Woolworths Group Limited, on behalf of itself and other supermarket chains

A Submission to the Australian Competition and Consumer Commission

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Introduction

The Australian Logistics Council (ALC) supports the application for substantive authorisation for a period of 12 months, subject to clear competition safeguards and practical oversight.

The proposed conduct is capable of delivering a substantial public benefit by helping supermarkets and their supply chain partners maintain the availability of essential retail products during fuel-related disruption. The authorisation should enable rapid operational coordination. It should not permit coordination on price, weaken supplier protections or transfer the cost of the response to the businesses performing the freight task.

Since the application was lodged, diesel prices have risen sharply and remain volatile. This strengthens the case for a workable contingency arrangement, but it also makes the boundaries of the authorised conduct more important.

Australian Logistics Council

ALC is the peak national body representing Australia's end-to-end supply chains. Our membership spans major retailers, manufacturers, freight owners, road and freight rail operators, ports, intermodal terminals, infrastructure providers, warehouses and distribution businesses.

Woolworths and Coles are ALC members. ALC supports the application on its merits and from the broader perspective of the businesses that transport, store and distribute essential goods across Australia.

Public benefit

Fuel disruption reduces the capacity of the entire system that supplies Australian businesses, households and communities. Diesel remains the main energy source for long-distance road freight, regional distribution, refrigerated transport, freight rail operations and a substantial share of port, terminal and warehouse activity. A material disruption to diesel supply or distribution would quickly affect food, groceries, medicines, household products and other essential goods.

Without authorisation, each retailer would be required to respond independently to the same system-wide constraint. That creates a risk of competing demands being placed on limited fuel, vehicles, drivers, storage, warehouse capacity and distribution routes without a clear view of where the need is greatest.

Controlled coordination should allow participating businesses to:

- identify emerging fuel, freight and distribution constraints earlier.
- coordinate responses to disruptions affecting distribution centres, freight corridors and regional supply routes.
- prioritise essential products and communities facing the greatest risk of shortage.
- reduce duplicated or avoidable freight activity and make better use of available backhaul capacity.
- maintain refrigerated and time-sensitive supply chains.
- share relevant operational information with government and emergency coordination bodies; and
- act before localised shortages trigger panic buying or broader disruption.

These benefits are strongest where the authorised conduct is tightly connected to the disruption and supports decisions that individual businesses cannot make effectively in isolation.

Diesel pricing and operating pressures

The current price pressure is severe. For the week ending 26 July 2026, the national average retail diesel price was $2.196 per litre, up $0.193 in one week and $0.345 over the month. The national average wholesale diesel price was $2.102 per litre, up $0.472 over the month. The Singapore Gasoil 10 ppm benchmark was $1.442 per litre, $0.420 higher than one month earlier and $0.562 higher than a year earlier.[1]

These are not marginal movements. ALC members have reported increases in diesel costs of more than 60 per cent during the current disruption. Fuel levy and contract adjustment mechanisms can lag rapid market movements, leaving freight operators—particularly smaller carriers—with a significant cash-flow and working-capital burden before higher costs can be recovered.

The temporary $0.16 per litre fuel excise reduction and equivalent reduction in the Heavy Vehicle Road User Charge will end on 2 August 2026.[2] Their expiry will add further cost pressure at a time when wholesale and international diesel prices are already elevated.

Price pressure can constrain freight capacity even where diesel is physically available. An operator may have access to fuel but be unable to sustain additional routes, emergency repositioning, altered delivery windows or higher working-capital requirements without a commercial mechanism to recover the cost. Freight capacity lost for financial reasons has the same practical result for consumers as capacity lost through a physical shortage: fewer services and a greater risk of delayed or unavailable products.

The authorisation should therefore not require evidence of a complete physical shortage before operational coordination can occur. Material fuel allocation constraints, terminal congestion, distribution failures, significant corridor disruption or a demonstrated loss of essential freight capacity should also be capable of activating the arrangements.

Regional, rural and remote communities

The case for authorisation is particularly strong for regional, rural and remote Australia. These communities face longer replenishment distances, higher freight costs, fewer alternative suppliers and greater dependence on individual routes, depots and distribution facilities. A disruption that can be managed through alternative suppliers or transport options in a metropolitan market may result in an extended shortage in a remote community.

The authorised arrangements should allow participants to consider community need, supply chain vulnerability, replenishment time and the availability of alternative supply—not simply commercial scale or purchasing volume.

Independent retailers, regional wholesalers and smaller suppliers must also have reasonable access to constrained freight, fuel and distribution capacity. They often provide the only practical supply channel for smaller or isolated communities. Coordination should not entrench an advantage for the largest participants or leave independent businesses outside the information and allocation process.

Coordination and cost allocation

Retail continuity cannot be achieved solely through coordination among supermarkets. The Applicants depend on manufacturers, primary producers, suppliers, road transport businesses, freight rail operators, ports, terminal operators, warehouses, cold storage facilities, fuel distributors and other service providers.

The authorisation should clearly protect operational coordination with these parties where it is reasonably necessary to maintain retail supply. That may include sharing information on fuel availability, distribution centre capacity, route disruptions, delivery windows, cold-chain constraints, inventory priorities, and the availability of transport assets.

The practical fuel supply chain also extends beyond the point at which diesel is imported. It depends on vessel arrival, port access, terminal receipt, bulk storage, loading infrastructure, road tanker and freight rail transfer, inland depots and final delivery. A failure at any point can prevent fuel from reaching the freight operations that deliver essential goods.

Participation by suppliers, freight operators and service providers should remain voluntary. Businesses should not be required to disclose commercially sensitive information beyond what is necessary to manage the disruption, and there should be no retribution for declining to participate or for raising concerns about cost, safety or operational feasibility.

Emergency route changes, additional storage, asset repositioning, altered delivery schedules, extended operating hours and the use of higher-cost fuel can create substantial additional costs. These costs should be addressed transparently through existing or temporary commercial arrangements. Supply continuity will not be achieved by requiring suppliers, contractors or freight operators to absorb the cost of the emergency response.

Nothing in the authorisation should displace obligations under the mandatory Food and Grocery Code of Conduct, including duties to deal with suppliers lawfully and in good faith and the protections governing changes to grocery supply agreements.[5]

Competition safeguards and governance

ALC recognises the competition risks associated with coordination between major supermarkets. Those risks can be managed without making the authorisation so restrictive as to hinder timely operational decisions.

The authorised conduct should remain limited to preparing for and responding to fuel-related supply and distribution disruption. It should not extend to coordination concerning:

- retail prices, margins, discounts or promotions.
- supplier purchasing prices, transport rates, fuel levies or ordinary contractual negotiations.
- future commercial or competitive strategy.
- customer, supplier or market allocation unrelated to the disruption; or
- commercially sensitive information that is not reasonably required for the authorised purpose.

Each participant must continue to set prices independently. The authorisation should not be treated as an endorsement of retail price increases or as protection from the excessive pricing prohibition that has applied to Coles and Woolworths since 1 July 2026. The ACCC has expressly identified transport and fuel costs as relevant costs when assessing supermarket pricing, but genuine cost increases do not permit competitors to coordinate prices or margins.[4]

The ACCC's March 2026 interim authorisation for fuel industry coordination provides a useful precedent. It allowed information sharing and coordination directed to supply, while expressly excluding price and imposing conditions designed to protect independent distributors.[3] Similar discipline is appropriate here.

The authorisation should distinguish between contingency planning and an activated disruption response. Participants should be able to maintain plans and contact arrangements throughout the 12-month period, while operational coordination should be tied to objective indicators of disruption.

Material discussions and decisions should be recorded. Records should identify the participants, information exchanged, operational decisions made and the reason it was necessary. Information should be aggregated where practical, limited to the authorised purpose and retained only for as long as needed for oversight and compliance.

The ACCC should be notified when the operational arrangements are activated and should receive short periodic reports while they remain active. This would provide visibility without delaying urgent action. The ACCC should retain the ability to seek information, amend conditions or require the arrangements to cease if the public benefit no longer outweighs the competition risk.

Duration

ALC supports substantive authorisation for the 12-month period sought. Fuel risk cannot be managed against a precise end date. Even when additional cargoes provide short-term certainty, disruption may arise through international supply shocks, refinery outages, shipping constraints, port congestion, terminal failures, inland distribution constraints or further geopolitical escalation.

A 12-month authorisation provides sufficient certainty to establish governance arrangements, undertake contingency planning and respond quickly if conditions deteriorate. Event-based activation and ACCC oversight are more effective safeguards than a shorter authorisation that may expire while the underlying risk remains.

A formal review after six months would allow the ACCC to assess how the arrangements have been used, whether smaller participants have been treated fairly and whether any conditions require adjustment. The authorisation should otherwise expire at the end of the approved period unless renewed.

Broader fuel security

The authorisation is an important contingency measure, but it is not a substitute for national fuel security. Controlled coordination can improve the use of available capacity; it cannot create additional diesel, terminal capacity, drivers, freight assets or storage where these are insufficient.

Government must continue working with industry on a clear national fuel-prioritisation framework that protects the full system required to import, discharge, store, transport and distribute fuel, together with the freight and logistics networks that deliver essential goods.

Longer-term resilience will require investment in multiple freight energy sources and the infrastructure needed to support them, including renewable diesel, urban freight electrification and charging infrastructure, more fuel-efficient freight rail and stronger domestic storage and distribution capability. ALC recognises that these matters extend beyond the ACCC's determination, but they are central to the operating environment in which the proposed authorisation will be used.

Recommendations

ALC recommends that the ACCC:

1. Grant substantive authorisation for the 12-month period sought.
2. Ensure the authorisation covers contingency planning and operational coordination in response to physical shortages, material allocation constraints, distribution failures and demonstrated loss of essential freight capacity.
3. Ensure the authorisation covers necessary coordination with manufacturers, primary producers, suppliers, fuel distributors and freight and logistics service providers.
4. Maintain clear exclusions for retail pricing, margins, supplier purchasing prices, transport rates, fuel levies and other conduct unrelated to managing the disruption.
5. Confirm that participants must continue to set prices independently and comply with the Food and Grocery Code of Conduct and the excessive pricing prohibition.
6. Preserve voluntary participation and prevent unreasonable cost or operational risk being transferred to suppliers, freight operators and contractors.
7. Require reasonable consideration of regional, rural and remote communities, independent retailers and smaller supply chain participants.
8. Require proportionate governance, record-keeping, data-minimisation, activation notification and periodic reporting arrangements; and
9. Review the operation of the authorisation after six months and retain the ability to amend or revoke it if circumstances change materially.

Conclusion

The proposed conduct is likely to deliver a clear net public benefit if it is operationally useful and subject to firm boundaries.

Allowing controlled coordination will help businesses identify emerging problems earlier, use constrained resources more effectively and maintain the availability of essential products. This is increasingly important as diesel prices remain elevated, temporary tax relief ends, and freight operators face greater pressure on cost and capacity.

The alternative is a fragmented response in which businesses compete independently for the same limited fuel and freight capacity, leading to duplicated activity, uneven distribution, and avoidable shortages. ALC supports the application and recommends that substantive authorisation be granted subject to the safeguards set out above.

References

[1] Australian Institute of Petroleum, Current Fuel Prices – week ended 26 July 2026.

[2] Australian Government, The Treasury, New legislation for fuel excise relief for the month of July, 22 June 2026.

[3] Australian Competition and Consumer Commission, ACCC authorises fuel majors to coordinate to ensure fuel supplies, with conditions, 20 March 2026.

[4] Australian Competition and Consumer Commission, Setting prices, accessed 31 July 2026.

[5] Australian Competition and Consumer Commission, About the Food and Grocery Code, accessed 31 July 2026.