY14      | 27.1%                                |
| FY15      | 27.6%                                |
| FY16      | 28.4%                                |
| FY17      | 29.0%                                |
| FY18      | 29.3%                                |
| FY19      | 29.1%                                |

---

<sup>1</sup> Notes:

Source: Woolworths Group results announcements or annual reports

Gross margin (%) as reported. FY12, FY15-18, FY20-22 restated to reflect business, accounting or disclosure changes

Due to acquisitions, disposals, accounting standard changes and restatements, financial years may not be directly comparable

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

|      |       |
|------|-------|
| FY20 | 28.9% |
| FY21 | 26.8% |
| FY22 | 26.2% |
| FY23 | 26.8% |

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 7:**

**Senator Cadell said he received a text message during the hearing from a supplier which stated ‘please align to \$24.’**

As we have not received any specific details, we have answered generically as to our practice when discussing price of products with suppliers.

We work collaboratively with over 350 suppliers and providers of produce to supply our stores. We discuss informally how they, and we, see product and price in the Australian horticulture market on a regular basis. Our suppliers will submit volume and price indications to us weekly.

We are always working to balance the needs of our suppliers and our customers.



**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 8:**

**How many of your suppliers have turnover of less than \$5 million per annum?**

Over the past year, Woolworths Supermarkets and Metro have stocked products in stores from around 860 small suppliers, identified by the ATO Small Business Identification Tool.

Approximately 840 of these small suppliers were under the \$5 million threshold, out of a total of around 3,300 trade suppliers across Woolworths Supermarkets and Metro businesses.

Across Woolworths Group, we have over 5,000 trade and non-trade suppliers aligned to the Payment Times Reporting Scheme definition of small business suppliers (annual turnover less than \$10 million).

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 9:**

**Does Woolworths import all its meat into Tasmania from the mainland?**

No.

**Senate Select Committee on Supermarket Prices**  
ANSWERS TO QUESTIONS TAKEN ON NOTICE  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 10:**

**Mr Banducci took on notice to provide the name of the process for monitoring supplier issues under the Food & Grocery Code.**

The name of the policy referred to by Mr Banducci is the *Woolworths Supermarkets Trade Partner Complaints Integrity Policy*.

This policy was introduced in June 2023 to ensure that our Supermarkets Trade Partners would not be subject to commercial detriment or adverse consequences as a result of raising any complaint with Woolworths.

We will not tolerate any reprisal against a Trade Partner for making a complaint under the Grocery Code. Our policy supports our obligation under paragraph 6B of the Grocery Code to deal with Trade Partners lawfully and in good faith.

We encourage our Trade Partners to raise any concerns they have with us, either directly to Woolworths Commercial leaders, the Managing Director of Woolworths Supermarkets or with our Code Arbiter. We are committed to demonstrating fair treatment of all complainants, which is fundamentally important to our processes.

Under the Trade Partner Complaints Integrity Policy the Managing Director of Woolworths Supermarkets will monitor (at 6 and 12 months post the code complaint) the status of Woolworths' commercial relationships with any Trade Partner after it has raised a complaint relating to the Food and Grocery Code of Conduct (Code) which is:

- raised with Woolworths directly in writing; and/or
- raised with Woolworths' Code Arbiter formally or informally, if the relevant Trade Partner has provided consent for Woolworths' Code Arbiter to share their name and the details of the complaint.

We have made the policy clear to our Buying Team across all levels of experience and seniority. A failure to comply with paragraph 6B of the Code by engaging in retribution or reprisal may result in a formal investigation and, if substantiated, disciplinary action for the relevant Buying Team member. If a reprisal is found by the Managing Director to have occurred, a formal apology will be made and corrective and/or remedial action will be taken.

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 11:**

**Does Woolworths have a response in relation to the claims provided by Senator Caddell, where a delayed purchase of lambs resulted in a penalty for the supplier.**

As we have not received the details of the issue, we are unable to provide comment on the matter raised.

**Senate Select Committee on Supermarket Prices**  
ANSWERS TO QUESTIONS TAKEN ON NOTICE  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 12: Are you prepared to give Everyday Rewards members downloadable versions of their transactions—for example, in a CSV file or the CSV file for the year?**

We are able to provide up to 14 months of transaction data to Everyday Rewards members through the Everyday Rewards App and our website if customers have scanned their Everyday Rewards card either in store or online.

We can, if the customer requests by calling our call centre (Customer Hub), also provide transaction data. Further information on this process is outlined below.

Transaction shopping history is maintained in a way that cannot identify a particular customer, unless the shop occurred online through a profile and/or the purchase was accompanied by a scanned Everyday Rewards card at the time of shop.

Information available available to an Everyday Rewards member through the Everyday Rewards App and the Woolworths website

Where an Everyday Rewards member has scanned their Everyday Rewards card, either during an instore or online shop, they are able to view the 14 months of transaction history through the Everyday Rewards App and the Woolworths website. Transaction history for purchases at Woolworths Supermarkets, BIG W Discount Department Stores, and BWS are available as eReceipts.

Transaction history on a shop by shop basis provided includes the date of the shop, type of shop (*e.g.* online, BIG W, BWS), number of points collected and method of payment.

Information available to an Everyday Rewards member via a request to the Customer Hub

If an Everyday Rewards member was to request access to receipts via our Customer Hub, they would be able to obtain (for when they have scanned and/or linked their cards):

- a PDF file of the members transaction history for a specified period dating back to 1 January 2016; and
- a PDF file of their transaction history that provides them with a detailed view of the items they have purchased.

If an Everyday Rewards member had a query about their account, we would encourage them to contact our customer Hub on 1300 101 234. The Hub is operational Monday to Friday 9am to 6:30pm (AEST) and Saturday to Sunday 10am to 4pm (AEST).

**Senate Select Committee on Supermarket Prices**  
**ANSWERS TO QUESTIONS TAKEN ON NOTICE**  
Response to Committee, 16 April 2024  
Woolworths Group  
Submitted - 26 April 2024

---

**Question No. 13: You mentioned you sell the Odd Bunch for 20 per cent cheaper. Do you pay just 20 per cent less for those goods, for the workers, or do you make a greater margin on the Odd Bunch?**

We make a lower margin on Odd Bunch products.