

This members brief is **CONFIDENTIAL** to AFGC members only. Please do not distribute outside of your organisation.

MEMBERS BRIEF

WOOLWORTHS CALTEX DEAL

Woolworths have recently announced a Woolworths Caltex Convenience, Loyalty and Wholesale Food Alliance.

BACKGROUND:

The recently announced 15 year deal covers fuel, convenience stores, wholesale food and loyalty. Over the period of the deal approximately 250 Caltex retail sites will be co-branded Woolworths Metro for the convenience retail offering. The fuel supply agreements and commercial arrangements are not subject to any conditions precedent or regulatory approvals.

NEGOTIATIONS:

The negotiations are being headed up by Ian McDonald (GM Wholesale, Woolworths Group Ltd). The key elements of the Woolworths position are as follows:

- Woolworths are seeking to leverage their existing supermarket trading terms for the Caltex product range, including any deferred deals,
- Product range remains unclear, with the potential for some alignment between the Woolworths and Caltex ranges,
- Promotions will remain within the purview of Caltex and suppliers will be expected to negotiate directly with Caltex on promotions,
- Data sharing remains unclear, with some suggestion that Woolworths will not share specific Caltex data, and
- Negotiation timelines remain tight with a suggestions of a 5 to 6 weeks period.

CONCERNS:

AFGC members have raised a number of concerns regarding the proposed Woolworths move into wholesale operations including the:

- application of supermarket terms and deferred deals for the Caltex wholesale business,
- potential for product de-listing as part of the alignment process,
- lack of data transparency and the potential ability to reconcile volumes etc,
- transitional supply chain arrangements,

- tight time frame to negotiate a fair and equitable (net neutral) outcome, and
- lack of an alternate route to market.

AFGC members should review their existing Grocery Supply or Terms Agreements with Woolworths to clearly understand if the terms include the 'wholesale' sale of product outside of Woolworths Ltd businesses. Any requirement to do so by Woolworths could potentially be a unilateral variation of agreement (Part 2 (9)) within the Food and Grocery Code of Conduct.

AFGC ACTIONS:

AFGC is keen to hear from members who may be engaged in discussions with Woolworths on this issue. Please contact either myself or [Samantha Blake](#).

TANYA BARDEN
CHIEF EXECUTIVE OFFICER