



18 April 2024

Senate Select Committee on Supermarket Prices
Parliament House
CANBERRA ACT 2600

by email: supermarketprices.sen@aph.gov.au

Dear Senators

Thank you for the invitation to respond

Enclosed is Bunnings' second submission to this Committee, following our submission on 8 April (First Submission). In our First Submission, we explained why certain assertions made by Greenlife Industry Australia (GIA) in Submission 99 and at the hearing in Orange on 12 March, as well as assertions made by the National Farmers Federation (NFF) in Submission 101, mischaracterise the greenlife sector and Bunnings' place in that sector. We also addressed various inaccuracies in the GIA submission.

Michael Schneider
Managing Director



Submission in response to

Submission received on 11 April 2024

Concerns raised in

Submission

Bunnings was surprised and disappointed to read the Submission and to then hear the evidence provided by Ms Brock and Mr Smith to the Committee at the hearing on 11 April. Bunnings first became aware of the claims made by Mrs Brock, Mr Smith, Mr Powell on 11 April when Bunnings received the GIA Media Release, the Submission and when Mrs Brock and Mr Smith gave evidence.

Brocklands Nursery and Stanmore Horticultural ceased supplying greenlife products to Bunnings in 2015 and 2017 respectively and therefore almost a decade ago for both businesses. We do not raise that to diminish in any way the gravity of their concerns but note that, as with most businesses, personnel, processes, and our systems will have changed significantly over that time. Given these factors and the time available to respond to the Submission, we have not at this stage, been able to locate any complaints from either supplier about their historical dealings with Bunnings.

Our Managing Director, Michael Schneider, emailed Mr Powell on 10 April in response to a video featuring Mr Powell, which was shared by the GIA on its Facebook page. Bunnings did not know at that time about Mr Powell's contribution to the Submission. We have not yet received a response.

We have been in direct correspondence with Mr Smith and he has kindly agreed to meet with Bunnings. We will be arranging a meeting with a member of our Executive Leadership Team as soon as practicable.

While we have not yet had adequate opportunity to conduct a detailed review of the specific issues raised, we have taken the following actions:

- On 9 April Mr Schneider, emailed each of our 217 greenlife suppliers expressing his concern at the suggestion that some of our suppliers have not felt safe to raise concerns with us, reassuring them of the importance of positive supplier relationships to Bunnings, inviting direct feedback to Bunnings executives and reminding them of the existing avenues to raise their concerns. A copy of the email, as sent to one of Bunnings' greenlife suppliers, is enclosed.
- Our Chief Financial Officer, Rachael McVitty, met with the GIA and NFF in Canberra on 12 April to listen to their concerns and reassure both organisations of our commitment to engage with our suppliers and address their concerns.
- We have conducted full day greenlife supplier forums hosted by our Greenlife Category Manager and National Buyer and attended by various members of our senior leadership team from areas such as Merchandising, Operations, Risk and Compliance, Logistics and Loss Prevention. These forums are held annually across various regions and States. The purpose of the forums is to provide our greenlife suppliers



with a whole of business update, insights on our strategic direction including our customers and market trends, with a specific focus on greenlife both nationally and regionally. The forum includes a number of open discussion sessions, inviting our greenlife suppliers to ask questions and share their concerns with us. The following forums have been held or are scheduled this year:

- Sydney, 22 February
 - Cairns, 4 March
 - Townsville, 6 March
 - Brisbane, 8 March
 - Perth, 10 April
 - South Australia, 16 April
 - Victoria, 17 April
 - Tasmania, 22 April.
- Today (18 April) we held a National Greenlife Forum at our National Store Support Office in Melbourne, attended by approximately 60 of our greenlife suppliers. We sent an open invitation to all our greenlife suppliers on 20 March. We explained to our greenlife suppliers that the purpose of the forum was to provide an opportunity to address the comments made by the GIA. This was hosted by Mr Schnieder, Ms McVitty, our Chief Customer Officer, Ryan Baker and our General Manager – Merchandise, Adam Cole. Proactively scheduling this forum evidences our genuine commitment to engage with our greenlife suppliers so that we can work to understand and resolve their concerns.
 - We are in the process of considering feedback that we have received from all channels, which we will work through on a case by case basis to ensure that we appropriately respond to any individual greenlife supplier's particular concerns. Importantly, we will identify whether any changes should be made to our current resourcing, systems and processes.
 - We are pleased that many greenlife suppliers have confirmed their positive experience in supplying Bunnings.

Reassuringly, the feedback that we have received to date from our suppliers does not suggest that we have a structural, systemic or cultural issue in our greenlife business.

Complaints raised in	Submission which have been covered in First Submission
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There are some recurring assertions in the Submission that were responded to in the First Submission. We therefore refer you to the First Submission but have provided some additional information on these assertions below. These matters include that Bunnings:

- discourages greenlife suppliers from raising concerns, including by “punishing” suppliers who do;
- does not enter into contracts with greenlife suppliers and provides no commitments regarding the volume of products it will purchase; and
- refuses suppliers' requests for price increases.

We strongly dispute these assertions.

Seeking and addressing feedback / concerns

Bunnings rejects the claim that greenlife suppliers do not have the ability to raise concerns about Bunnings' buying practices, or that suppliers are in any way penalised for raising their concerns with us. Our suppliers have numerous ways to provide feedback as set out in our First Submission. We reiterate that if a supplier does not wish to engage directly with Bunnings, they may raise concerns through an independent and anonymous third party 'whistleblower' reporting service called [Speak Up](#), which is provided by Bunnings (and operated by



Deloitte), and a separate service provided by our parent company, Wesfarmers Limited. We also refer to the recent greenlife supplier forums which have been held to encourage and facilitate feedback.

Contractual arrangements and commitments to purchase certain volumes of products.

As set out in the First Submission, it is not accurate to say that Bunnings does not enter into legally enforceable contracts with our greenlife suppliers. We have provided additional details below:

- On entry into a business relationship, trading terms (including payment terms) are negotiated and agreed, then documented in a contract. This is a contract which governs individual transactions via purchase orders that are issued to greenlife suppliers throughout the year. Bunnings has a process for updating its trading terms on an annual basis and greenlife suppliers have the opportunity to negotiate the terms before signing. These contracts are not exclusive, so greenlife suppliers are free to sell their plants to other purchasers.
- If a greenlife supplier would like to offer Bunnings a stock commitment relating to any of its product lines, for a specified period, then the supplier can make this offer to Bunnings at any time. Bunnings reviews the offer and confirms, in writing, if accepted. The buyer then provides a 'stock tracker', which confirms the plant type, the quantity and the timeframes in which the stock needs to be delivered.
- If the supplier is unable to deliver the volume of plants that Bunnings has committed to buy (e.g. because the supplier has experienced weather-related issues), Bunnings will buy the plants available from the supplier at the time. In many cases Bunnings may also work with the supplier to identify alternative products that can be supplied.
- Separate to any commitment between Bunnings and the greenlife supplier, individual Bunnings stores can also order plants directly from the supplier, for example, in circumstances where the stock in their store needs to be replenished. To facilitate this process, the supplier specifies what they have available in their nursery on the Bunnings Greenlife App and the stores order directly via this App.

We also confirm for completeness that Bunnings had binding trading terms with each of the growers who provided evidence in the Submission.

Requests for price increases

A greenlife supplier can ask for a cost increase at any time. Bunnings considers all price increase requests in good faith. Bunnings will review the supplier's request taking into account factors such as product availability, quality, customer demand, historical pricing and the price in the market. Bunnings regularly receives and considers price increase requests from greenlife suppliers.

Conclusion

As stated in the First submission, Bunnings acknowledges that despite our best intentions, we are not perfect. We work hard to implement clear and efficient processes for listening and responding appropriately to concerns raised by our suppliers reflecting our genuine commitment that where issues are raised, they are reviewed and resolved quickly. We are on a journey of continuous improvement and should it be identified that additional processes are required or that existing processes may be enhanced, we will take appropriate action.

We are proud of our relationships with our greenlife suppliers, many of which have lasted for over 20 years, and which attest to our commitment to building meaningful partnerships. We are genuinely committed to building longstanding, win-win relationships with greenlife suppliers which enable them to grow their businesses



successfully alongside our own. We are fully committed to understanding and addressing our greenlife suppliers' concerns and as you can see, there are a series of actions which are underway.

Bunnings again thanks the Committee for granting it the opportunity to respond to the
and trusts that this response assists the Committee.

Submission



Attachment

From: Michael Schneider

Sent: Tuesday, April 9, 2024 12:30 PM

To: [REDACTED]

Subject: An important message to our valued greenlife suppliers

Dear

I wanted to reach out regarding media reports about the greenlife industry over the last few weeks.

I've been particularly concerned at the suggestion that some of our suppliers haven't felt safe to raise concerns with us. As I hope you know, having strong relationships with our suppliers is something that's really important to us as a business. We want to continue supporting your business to grow alongside ours.

At the heart of our relationship with our 53,000 team members, thousands of suppliers and millions of customers, is transparency. We don't get it right every time, and that's why we actively invite feedback from you - to understand where we've fallen short of expectations so we can put things right.

To make sure we get your feedback directly, please get in touch with our Chief Customer Officer Ryan Baker, Director of Merchandise Jen Tucker or me at any time - I've copied them on this email. As we have shared many times over the years, you can also provide confidential feedback through our anonymous ['Speak Up' reporting service](#) operated by Deloitte. We've also set up a new internal feedback channel facilitated by our Head of Risk and Compliance, Michelle Curran - you can submit your feedback to [here](#) and you'll receive a response in 48 hours.

Our relationship with you, and all our suppliers, is absolutely critical to the success of our business. We can only deliver outstanding service, widest range, and lowest prices to our customers every day with your support.

I'd like to thank everyone who's offered support and examples of their positive experience as suppliers of ours over several decades - sometimes multiple generations of the same family. We're really proud to work with you as we serve our customers, offering great value home improvement, building and lifestyle products across the business.

I'm looking forward to seeing many of you at the Greenlife Supplier Open Forum hosted by Ryan and I in our National Support Office in Burnley on 18 April - if you haven't registered yet, please [click here](#)

As above, if you're not able to make it, and you would like to have a chat, please don't hesitate to drop me a line.

Regards

Mike