



Senate Select Committee on Supermarket Prices
Responses to questions taken on notice during the hearing on 15 April 2024
Bunnings Group Limited
26 April 2024

Set out below is Bunnings' responses to the questions taken on notice during the hearing of the Senate Select Committee on Supermarket Prices (Committee) on 15 April 2024.

Senator Ross Cadell asked the following questions, taken on notice:

Question 1: You have 220 suppliers. How many of those supplier agreements have minimum order requirements for delivery?

Bunnings' response:

Bunnings has agreed to enforceable trading terms and conditions with each of its greenlife suppliers (suppliers). These contracts set out the terms that govern all individual transactions carried out during the year via purchase orders. One of the standard terms negotiated is minimum order value. A minimum order value is the minimum amount by value of products that Bunnings must purchase from a supplier under a purchase order. It is open to a supplier to request Bunnings to include and negotiate on this term as part of its agreement on an annual basis.

As at 23 April 2024 (running from the last trading terms renewal date, being 1 July 2023), Bunnings has approximately 30 suppliers with a minimum order value agreed in their trading terms. Please note that this information is commercially sensitive, and we request that the Committee redact this information if it proposes to publish this response.

To help provide further context in regard to commitments to volume more generally, if a supplier wishes to offer Bunnings a stock commitment on any of its product lines, for a specified period, then the supplier can make this offer to Bunnings at any time, and if accepted, Bunnings will confirm in writing. The buyer then provides a 'stock tracker', which confirms the plant type, the quantity, and the timeframes in which the stock should be delivered. Stock must meet quality standards specified in the Bunnings Plant Quality Standard Guidelines.

**Question 2: What percentage of value of purchases of greenlife product do you have contracted with price and number at greater than 90 days of supply? /What percentage, by sales, do you have contracted with price and quantity greater than 90 days for delivery?
If you could also take it for 60 days and 30 days.**

Bunnings' response:

We have assumed that this question relates to stock commitments, and therefore refer you to the information provided under question 1. To add further context, the delivery timeframes that apply to stock commitments that we agree with our suppliers can range anywhere from a certain number of weeks to months, and up to 12 months in some cases.

In addition, Bunnings provides suppliers with product performance information including a weekly report that shows the sell through of a supplier's individual product lines and a monthly performance report, which



includes a three-year historical overview outlining the supplier's overall performance for that period, for example, total sales, stock turn, stock on hand and stock loss. This information provides visibility to suppliers on how their individual product lines are performing across the Bunnings store network. It can also be used by suppliers in a number of ways, including for production planning, to provide insight on how their lines are selling and to assist with understanding customer trends. We are informed by our suppliers that we are the only retailer that provides this amount and quality of performance information. This information is made available to all suppliers in the 'Bunnings Connect' supplier portal system.

Question 3: What is the average mark-up you put on goods in your greenlife sector?

Bunnings' response:

We do not apply a mark-up approach in determining our retail prices for greenlife products and therefore cannot provide you with the average that you have requested. To provide further context, we do not calculate a specific fully costed profit and loss statement for our greenlife category on a standalone basis as we look at the profit and loss statement on a store by store basis (which includes approximately 50 product categories).

Senator Dean Smith asked the following questions, taken on notice:

Question 4: What level of active oversight and engagement does Bunnings' senior management have over the practices of its teams that deal with suppliers?

Bunnings' senior management exercise active oversight over the way team members engage with our suppliers based on a framework which we summarise below:

- On joining Bunnings, our culture, values, vision and expected standards of behaviour are clearly communicated to team members upon induction and are explained further in an internal guide called 'The Way We do Things Around Here'. Bunnings' culture and values are a key component of each team members day to day role and a material consideration in their annual performance review.
- The value we place on our supplier relationships is reinforced to our team members through our intranet, which houses our internal policies and processes, in addition we replicate supplier specific information on our external website ([Information For Our Suppliers - Bunnings Australia](#)).
- Relevant team members participate in mandatory Competition and Consumer Law (CCL) training on joining the company and which is repeated every two years. The importance of treating suppliers with respect and according to the law is covered in this training and is described in our CCL Manual which is made available to team members.
- The greenlife business is structured to ensure that Bunnings culture, values and individual accountability is reinforced and transparent throughout the team. Buyers are located in each state and are supported by a national buyer. This structure is overseen by a Category Manager, Ms Belinda Rakers, who appeared before the Senate.
- Additionally, Bunnings creates numerous opportunities to engage with its suppliers including annual workshops, conferences, forums, surveys, and other supplier business engagements. The events specific to greenlife are outlined in our Confidential Submission dated 18 April 2024.

Question 5: What is the formal complaints mechanism or process if a supplier is unsatisfied?

Bunnings' refers to its submissions to the Committee dated 8 and 18 April 2024, which explain the multiple channels that suppliers have to raise complaints with Bunnings.

Question 6: In response to Ms Raker's statement "We hold regular forums, catching up in stores. Many suppliers have regular contact with all levels of our senior leadership team." Senator Smith asked: "Perhaps you might expand on that answer for the committee on notice. I'd be most interested to hear that."



Bunnings refers to its submission to the Committee dated 18 April 2024 which explains the full day greenlife supplier forums hosted by Bunnings.

Question 7: What the extent is to which suppliers have made any formal or informal complaints to Bunnings' leadership on purchasing practices?

In our experience, if a supplier wishes to raise an informal complaint, or discuss a concern with us, they speak directly with their buyer, or our greenlife Category Manager. As far as we are aware these concerns are resolved directly between our greenlife team and the supplier.

Based on our records, we have had one formal complaint raised by a supplier relating to greenlife in the past two years. This complaint was investigated and resolved.

The only further formal complaints that we are aware of are the complaints raised by the four greenlife suppliers that gave evidence to the Senate Committee. We confirm that we could not find records of their lodging complaints with Bunnings about any aspect of their relationship with Bunnings or on Bunnings "purchasing practices" prior to 15 April 2024.