



27 September 2024

Committee Secretariat
Senate Economics References Committee
PO Box 6100
Parliament House
Canberra ACT 2600

Submitted via email: economics.sen@aph.gov.au

Dear Senators,

Thank you for the invitation to make a submission to the Senate Economics References Committee's inquiry into 'Big box' retailer price setting.

Our submission provides the Committee with information about price setting in Bunnings, as described in the Terms of Reference, including our commitment to our Every Day Low Prices strategy and our Price Guarantee, as well as the critical role that our long-standing supplier partnerships play in supporting a compelling offer to our consumer and commercial customers.

Bunnings understands the importance of value to Australian households and businesses and aims to help them stretch their budgets as far as possible.

When we opened the first Bunnings Warehouse in Sunshine 30 years ago, in addition to creating a new 'look and feel' retail environment, we established our strategic pillars of Lowest Prices, Widest Range and Best Experience which have since formed the bedrock of our strategic agenda.

Our disciplined focus on our strategy has, over the decades, helped make 'DIY' accessible to everyone, empowering millions of Australians to make their house a home, with improvements from the front gate to the back fence that over time enhances the value of their most important asset.

Bunnings is a strong and recognised brand, and we accept that this comes with great responsibility – one that we take very seriously.

We know that trust is hard to build. We endeavour every day to conduct our business with integrity and respect in accordance with our core values and our embedded culture of 'doing the right thing'. This includes placing a high priority on listening, learning, improving, and responding to issues. We recognise that we must earn trust every day to be chosen by customers, our team, suppliers, and the broader community.

With that in mind, we have implemented a strong framework, encompassing policy, technology, processes, procedures, and mandatory training to deliver on our lowest prices promise that we have made to our customers.

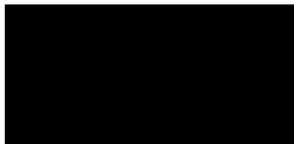
Our team members are central to the delivery of our promise and are fully empowered to make decisions in the best interests of our customers regarding the application of our Price Guarantee. We recognise sometimes we don't get it right, however when we make a mistake on how we apply the Price Guarantee we put it right as soon as we are made aware.



We have also built longstanding partnerships with suppliers across Australia recognising their critical role in delivering on our Widest Range and Lowest Prices strategic pillars.

We trust that the information in our enclosed submission addresses questions the Committee has about Bunnings and the industry in which we operate. We look forward to contributing to the Inquiry.

Yours sincerely,



Michael Schneider
Managing Director
Bunnings Group Limited



1 About Bunnings

Founded in 1886 by brothers Arthur and Robert Bunning when they purchased their first sawmill in Western Australia, Bunnings has grown to be a leading retailer in home improvement, building materials and lifestyle products operating across a network of more than 360 locations in Australia. This network includes trade centres, specialty businesses, frame and truss plants, distribution centres, smaller format stores and 255 warehouses.

Today Bunnings is one of Australia's most reputable brands, named Australia's most trusted brand by Roy Morgan in the 12 months to June 2024 and most trusted retailer in 2024 by Readers Digest. This reputation has been earned over decades through an unrelenting focus on our strategic pillars of delivering Lowest Prices, Widest Range, and Best Experience, supported by investments in team and culture, and by building trust with our customers, suppliers, and local communities over the long term.

We focus on delivering a compelling value proposition for our customers, broadly segmented as follows:

- **Consumer** – supporting households to conduct essential repairs, maintenance, and improvements while inspiring and assisting discretionary or creative projects. We have empowered millions of people over decades to make their house into a home with improvements from the front gate to the back fence that enhance the value and amenity of their most important asset; and
- **Commercial** – supporting tradespeople, builders, businesses, governments at all levels and organisations to operate more efficiently.

Delivering an offer that meets the changing needs of our customers has seen Bunnings' range evolve from around 34,000 hardware and improvement products when the Sunshine warehouse opened in 1994 to an omnichannel business with approximately 250,000 home, commercial and lifestyle products across our instore, online and marketplace offers.

Delivering on our Widest Range and Lowest Prices strategic pillars is only possible through the long-standing partnerships we have built with our suppliers. This includes working collaboratively with them on ethical sourcing and sustainability programs that drive better outcomes across the supply chain helping us collectively manage risk and support the long-term viability of our businesses.

The cornerstone of our business is our team and our culture. We employ more than 50,000 team members across Australia, including more than 14,700 in rural and regional areas. Nearly 75 per cent of our team members are in permanent positions and we offer above-award pay rates, flexible working conditions and a range of additional benefits. We are proud that over half of our team members are women, that 3.4 per cent of our team identify as Aboriginal or Torres Strait Islander and that our team members speak more than 70 languages. Our multi-generational workforce is our strength with team members spanning a wide age range with 29 per cent over the age of 50 and 46 per cent under 30. Our team takes pride in meeting the needs of people living in their communities and shopping with us.

Community contribution is a fundamental part of our culture. Bunnings supports community organisations, groups, and charities through a range of activities such as free in-store workshops, fundraising, local community activities and, of course, sausage sizzles. In FY24, our teams helped generate more than \$60 million in community contributions across almost 80,000 community activities. Through our community program we also supported flood recovery efforts in New South Wales and relief efforts across Far North Queensland and Southeast Queensland in the wake of Cyclone Jasper.

Bunnings contributes strongly to the Australian economy by creating significant direct and indirect employment opportunities, including supporting construction jobs through our store building and upgrade works and generating value for suppliers. Over the past decade we have invested more than \$5.2 billion in



our stores across Australia, which has created over 11,300 jobs at Bunnings and supported approximately 3,400 construction jobs.

2 Bunnings' approach to price setting

Bunnings has built a reputation for lowest prices and great value over decades. To ensure we consistently deliver great value to our consumer and commercial customers, Bunnings has created and invested in a unique 'ecosystem' which drives and sustains our Everyday Low Prices (**EDLP**) strategy, whereby we have:

- developed and maintained a key policy to keep prices low for over 30 years (see section 2.2) reflecting the importance of value to our customers and helping them stretch their budgets as far as possible; and
- engaged with suppliers with respect and in good faith (see section 2.3) consistent with our values, including horticultural producers which are described in the Terms of Reference (see section 2.4).

2.1 Bunnings operates in a competitive landscape

Since 1994, Bunnings has evolved from offering traditional hardware to home improvement and outdoor living through to the home, living and building markets reflecting changing customer trends and needs.

The competitive landscape in which Bunnings operates has also changed markedly through new and expanded product ranges, categories, and services as well as new formats and channels, including online and in-store.

Competition continues to grow and intensify - it is a diverse and highly competitive landscape with consumer and commercial demand driven by economic and other factors including population changes; housing availability; business, building and renovation activity; house age, churn, and value; demographics; household disposable income; lifestyle trends; as well as innovation and technology.

With our Widest Range strategic pillar, Bunnings takes a category-by-category approach, keeping our customer offer differentiated and compelling knowing that long-term success is achieved by being responsive to customers' evolving needs and trends. We have many competitors across the different product categories we offer, as shown in in Figure 1 below (see also Schedule 1 for a magnified version of each box).



Figure 1: Bunnings competitive landscape by key categories

Pure-play online retailers, such as Amazon, Temu and Temple and Webster are an increasing source of competition. These online platforms have significant scale, lower operating costs, and compete over many of the same product categories as Bunnings. Like other retailers, Bunnings has significantly invested in its



online and in-store offering to compete with them. In recent years the biggest source of price-beat claims for Bunnings is the online retailers.

In relation to the greenlife retail sector, the Greenlife Industry Association (**GIA**) has asserted that Bunnings has a 70 per cent share of the greenlife market. We have repeatedly expressed our concern about this assertion made by the GIA as it is incorrect and not supported by widely available industry data.

The greenlife sector is a vibrant, highly competitive market with multiple, varied channels to market. Independent industry data from IBISWorld values the trees, shrubs, and plants sector of the Australian gardening supplies retailing industry (excluding online-only retailers) at \$2.9 billion.¹ Applying Bunnings' greenlife sales, across both consumer and commercial customers, to this figure, Bunnings' market share in greenlife retail in Australia is less than 25 per cent. In addition to supplying retailers, growers also directly supply customers of retailers (including Bunnings customers) such as government, primary industry, landscapers, and builders. Bunnings' market share of the acquisition of greenlife directly from growers is therefore even lower.

2.2 Keeping prices low for customers

Bunnings adopts an EDLP strategy across our expansive product range reflecting our commitment to delivering lowest prices to customers. As an EDLP retailer, our business model leverages scale, coupled with a disciplined focus on operational efficiencies from the unique low-cost warehouse design and layout of our stores to our service model. This enables us to keep prices low for customers as well as invest in service.

We have maintained our lowest prices policy across economic cycles, during periods of high inflation and in difficult trading conditions. We work hard to maintain transparency on our actions, decisions and policies including our ability to substantiate the representations we make to our customers through our lowest prices policy, consistent with our values. We make significant investments in training our team members and operating our business to deliver lowest prices to our customers.

This includes:

- sourcing in bulk volumes from domestic and international suppliers;
- performing independent due diligence for all new products to determine the lowest sale price in the market;
- thorough and regular monitoring of competitors' prices (e.g., through physical visits, catalogue reviews, online price monitoring);
- a dedicated Bunnings team that monitors social media platforms and product review sites to listen and respond to customer feedback;
- implementing price reductions for products where competitors' prices are identified as being lower than Bunnings' prices;
- operational productivity initiatives to improve efficiency across supply chains, stores, and service models to reduce Bunnings' cost base; and
- an extensive and well-established compliance framework to promote our team members' understanding of, and compliance with, our lowest prices policy and Bunnings' legal obligations. This framework includes mandatory training of our team members (especially our merchandise and store teams), as well as internal policies, processes, and procedures.

¹ IBISWorld Garden Supplies Retailing in Australia Industry Report dated March 2024.



Where, at a point in time, due to the dynamic nature of competition, a customer finds a cheaper price offered by a competitor for the same in-stock item at Bunnings, we will apply our Price Guarantee, beating the price by 10 per cent.

We train our team members on the application of the Price Guarantee and empower them to take a reasonable, 'common-sense', customer-first approach in each case, applying our Price Guarantee to similar or like for like items even if they are not identical, including competitor comparisons of different unit measurements and as between our exclusive products and a similar level product from one of our competitors. Examples of where our customers directly benefit from our 'like for like' approach to products of different pack sizes include:

- Bunnings sells Heat Beads Original Barbeque Briquettes in a 7.5kg bag, Woolworths in a 4kg bag and Mitre 10 in a 10kg bag. On a comparison of a per kg basis, we sell the product at \$2.19 per kg, Woolworths for \$3.13 per kg and Mitre 10 for \$3.00 per kg.²
- Bunnings sells No Vac Instant Spot and Stain Remover in a 550 gram can and Mitre 10 and Big W in a 500 gram can. On a comparison of a per gram basis, we sell the product at \$0.017 per gram, Mitre 10 at \$0.024 per gram and Big W at \$0.018 per gram.³
- Bunnings sells Calcium Lime Rust Remover in a one litre bottle and Home Timber & Hardware sell it in a 750ml bottle. On a comparison of a per millilitre basis, we sell the product at \$0.019 per millilitre and Home Timber & Hardware at \$0.024 per millilitre.⁴

Across the Australian retail sector, including the home improvement and lifestyles sector, exclusive brands are common across a range of channels and retailers. For example, Ozito at Bunnings and Rockwell at Mitre 10 or Milwaukee in specialist tool shops like Tool Kit Depot, Total Tools, and Sydney Tools. Exclusive brands enable businesses to differentiate their offer and create unique ways to engage with customers. Equally, there are many brands, such as Dulux and Makita, both of which we sell at Bunnings, that are also sold across many channels and by other retailers.

Whilst Bunnings uses exclusive brands to differentiate our offer, we do not use them to exclude operation of our lowest prices policy or as a reason to not apply our Price Guarantee. We reduce prices on our exclusive products to respond to competition in the market if the *similarities* of the relevant product are strong. To illustrate this point, products under our exclusive Ozito brand, have at times been reduced in price to match brands like Black & Decker which is sold by other retailers given the similarities in specifications between the products. Bunnings does this to ensure its customers benefit from the best value in the market on 'like for like' items, going above and beyond what we commit to in our lowest prices policy and Price Guarantee. Our team members can sometimes get it wrong and may make a mistake on how they apply the Price Guarantee but as soon as we are made aware, we will put it right.

2.3 Building long-standing partnerships with suppliers

Our business is built on longstanding partnerships with suppliers across Australia recognising their critical role in delivering on our Widest Range strategic pillar. Bunnings currently has over 1,250 suppliers, of which 30 per cent have worked with our business for more than 15 years. Almost two-thirds of our domestic purchases are made from these long-term suppliers.

Conducting business with integrity, honesty and respect are part of our core values, requiring us to act in accordance with our embedded culture of 'doing the right thing' which is underpinned by our mandatory and well-established team member training.

² The per kg prices referenced are current at each retailer as at 26 September 2024.

³ The per gram prices referenced are current at each retailer as at 26 September 2024.

⁴ The per millilitre prices referenced are current at each retailer as at 26 September 2024.



We routinely engage with our suppliers through a range of initiatives including an annual supplier sentiment survey, supplier forums, and meetings with supplier and industry-related associations. These engagements enable us to provide suppliers with insights about our business priorities, customer trends and also give suppliers an opportunity to provide us with feedback.

Prior to the commencement of a relationship with Bunnings, suppliers are provided with Bunnings' New Supplier Information Pack, which includes trading terms, as well as information about our dispute resolution and reporting processes.

The trading terms outline the following dispute resolution process:

- Suppliers should raise any concerns with their buyer or category manager.
- If the supplier is unhappy with the response they receive to their concerns, they are encouraged to escalate the issue to the General Manager, Director of Merchandise or Managing Director.
- If the supplier does not wish to raise concerns directly, confidential channels are offered through our whistleblower process, 'SpeakUp', which is independently operated by Deloitte.

Additionally, Bunnings' parent company, Wesfarmers, maintains a separate whistleblower process with nominated Protected Disclosure Officers displayed on its publicly available policy and/or through its separately hosted external line conducted by KPMG. Bunnings' and Wesfarmers' policies and services are publicised on their websites.

Bunnings is also committed to working with suppliers on volume and price fluctuations. If Bunnings commits to a volume under a supplier's trading terms, that commitment is honoured, including where for various reasons the product has not sold as initially anticipated. If the supplier is unable to meet their commitment, Bunnings will typically still purchase whatever is available. Bunnings regularly receives price increase requests from suppliers and considers them in good faith.

2.4 Bunnings' engagement with greenlife suppliers

Bunnings' strong partnership with its suppliers extends to its network of over 200 greenlife suppliers in Australia ranging from small family-owned businesses to larger enterprises, with more than half of these suppliers having worked with Bunnings for more than 20 years. Bunnings' greenlife suppliers represent approximately 20 per cent of growers nationally.

Bunnings' arrangements with greenlife suppliers are non-exclusive so they can supply their plants to other retailers, wholesalers, government, primary industry, landscapers and direct to consumers.

The greenlife industry has unique factors and complexities such as climate and seasonality, vulnerability to weather, perishability of stock and biosecurity issues. Our preference is to source locally, recognising however that to have the best offer for customers may require sourcing plants from interstate greenlife suppliers.

Given that Bunnings' product offering is driven and affected by a range of local factors such as climate and weather, biosecurity state-based regulations and customer trends, each greenlife supplier has unique circumstances which informs its relationship with Bunnings. Consequently, we have state-based buyers who understand the specific regions and work closely with local greenlife suppliers, as well as a National Buyer and Category Manager to provide other points of contact with our team.

Bunnings uses the trading terms and processes described above with its greenlife suppliers. The trading terms govern individual transactions via purchase orders. Greenlife suppliers may offer, and Bunnings may accept, stock commitments relating to certain products, or Bunnings may also initiate requests for a stock commitment. If Bunnings accepts a stock commitment offered by a greenlife supplier, then Bunnings will honour that commitment.



If the greenlife supplier is unable to deliver the agreed volume (e.g., due to weather-related issues), Bunnings will buy the plants available from the greenlife supplier at the time. Bunnings does not direct or require its greenlife suppliers to grow plants that Bunnings does not ultimately purchase.

Bunnings conducts regular greenlife supplier specific engagement to understand their needs, including regular forums hosted by its Greenlife Category Manager and National Buyer and attended by various members of Bunnings' senior leadership team.

Bunnings was surprised by the concerns raised by GIA during the Senate Supermarket Prices Inquiry in March this year, which were based on four complaints, two of which were over a decade old. To clarify these concerns, Bunnings has undertaken further consultation with greenlife suppliers.

Bunnings has implemented a range of enhancements to our business processes including:

- reviewed our trading terms, to provide greater clarity on our complaint escalation process;
- addressed greenlife supplier queries about packaging requirements through distribution of a simple factsheet;
- removal of restrictions on pot sizes on shelves;
- providing direct access to our Store Leadership teams to support effective communication between our respective businesses;
- working to increase our Greenlife Merchandise team so our buyers can spend more time with greenlife suppliers.

The Independent Review of the Food and Grocery Code of Conduct Final Report (**Report**) recommended in June 2024 that GIA and Bunnings '*agree to work together to develop a document, drawing upon relevant provisions in the Code, setting out expectations relating to the supply of nursery plants*'. Bunnings has (and continues to) actively and constructively engage with GIA on this recommendation. We have for example, invited the GIA to provide its input and suggestions on how such a complaints process may be structured and we are awaiting a response. We remain committed to working constructively with the GIA and other associations, to achieve positive outcomes for our greenlife suppliers.

Throughout this engagement, Bunnings has not received any feedback from greenlife suppliers which supports the GIA's prior submissions or that is indicative of systemic problems as alleged by GIA. Pleasingly, many of our greenlife suppliers have confirmed their positive experiences supplying Bunnings.

3 Bunnings and the Food and Grocery Code of Conduct

The proposition that the Food and Grocery Code of Conduct (**Code**) be extended beyond the food and grocery industry has already been extensively considered, including most recently in the Food and Grocery Code of Conduct Review, conducted by Dr Craig Emerson.

The Report '*carefully considered arguments for other retailers to come into the code, including the sale of nursery plants by Bunnings*'. It ultimately concluded that '*the Code should not be extended beyond supermarkets to cover other retailers*' and recommended '*that the Code continue to apply to supermarkets as conventionally understood as places for regular grocery shopping as well as Metcash as the largest grocery wholesaler*' as '*this is the purpose for which the Code was developed*'. The Report also concluded: '*Expanding the Code to cover businesses such as Bunnings...would involve a change in the policy intent of the Code. That intent is to regulate supermarkets as they are ordinarily understood.*'



3.1 Definition of Groceries

'Groceries' are broadly defined under the Code to include food and other diverse products ranging from clothes, perfumes, cosmetics, pharmaceuticals, and toys to petfood, cleaning products, plants and more.

As noted in the Explanatory Statement to the Code, '*the Code has been broadly designed to address the activities of the major retailers in the food and grocery retail market*' and therefore includes a broad definition of groceries to capture the majority of interactions between major supermarkets and their suppliers. The Report recommended that the Government consult on whether to refine the list of grocery products regulated by the Code, as it considered that:

*'The products included in the definition of grocery items **should be those that consumers ordinarily purchase from supermarkets**. The existing definition appears to be outdated and some of the products do not fit readily with what consumers would consider to be grocery products.'*
(emphasis added)

Bunnings notes that the descriptions of products included as 'Groceries' in the Code are broad and imprecise, such as 'household goods' and 'do-it-yourself' products'. The Report's recommendation in this regard would align the Code more closely with its policy intention of regulating supermarkets.

Bunnings currently sells over 250,000 stock keeping units (**SKUs**) across its product range. None of these SKUs includes fresh food or dry grocery products for human consumption. Despite Bunnings competing with major supermarkets in respect of particular products, we are clearly not a supermarket. We do not carry on a 'supermarket business' within the meaning of the Code. This was acknowledged in the Final Report:

'The Review notes that Bunnings ...supply some 'groceries' as they are defined in the Code. However, families do not complete their weekly food and grocery shopping at Bunnings... The Review considers that Bunnings...should not be regulated under the Code merely on the basis that they supply some grocery products.'

This is also consistent with the ACCC's recent commentary in its Supermarkets inquiry August 2024 interim report where it included Bunnings as a 'non-supermarket grocery retailer' and said:

"While we acknowledge these retailers sell groceries which overlap and compete with supermarkets to some extent, the ACCC has not considered these non-supermarket grocery retailers close competitive constraints on supermarkets in the past and we have not received persuasive new information in this Inquiry to date to change this view."

Bunnings operates in the home improvement, building materials and lifestyle products sectors. These sectors differ significantly to food and grocery retailing, including in terms of product offer, customer segmentation, store formats, frequency of shop, perishability of product and supply chains.

In contrast to supermarkets, our business services both consumer and commercial customers, with commercial customers representing approximately 40 per cent of our total revenue. Most of the products we stock are sold for project-based purchases (such as hardware, building supplies, paint, storage, pool fencing and timber), or general maintenance and repairs, including emergency repairs, storm and bushfire preparation and disaster resilience. Our products are typically available in project quantities with a strong mix of necessity and discretionary purchasing options. Typically, our consumer customers frequent our stores irregularly, on a project-by-project basis, whereas customers generally frequent supermarkets routinely.



Additionally, our unique large format warehouse environment is very different to the supermarket format, including because the majority of the products we sell are not perishable, we do not generally offer time-limited promotions, we generally offer bulk sizes of stock, and we invest in the development of our team to be product experts and trade specialists.

This difference in scope and scale is driven by the fact that, in our industry sectors, products of the character and type we stock are complementary to the home improvement market, being important elements of the care, upkeep and conduct of homes, workplaces or businesses. This underlines the importance of confining Industry Codes to particular industries.

To illustrate further, the Code defines 'groceries' as including: '*(m) plants, flowers and gardening equipment*'. In context of the Code, the inclusion of 'plants and gardening equipment' in the definition of 'groceries' was to cover the sorts of plants and gardening equipment sold by supermarkets, as reflected in the policy intent of the Code. There are significant differences in the characteristics of the greenlife products sold by supermarkets compared to those sold by Bunnings or its competitors. For example:

- Supermarkets typically stock a small range of fresh cut flowers and potted plants such as orchids and succulents, as well as potted herbs intended for immediate consumption, rather than seedlings or larger plants intended for replanting. Bunnings does not sell fresh cut flowers and stocks a greater variety of plants in varying growth stages, with longer shelf lives and in larger quantities in our outdoor nurseries.
- Our product offering is holistic and aimed at enabling our customers to maintain and improve their indoor and outdoor spaces. Within our greenlife offering, we are viewed by our customers as a destination for plants and gardening products including products such as pots, soil and potting mix, speciality fertilisers and gardening equipment. This range is complemented by our full outdoor living offer (including pool equipment, outdoor furniture, and BBQs). Bunnings' greenlife offer is more akin to a nursery or garden centre.
- Purchases of small potted plants, herbs and fresh cut flowers from supermarkets are self-serve with no consultation with any shop assistant. In contrast, a key part of Bunnings' offering is the in-store assistance, with our team members trained to assist customers identify particular plants, provide advice on care, as well as garden care and maintenance, best suited to their specific project needs for their garden.

3.2 Extending the Code to non-Supermarkets will have adverse consequences

As set out above, the Code was not drafted to apply to all retailers who sell grocery products, but rather to regulate only those carrying on a 'supermarket business'.

The Report recommended against including big box and other large format retailers in the Code. Extending the Code beyond that for which it was created is likely to have adverse consequences. In practical terms it involves covering an extremely diverse cohort of big box and other large format retailers, which will introduce significant complexity into the Code and require extensive consultation. Each of these retailers operates in distinct sectors with their own unique aspects, commercial challenges, and relationships. Doing so would distract from the implementation of the recommendations for reform of the Code made in the Report. Requiring Bunnings to comply with the Code in respect of a small proportion of the products it sells would place an unfair burden on Bunnings relative to supermarket retailers for whom selling groceries is their core business.

Finally, Bunnings has not identified any other jurisdiction in which a retailer like Bunnings, without a designated groceries department, and which derives a relatively small proportion of its overall revenue from the sale of greenlife products, is subject to a food and/or grocery code of conduct.



4 Acquisition and use of land

Bunnings investigates opportunities for acquiring sites for new stores, expanding stores, and replacing stores on an ongoing basis. Where Bunnings decides to develop a new site, we will acquire either a leasehold or freehold interest in the land, depending on what is available. Where a freehold interest is acquired, Bunnings will develop the land then seek to sell the land back into the market, retaining a leasehold interest for the Bunnings store as we prefer to operate our stores as a tenant.

We operate 310 Bunnings Warehouses and smaller format stores in Australia - only 9 of those operating stores currently being freehold, owned sites – all of these are earmarked for replacement, redevelopment or sale and leaseback.

Bunnings is financially disciplined and governed by the Wesfarmers Group Project Expenditure Policy when evaluating capital investments and, in line with that policy, uses a set of store network investment criteria to determine when we will invest in our store network either through the acquisition of new sites as well as store expansion or replacement. These criteria include:

- Investing in new stores in catchments where we are currently under-represented;
- Replacing stores where the lack of car parking negatively impacts customer experience; and
- Replacing stores to improve the layout, adjacent sites, and the ability to hold an adequate merchandise range.

The criteria are developed to improve the customer offer consistent with our strategic pillars of Lowest Prices, Widest Range, and Best Experience, and are not directed at preventing our competitors from acquiring sites to develop stores. Bunnings only purchases land if we plan to develop a Bunnings store on that land.

There are rare instances where Bunnings has not been able to develop land it owns due to, for example, difficulties with planning consents or increased construction costs. In such instances, Bunnings will sell the land on market, open to all bidders for that site.

5 Conclusion

In conclusion, and by way of summary Bunnings emphasises that:

- Bunnings has built a reputation for lowest prices over decades recognising the importance of value to our consumer and commercial customers by helping them stretch their budgets as far as possible.
- Bunnings has created and invested in a unique 'ecosystem' which drives and sustains our EDLP strategy which is underpinned by policy, processes, systems, and team member training on implementation.
- Conducting business with integrity and respect are part of our core values, requiring us to act in accordance with our embedded culture of 'doing the right thing'.
- Our business is built on longstanding partnerships with our suppliers recognising their critical role in delivering on our Widest Range and Lowest Prices pillars.
- The proposition that the Code be extended beyond the food and grocery industry has already been extensively considered in the Food and Grocery Code of Conduct Review, in which Dr Emerson concluded that '*the Code should not be extended beyond supermarkets to cover other retailers*' acknowledging that expanding the Code to capture retailers in the same sectors as Bunnings is not warranted or appropriate.



Schedule 1 – Bunnings competitive landscape by key categories

DECORATOR AND HOME FURNISHINGS



BUILDERS AND TIMBER



HARDWARE AND FIXINGS



GARDENING



PLUMBING AND BATHROOM



OUTDOOR LIVING





ELECTRICAL



TOOLS



KITCHEN



PETS

