Woolworths profits show they have far too much power, says ACTU

Woolworths has today announced its Australian supermarket half-year profits of $929 million, up 2.5% on this time last year.

Woolworths also announced that their gross margins are also up by nearly 1% (96bps), meaning the profit they make on items has increased.

In his report, Professor Fels highlighted several concerns with the supermarket sector, the market dominance of two big players being one, but he also raised concerns around fair discounting and asymmetric price transmission, or rockets and feathers.

Many submissions to the Inquiry flagged fake discounts as a concern, where the prices of goods increased and they were being advertised back at normal prices but as 'specials'.

Rockets and feathers occur when costs for farmers rise, such as when the increased cost of meat is passed onto consumers by supermarkets almost instantly, but when prices fall, it takes a while for those savings to filter through to the consumer.

The 'Foodbank Hunger Report 2023' revealed that 3.7 million households in Australia experienced food insecurity in the last 12 months, more than the number of households in Syndey and Melbourne combined.

Quotes attributable to ACTU Assistant Secretary Joseph Mitchell:

"Over the last 6 months, Woolworths' profits have risen, and the amount of money they are making on items is also up. Woolworths is not showing restraint here, despite financial pressures on workers' budgets.

"High prices erode our standard of living just as much as a pay cut does. To post almost a billion dollars in a cost-of-living crisis points to the fact that Woolworths and Coles have too much power over their suppliers and ultimately their customers.

"Yesterday, the ACTU formally backed several recommendations, including a Prices Commission, separate from the ACCC, to permanently examine high prices and price practices so that underhanded tactics, excuse-flation, and a lack of competition can be uncovered."

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