



Coles – supermarket and liquor site in Kalgoorlie, WA

MN-01068

Notice of Competition Concerns – Summary

5 March 2026

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1. Introduction

- 1.1. On 27 November 2025, Coles Supermarkets Australia Pty Ltd (**Coles Supermarkets**) lodged a notification with the Australian Competition and Consumer Commission (**ACCC**) in respect of its proposed acquisition of a leasehold interest for a supermarket and liquor site in Kalgoorlie, WA (the **Acquisition**). Coles Supermarkets is a subsidiary of Coles Group Limited (**Coles**).
- 1.2. On 29 January 2026, the ACCC decided that the Acquisition is to be subject to Phase 2 review.
- 1.3. On 5 March 2026, the ACCC issued a Notice of Competition Concerns (**NOCC**) to Coles Supermarkets.
- 1.4. The NOCC sets out the ACCC’s preliminary assessment of whether the Acquisition, if put into effect, would have the effect, or be likely to have the effect, of substantially lessening competition in any market, and the grounds on which the ACCC makes its assessment, referring to the evidence or other material on which those grounds are based.
- 1.5. This is a summary of the NOCC as required to be published on the Acquisitions Register.¹

2. Background

The Acquisition

- 2.1. Coles Supermarkets proposes to acquire a leasehold interest (the **Lease**) at Lots 95-106 Great Eastern Highway, in Somerville, WA (the **Property**) for the purpose of opening a supermarket and liquor store. Somerville is a suburb of Kalgoorlie-Boulder (**Kalgoorlie**).

The acquirer – Coles

- 2.2. Coles is an Australian ASX-listed company. Its subsidiary, Coles Supermarkets, operates more than 800 supermarkets nationwide.
- 2.3. Coles’ standard offering entails large-format supermarkets that are either freestanding or located in shopping centres. Coles’ large-format stores typically offer standard grocery items, as well as a full-service bakery and deli service. Coles also operates smaller format ‘Coles Local’ supermarkets with a smaller range of grocery items.
- 2.4. Coles operates an online grocery shopping and delivery platform named ‘Coles Online’, which allows consumers to shop for groceries with either home delivery or pick up from ‘Click&Collect’ locations at existing Coles stores.

¹ See s 51ABZZI of the *Competition Consumer Act 2010*; 5-2(e) of the *Competition and Consumer (Notification of Acquisitions) Determination 2025*.

- 2.5. Coles also operates three different chains of liquor stores nationally, under the brand names Liquorland, First Choice Liquor Market (soon to be re-branded as Liquorland Warehouse) and Vintage Cellars (soon to be rebranded as Liquorland Cellars).

Leasehold interest in Kalgoorlie

- 2.6. M Holdings 4 Pty Ltd is proposing to develop a neighbourhood centre on the Property, which is currently vacant. A Coles supermarket and Liquorland store will form part of the neighbourhood centre as a result of the Lease.
- 2.7. Coles proposes to develop a large format supermarket, with a selling floor area of 2,800 square metres (the **Proposed Supermarket**).

Industry background – grocery retailing

Grocery retailing in Australia

- 2.8. Grocery retailing is characterised by a mix of national supermarket chains and independently owned supermarkets with various business models. These different business models result in variation in pricing, product ranges, store format and competitive behaviour in the supply of groceries in Australia.
- 2.9. Coles and Woolworths Limited (**Woolworths**) are Australia’s two largest supermarket operators. They are vertically integrated, meaning they procure groceries directly from suppliers, manage their own distribution and logistics networks and operate retail stores under their respective banners.
- 2.10. In contrast, many independent supermarkets (including those trading under the IGA banner) are supplied by the wholesale distributor, Metcash Limited (**Metcash**). Metcash owns and operates some supermarkets, but predominantly supplies groceries and provides marketing and support services to independent supermarkets. Under this business model, independent supermarkets retain control over pricing, range and store operation.
- 2.11. Independent supermarkets differentiate themselves from Coles and Woolworths in a variety of ways including by sourcing some of their products from local suppliers, including local bakeries, restaurants, and producers.
- 2.12. There are also independent supermarket operators that are partially vertically integrated. Spudshed, for example, sources a proportion of its fresh produce directly from farms it owns.
- 2.13. These different business models result in variation in pricing, product ranges, store format and competitive behaviour in the supply of groceries.
- 2.14. In 2025, the ACCC published its Supermarkets Inquiry (the **Inquiry**) final report, which reviewed grocery retailing markets in Australia. The ACCC found the Australian supermarket industry is generally highly concentrated and that Coles and Woolworths have limited incentive to compete vigorously on price.² The Inquiry found that generally, while independent supermarkets also have a limited ability to compete on

² ACCC, Supermarkets Inquiry Final Report, 21 March 2025, p 1.

price, they offer alternative product ranges to major chains that meet local needs, and compete on other non-price aspects of their offer.³

2.15. The Inquiry considered competition in Australian grocery retailing markets generally. In considering the Acquisition, the ACCC is considering competition in Kalgoorlie specifically.

Grocery retailing in Kalgoorlie

2.16. There are 6 supermarkets in Kalgoorlie, as set out in Table 1 below, of which 4 supply a larger range of groceries in a larger format store: Woolworths, Coles, Spudshed and O'Connor Fresh IGA. These larger supermarkets offer a comprehensive range of groceries—including fresh produce, meat, dairy, bakery, frozen and general merchandise items—and a 'one-stop-shop' experience for consumers.

2.17. Coles and Woolworths are Australia's largest grocery chain supermarkets and are the two largest supermarkets in Kalgoorlie.

2.18. O'Connor Fresh IGA is an independent supermarket. It has smaller floor space than Coles and Woolworths and it offers a reasonably large range of groceries for customers.

2.19. Spudshed is an independent supermarket that entered Kalgoorlie in November 2025, taking over the space formerly occupied by IGA Hannans Fresh, which was occupied by Coles before that.⁴ Spudshed offers a large range of fresh produce, a proportion of which is sourced from its owners' farms. Spudshed also offers a range of meat, dairy and grocery items.

2.20. Compared to other supermarkets in Kalgoorlie, the Hannans Marketplace by Foodworks and Lionel St IGA supermarkets have smaller floor space and a smaller product range.

³ ACCC, Supermarkets Inquiry Final Report, 21 March 2025, p 75.

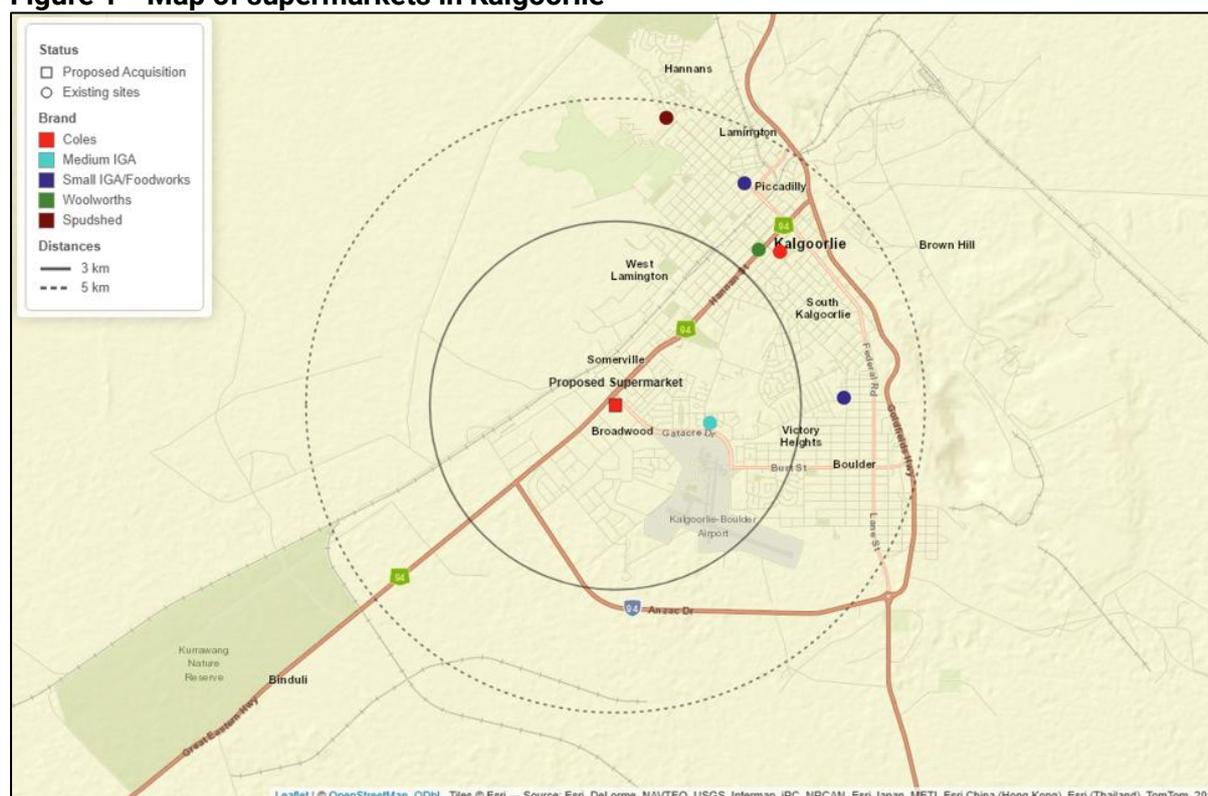
⁴ Kalgoorlie Miner, "Coles closing at Boulevard", 24 April 2021; Kalgoorlie Miner, "IGA revives Hannans Centre", 8 October 2021; Kalgoorlie Miner, "Exclusive report: Miner survey reveals how supermarket shopping has changed since Spudshed opened in town" 10 January 2026.

Table 1 Supermarkets in Kalgoorlie

Store Name	Driving Distance from Proposed Supermarket	Saleable floor space (SFA)	Supermarkets Inquiry Category (Full-line, Small Format, etc.)	Trading hours Regulation
Coles Kalgoorlie	3.9km (5min)	>2,500m ²	Full line	Regulated
Woolworths Kalgoorlie	3.8km (6min)	>2,500m ²	Full line	Regulated
Spudshed	6.6km (9min)	1,500–2,500m ²	Small/Full line	Not regulated
O'Connor Fresh IGA	1.8km (3min)	700-1,500m ²	Small/Full line	Not regulated
Hannans Marketplace by Foodworks	5.3km (7min)	<700m ²	Small	Not regulated
Lionel St IGA	4.3km (6min)	<700m ²	Small	Not regulated

2.21. The locations of existing supermarkets and the Proposed Supermarket are illustrated in the figure below. O'Connor Fresh IGA will be the closest store geographically to the Proposed Supermarket (approximately 1.8km driving distance).

Figure 1 Map of supermarkets in Kalgoorlie



2.22. Supermarkets in Kalgoorlie offer different trading hours to each other. Large supermarkets, such as Coles and Woolworths in Kalgoorlie, are subject to trading hour regulations. Other supermarkets, such as Spudshed, O'Connor Fresh IGA, Lionel St IGA and Hannans Marketplace by Foodworks, are not. Table 2 sets out the trading times for the 6 supermarkets in Kalgoorlie.

Table 2 Opening hours of supermarkets in Kalgoorlie

	Coles Kalgoorlie	Woolworths Kalgoorlie	Spudshed Kalgoorlie	Lionel Street IGA	O’Connor Fresh IGA	Hannans Marketplace by Foodworks
Monday	7am-7pm	7am-7pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm
Tuesday	7am-7pm	7am-7pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm
Wednesday	7am-7pm	7am-7pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm
Thursday	7am-9pm	7am-9pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm
Friday	7am-7pm	7am-7pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm
Saturday	7am-6pm	7am-6pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm
Sunday	8am-3pm	8am-3pm	24 hours	4am-8:30pm	4am-10pm	4am-9pm

Source: ACCC analysis from company websites, accessed 3 March 2026.

Overlap and relationship between the parties

2.23. The Lease will be an input to Coles’ supermarket retailing operations.

3. Relevant areas of competition

- 3.1. The area of competition the ACCC is considering for the purpose of assessing the Acquisition is the retail supply of groceries by supermarkets in Kalgoorlie.
- 3.2. Market definition is a purposive tool used to help assess whether an acquisition might have anti-competitive effects. At this stage of the review, the ACCC is taking a simple approach to defining the relevant market, by focussing on the most important competitive constraints on Coles.
- 3.3. For any given supermarket in Kalgoorlie, the extent of competitive rivalry they face from other participants will depend on a range of factors, including how similar or differentiated their product offerings are and their geographic proximity to each other.

Product market

- 3.4. The ACCC’s preliminary view is the relevant product dimension is the retail supply of groceries by supermarkets. Supermarkets offer consumers the convenience of a one-stop-shop service for their grocery needs and a broad range of products.
- 3.5. This product dimension likely includes each of the supermarkets identified in Table 1 above. However, as discussed further in the Preliminary Competition Assessment below, the ACCC is still considering the extent of the competitive rivalry each supermarket in Kalgoorlie imposes on the others.
- 3.6. The ACCC’s view is that while the following types of retailers overlap in some product offerings with supermarkets, they are unlikely to be close substitutes for supermarkets for consumers:

- convenience stores—are not likely to be sufficiently close substitutes to supermarkets as they target consumers seeking few items on a convenient basis,⁵ and
 - speciality and general merchandise stores—retailers such as Chemist Warehouse, Bunnings, butchers, bakeries, green grocers and other speciality or general merchandise stores may stock a limited subset of grocery or household items, but they do not provide a sufficiently broad or substitutable range of grocery products to be close substitutes for supermarkets.
- 3.7. Coles, Woolworths and other supermarkets supplement their bricks-and-mortar supermarket offerings with online delivery and online order services. The ACCC’s view is that for the purposes of assessing the Acquisition, these services should be included when assessing competition between supermarkets.
- 3.8. Kalgoorlie has a substantial population of fly-in-fly-out (FIFO) workers. However, the ACCC’s preliminary view is this customer group does not alter the product market or form a separate market.

Geographic market

- 3.9. The ACCC considers that the geographic market is likely to be Kalgoorlie, though supermarkets in close geographic proximity are likely to compete more closely with each other.
- 3.10. Consumers are unlikely to travel beyond Kalgoorlie to shop for grocery products as it is geographically remote. For this reason, supermarkets outside the town are unlikely to be adequate substitutes for consumers.
- 3.11. The Inquiry found consumers generally prefer to travel shorter distances to do their grocery shopping.⁶ Additionally, feedback from a market participant suggests while it draws consumers from all over Kalgoorlie, the majority of its customers are coming from surrounding suburbs.

4. Summary of preliminary competition assessment

- 4.1. The ACCC is closely examining the effects of the Acquisition on competition between supermarkets in Kalgoorlie, by comparing the likely future state of competition if the Acquisition proceeds against the likely future state of competition if the Acquisition does not proceed. The ACCC considers the latter would be the status quo, or continuation of the current state of competition.
- 4.2. In the status quo and in the future without the Acquisition, the ACCC considers Coles and Woolworths likely have market power in Kalgoorlie. This is the case even though Coles and Woolworths face a degree of rivalry from independent supermarkets via their competitive differentiated offering compared to Coles and Woolworths. Coles and Woolworths each and combined account for a significant proportion of the market and the ACCC has previously found Coles and Woolworths have limited incentive to

⁵ ACCC, Supermarkets Inquiry Final Report, 21 March 2025, p11.

⁶ ACCC, Supermarkets Inquiry Interim Report, 27 September 2024, p152.

compete vigorously with each other on price.⁷ The ACCC is still considering whether Coles and Woolworths may have substantial market power in Kalgoorlie.

- 4.3. Information from market participants shows independent supermarkets in Kalgoorlie compete on the basis of price, range and quality of products, store quality and customer service. Market participants have also provided information to show supermarkets monitor and respond to each other, including with independents matching or beating Coles and Woolworths on key value items.
- 4.4. In the future with the Acquisition, the ACCC considers the Acquisition will likely create an over-supply of supermarket capacity and thereby lead to the exit of an effective independent competitor. This will reduce the level of competition faced by remaining rivals, in circumstances where the likelihood of new entry is low. Coles would increase its market power and likely have a substantial degree of market power. This is because:
 - Coles' market share in Kalgoorlie will increase to a high level
 - while some supermarkets will continue to compete, their ability to constrain Coles' market power would be limited, and
 - it is likely that Coles would earn high economic profits in Kalgoorlie.
- 4.5. The ACCC is considering whether Coles' investment in the Proposed Supermarket is likely to only be profitable if it leads to the exit of an effective competitor.
- 4.6. Having regard to the likely future with the Acquisition and the likely future without the Acquisition, the ACCC's preliminary assessment is that the Acquisition would have the effect or likely effect of substantially lessening competition in Kalgoorlie as it leads to the exit of an effective independent competitor and increases Coles' market power. This would be likely to, in all the circumstances, create, strengthen or entrench a substantial degree of market power for Coles.
- 4.7. The ACCC considers the Kalgoorlie market will likely lose an effective competitor that:
 - price matches and price discounts relative to Coles and other supermarkets in Kalgoorlie
 - offers a range and quality of products—this includes high-revenue products where an effective competitor competes head-to-head, but also unique and specialised products that provide a differentiated offering valued by customers
 - is valued by customers as a high-quality alternative to other competitors—including in terms of the store's stock levels and shelf replenishment, store cleanliness and condition, maintenance expenditure and capital refurbishment, and
 - provides a high level of customer service—this includes ensuring check outs are staffed and queues are minimised, and offering extended opening hours.
- 4.8. This is likely to lead to Coles competing less strongly in Kalgoorlie, as it will no longer be concerned with the effective competitor's activity. Coles and other supermarkets may:

⁷ ACCC, Supermarkets Inquiry Final Report, 21 March 2025, p 1.

- reduce the extent to which they match competitor discounts i.e. reduce the frequency or extent of altering prices on select product lines, such as fresh produce, or deviate from statewide pricing policies⁸
 - have higher incentives to raise statewide prices
 - reduce customer service by employing fewer staff at its Kalgoorlie stores and reduce other aspects of quality, and
 - reduce the range of products available, particularly where they might have matched the speciality products the exiting competitor used to differentiate itself.
- 4.9. The ACCC expects Coles sets statewide prices having regard to the likelihood of losing customers' sales to competitors across its stores in Western Australia. The ACCC is further considering whether, if local competition declines in Kalgoorlie, Coles may increase statewide prices, albeit by a small amount.
- 4.10. The ACCC is exploring whether competition will also be substantially lessened, albeit to a lesser extent, where an effective competitor is significantly harmed but does not exit. It is not yet clear whether a competitor would respond to significant harm following the Acquisition by undertaking less competitive activity to reduce their costs or by competing more fiercely to defend its position in the market.
- 4.11. The ACCC is also considering whether the Acquisition may harm competition by reducing the competitive rivalry existing competitors impose on Coles. Interested parties have submitted that if the Acquisition reduces the scale of existing competitors, it may increase distribution and wholesale costs in a relatively remote location such as Kalgoorlie.
- 4.12. The ACCC will continue considering these issues.

5. Next steps

- 5.1. Following the release of the NOCC, and consistent with s 51ABZL of the Act, the notifying party (Coles Supermarkets) has an opportunity to respond to the preliminary issues identified in the NOCC by 14 April 2026.
- 5.2. Under the current statutory timeframe, the ACCC must issue a determination in response to the Acquisition by 12 June 2026.

⁸ Coles submitted to the Inquiry that it had uniform statewide pricing, excluding fresh produce and certain product lines in very remote stores. ACCC, Supermarkets Inquiry Final Report, 21 March 2025, p 89.