



ALDI Stores

(A Limited Partnership)
ABN 90 196 565 019

1 Sargents Road, Minchinbury, NSW 2770, AUSTRALIA

NATIONAL

29 February 2024

The Hon Dr Craig Emerson AO
Independent Reviewer
Review of the Food and Grocery Code of Conduct 2023-24
Langton Crescent
PARKES ACT 2600

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Via email: GroceryCodeReview@treasury.gov.au

Dear Dr Emerson,

Thank you for your opportunity to make a submission to the Independent Review of the Food and Grocery Code of Conduct 2023/24 Consultation Paper. ALDI has been a voluntary participant of the Food and Grocery Code of Conduct since its inception in 2015. We strongly support the role it plays in ensuring a fair and transparent grocery industry and market access for suppliers, particularly small to medium businesses.

We are acutely aware of the pressure being faced by many Australian households and businesses at this time and acknowledge the role ALDI has to play in continuing to offer good value for both our customers and our supply partners.

Delivering a limited selection of high quality, low cost groceries is ALDI's key point of difference and at the core of our customer proposition. Our unique business model relies on having a limited range, an efficient supply chain and a smaller store footprint. These all contribute to reducing our operating costs, but the value we offer customers does not come at the expense of our supply partners.

We are proud of the recognition we have earned across the Australian supply base as a fair and reasonable partner, which has been mutually beneficial to hundreds of supply partners whose businesses have grown with ALDI over the past twenty three years.

We recognise and acknowledge the importance of the ongoing scrutiny of the supermarket sector and the Code is rightfully an intrinsic part of that scrutiny. ALDI supports retaining the Code in its current format. We believe that the Code, in conjunction with existing Australian Consumer Law and Australian Competition and Consumer Commission powers, strikes the right balance in protecting supply partners and still encouraging healthy competition in the sector. However, we do note improvements could be made and our submission below outlines some suggestions for consideration.

I would also like to reaffirm ALDI's commitment to continuing as participants of the Code in whatever form it takes moving forward. We look forward to working with you and discussing any potential improvements that could be made.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Anna McGrath', with a long horizontal flourish extending to the right.

Anna McGrath
Chief Executive Officer - ALDI Stores



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A voluntary or mandatory code

ALDI has always been a willing participant of the Code, and fully intends to remain so into the future. ALDI's company values of consistency, simplicity and responsibility align with the values of the Code and we implement the principles of the Code across all our supply partner engagements. For this reason, we support the current voluntary model. That said, if a move to 'mandatory' was determined to be beneficial for suppliers, we would support the decision.

Whilst a mandatory Code would not impact ALDI's interactions with supply partners, it may add additional administrative burdens on the organisation and require further resources to manage. As a much smaller retailer than our competitors, any additional red tape or administrative requirements would add complexity to our operations.

ALDI's approach to working with supply partners

ALDI has a strong focus on building long term, mutually beneficial relationships with supply partners, as evidenced in the most recent annual report by the Independent Reviewer of the Food and Grocery Code of Conduct, as well as in previous years. This allows us to work closely with supply partners to find savings in the supply chain that provide value for both our supply partners and customers.

ALDI has a flatter buying structure than some of our competitors, which means that every supply partner has a single point of contact within ALDI. This reflects ALDI's simpler and more streamlined model and is possible, in part, due to ALDI's smaller product range and relatively small number of supply partners when compared with major supermarkets. Our Buying Directors also tend to stay working in a specific category for several years. This helps build rapport and deep understanding of both businesses.

ALDI stocks a limited product range of about 1,800 core range products and works with approximately 1,000 supply partners to ensure Australian consumers have access to products at everyday prices. Therefore, we typically only have one to two suppliers (depending on geographic location) for each product we stock. This ensures a more equal power dynamic that is mutually beneficial to both ALDI and its supply partners.

ALDI aims to resolve all price change requests within the first 30 days of the request coming through, so supply partners can have confidence in a quick outcome that helps their businesses to run effectively and provides certainty. As at 29 February 2024, ALDI received 664 requests for price increases (for the period between 1 July 2023 to 29 February 2024) and all have been resolved within 30 days.

Transparency in reporting

We support the approach taken previously by the Independent Reviewer, Mr Chris Leptos AO, in publishing the annual report, however we note that in some years Mr Leptos has chosen not to publish the report and relies on the retailers to do that instead.

ALDI supports the annual report being published each year as this would encourage further transparency and consistency in reporting the outcomes of the supplier surveys conducted by the Independent Reviewer. ALDI also supports this process being documented in any future iterations of the Code.



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Role of Code Arbiters in dispute resolution

ALDI supports the role of the Code Arbiters in resolving any disputes that arise under the Code. ALDI also supports the recent changes to the dispute resolution process that expanded the Code Arbiters remit to allow them to resolve informal complaints. ALDI's Code Arbiter is empowered to go directly to Senior Leadership within ALDI should they ever receive a complaint so that it is resolved quickly and effectively. ALDI also supports the existing informal and formal dispute resolution process that enables an appropriate escalation pathway starting with fast tracking informal complaints, followed by arbitration for formal complaints and litigation as a final option.

ALDI has never received a formal complaint from a supply partner. We believe this is due firstly to our focus on developing and maintaining fair and equitable relationships with supply partners, and secondly due to our focus on resolving any issues that may arise in a timely and respectful fashion. The current arrangement in the Code supports this approach.