



Coles – supermarket and liquor site in Kalgoorlie, WA

MN-01068

Decision

Acquisition is to be subject to Phase 2 review

29 January 2026

1. Decision

- 1.1. On 27 November 2025, Coles Group Limited lodged a notification with the Australian Competition and Consumer Commission (**ACCC**) in respect of Coles Supermarkets Australia Pty Ltd (**Coles**) proposed acquisition of a leasehold interest for a supermarket and liquor site in Kalgoorlie, WA (the **Acquisition**).
- 1.2. The ACCC has decided under section 51ABZJ(1) of the *Competition and Consumer Act 2010* (Cth) that the Acquisition is to be subject to Phase 2 review (**Phase 2 Notice**).
- 1.3. The ACCC is satisfied that the Acquisition, if put into effect, could, in all the circumstances, have the effect, or be likely to have the effect, of substantially lessening competition in a market.
- 1.4. If the notifying party continues with the Phase 2 review, it must pay the applicable Phase 2 fee by 9 February 2026. If the fee is not paid by the due date, the ACCC is taken to have decided to cease considering the notification.

2. Parties to the Acquisition

The acquirer – Coles

- 2.1. Coles Supermarkets Australia Pty Ltd (**Coles**) is an Australian ASX-listed company that operates more than 800 supermarkets nationwide.
- 2.2. 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.
- 2.3. 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.
- 2.4. 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

- 2.5. Coles proposes to acquire a leasehold interest (the **Lease**) at Lots 95-106 Great Eastern Highway, in Somerville, WA (the **Property**). Somerville is a suburb of Kalgoorlie-Boulder (**Kalgoorlie**).
- 2.6. M Holdings 4 Pty Ltd (**Lessor**) 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**).

Relationship between the parties

- 2.8. The Lease will be an input to Coles' supermarket retailing operations.

3. Basis for Phase 2 Notice

- 3.1. During Phase 1, the ACCC may decide that a notification of an acquisition is to be subject to Phase 2 review if it is satisfied that the acquisition, if put into effect, could, in all the circumstances, have the effect, or be likely to have the effect, of substantially lessening competition in any market.
- 3.2. The basis for the ACCC's Phase 2 Notice, including the nature of the theories of harm that form the basis for the ACCC's satisfaction and the matters the ACCC intends to investigate before making a determination, is set out below. The two theories of harm the ACCC is considering are set out below.
- 3.3. The ACCC has taken into account the material received or available to it during its Phase 1 assessment. Material considered includes information provided by Coles in the notification and in response to information requests, submissions and/or responses to inquiries from third parties including rival market participants, and publicly available information.
- 3.4. The ACCC invites submissions from interested parties on the matters that the ACCC intends to investigate further as outlined in the boxes below and any other relevant matters. Submissions should be provided by 13 February 2026 via email to mergers@acc.gov.au with the title *Submission re: Coles –Kalgoorlie lease*.

Relevant areas of competition

- 3.5. The ACCC considers the relevant area of competitive overlap for the purposes of its assessment is the retail supply of grocery products in Kalgoorlie, WA.
- 3.6. Coles proposes to also open a liquor store at the site. The ACCC does not consider the acquisition could substantially lessen competition in liquor retailing in Kalgoorlie as it is unlikely to materially alter the structure of the market. This Phase 2 Notice does not consider liquor retailing further.

Product market

- 3.7. Coles supermarkets compete in the retail supply of grocery products. The Coles Kalgoorlie store and the Proposed Supermarket are or will be full-line supermarkets.
- 3.8. Consumers typically purchase the bulk of their grocery needs from supermarkets, having regard to a variety of store attributes including pricing and discounting, the perceived quality and range of products offered, and store location and convenience.
- 3.9. Many consumers would not consider that convenience stores offer a viable substitute to supermarkets in respect of many of these attributes.

Geographic market

- 3.10. The ACCC considers that the relevant geographic area of competition is no broader than Kalgoorlie. This is because Kalgoorlie is geographically remote, and the ACCC considers that consumers are unlikely to travel beyond Kalgoorlie to shop for grocery products. For this reason, supermarkets outside the town are unlikely to be adequate substitutes for consumers.
- 3.11. The Proposed Supermarket will be in the south/southwestern part of Kalgoorlie. Accordingly, in assessing the competitive effects of the Acquisition, the ACCC will begin by considering the competitive dynamics and constraints likely to operate on the pricing, quality, product range and service of the Proposed Supermarket in the south/southwestern part of Kalgoorlie.
- 3.12. The ACCC considers the supermarkets in the north of Kalgoorlie likely impose competitive constraint on stores in south/southwestern Kalgoorlie, and vice versa. While consumers generally prefer to travel shorter distances to do their shopping, consumers throughout Kalgoorlie are likely to travel beyond their immediate suburb to visit their preferred supermarket.

Box 1: Matters the ACCC intends to investigate in Phase 2

- The extent convenience stores and small supermarkets compete with full-line supermarkets such as the Proposed Supermarket.
- The extent to which consumers in Kalgoorlie routinely travel to do their grocery shopping, and how far they do so.

Potential over-supply of supermarket capacity that could induce the exit of effective competitors

- 3.13. The ACCC is satisfied the Acquisition could have the effect, or likely effect, of substantially lessening competition in the retail supply of grocery products in Kalgoorlie through increased concentration and adverse impacts on competition, including the potential exit of independent supermarket competitors.
- 3.14. In general, new supermarkets will increase competition by expanding the options available to consumers and by increasing pressure on incumbents to offer better prices, quality, product range and service. The ACCC is therefore considering whether, and to what extent, these possible immediate pro-competitive effects may be offset or outweighed by the subsequent exit of one or more effective competitors as a result of the Acquisition.
- 3.15. Information before the ACCC suggests, if the Acquisition were to proceed:
- Coles will have a high market share in a concentrated local market
 - the competitive constraint by rival supermarkets—Woolworths, Spudshed, O'Connor Fresh IGA, Lionel St IGA and Hannans Marketplace by Foodworks—may be limited
 - there may be a low likelihood of new entry or expansion on a timely basis in Kalgoorlie.

- 3.16. In this context, the ACCC is considering the likely economic rationale of the Acquisition closely. Information before the ACCC suggests the Acquisition may lead to an over-supply of supermarket capacity relative to consumer demand, such that existing competitor stores may become unprofitable.

Box 2: Matters the ACCC intends to investigate in Phase 2

- The level of market concentration in the south/south-western end of Kalgoorlie and Kalgoorlie generally before and after the Acquisition.
- The competitive offerings of each supermarket competitor in Kalgoorlie (including but not limited to price, quality, product range and service) and the intensity with which they compete in the relevant markets.
- Price, quality, product range and service differentials between the major and independent supermarkets in Kalgoorlie.
- The likelihood and viability of new entry and expansion in Kalgoorlie to increase competitive intensity with the Proposed Supermarket, including further consideration of suitable supermarket sites, planning and zoning requirements, and likely population growth.
- The profitability of Coles and independent supermarket(s) in Kalgoorlie should the Acquisition proceed.
- The impact on the level of competitive constraint imposed by existing rival supermarkets in Kalgoorlie should the Acquisition proceed.
- The effect on competition should one or more competitor supermarket(s) exit following the expansion of Coles via the Proposed Supermarket.

Creating, strengthening or entrenching a substantial degree of market power

- 3.17. The ACCC is satisfied the Acquisition could have the effect, or likely effect, of substantially lessening competition in the retail supply of grocery products in Kalgoorlie by creating, strengthening or entrenching a substantial degree of power in the market.
- 3.18. Information before the ACCC suggests the Acquisition may create or strengthen a substantial degree of market power in Kalgoorlie as a result of the Acquisition. The ACCC also considers the Acquisition may make it more difficult for existing or potential competitors to erode Coles' substantial market power, thereby extending the durability and robustness of that power. The ACCC is considering the extent to which the Acquisition may raise barriers to entry or expansion, thereby reducing the likelihood of entry or expansion by competitors.
- 3.19. In the Supermarkets Inquiry, the ACCC made findings about the nature and extent of competition in the supermarket industry in Australia. Some of the findings that are likely relevant to this assessment are:
- at a national level the supermarket industry is an oligopoly
 - Coles and Woolworths have a limited incentive to compete vigorously on price
 - there are significant barriers to entry or expansion at large scale

- Supermarket promotional practices may make it difficult for consumers to assess pricing, discounts and value for money.¹

3.20. The ACCC is considering the effect the Acquisition would have on Coles' market power and the ability of competitors to compete. The ACCC's preliminary view is that the Acquisition may create, strengthen or entrench substantial market power because it may only be profitable due to the impact on competitors or potential competitors.

Box 3: Matters the ACCC intends to investigate in Phase 2

In addition to matters identified in Box 2 above, the ACCC intends to investigate further the following issues:

- Whether or not Coles has, or is likely to have, substantial market power.
- The likely economic rationale for Coles opening the Proposed Supermarket, including its dependence on the level and nature of future competition in the relevant market.
- Whether the Acquisition is likely to reduce competitive constraint.
- Whether the Acquisition would, in all the circumstances, be likely to have the effect of creating, strengthening or entrenching a substantial degree of power in the local market.

Decision made by a division of the Commission constituted by a direction issued pursuant to section 19 of the *Competition and Consumer Act 2010* (Cth)

¹ ACCC, *Supermarkets Inquiry Final Report*, pp 53, 75, 77 and 173.