

Coles Penalised \$10m for Corporate Extortion

by Emily Portelli via mod - HeraldSun Sunday, Dec 21 2014, 9:43pm

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COLES will pay \$10 million in penalties for its “deliberate, orchestrated and relentless” plan to profit by using its position of power to squeeze money from smaller suppliers.



Federal Court judge Michelle Gordon today approved the settlement of two cases brought against Australia’s second-largest grocery retailer by corporate watchdog the Australian Competition and Consumer Commission.

More than 200 of the supermarket’s suppliers could potentially seek refunds from Coles for extra payments demanded to fill profit gaps due to poor sales, discounts or waste.

Court documents released this year included evidence of internal emails from Coles executives detailing an annual “profit day” on which staff were pushed to squeeze suppliers for payments.

Justice Gordon said Coles’ behaviour towards eight suppliers — including confectionery, nut and frozen food companies — included threatening to harm them if they did not meet demanded payments and withholding money without any right to. This merited serious punishment, she said.

“Coles’ misconduct was serious, deliberate and repeated,” the judge said. “Coles misused its bargaining power.

“Its conduct was ‘not done in good conscience’. It was contrary to conscience.

“Coles treated its suppliers in a manner not consistent with acceptable business and social standards which apply to commercial dealings.”

She ordered that Coles pay \$10 million in penalties and costs of \$1.25m to the ACCC.

ACCC chairman Rod Sims said the significant penalties imposed for the unconscionable conduct of the retail giant should act as a warning to big businesses.

“Much more important is the magnitude of the penalties imposed and the recognition by the Court that Coles’ conduct in its dealings with suppliers was unconscionable and in contravention of the Australian Consumer Law,” Mr Sims said.

“This should send a clear signal to larger businesses generally about appropriate business conduct in commercial dealings with smaller suppliers.”

Coles managing director John Durkan repeated last week's apology. He said the company "unconditionally apologises and accepts full responsibility for its actions in these supplier dealings.

"Since these incidents occurred in 2011, Coles has taken many steps to both improve its relationships with suppliers and help its suppliers grow," he said.

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It should also be noted that duopolist Woolworths Ltd is no better, the ACCC is currently pursuing Woolies for similar unethical conduct. See:

<http://www.smh.com.au/business/retail/woolworths-cheap-cheap-or-bully-bully-20141218-12a53h.html>



<http://tinyurl.com/q7h3abs>

Jungle Drum Prose/Poetry. <http://jungledrum.lingama.net/news/story-1399.html>