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Building the movement

Fair Go Grocers

The plan to smash the supermarket duopoly

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Executive Summary

Amidst surging grocery prices and skyrocketing Coles and Woolworths profits, **a new poll by YouGov**, commissioned by The Green Institute, has found that 84% of Australians would support establishing publicly owned supermarkets to cut the price of groceries by cutting out the profit. The Green Institute has a plan to do just that.

The Green Institute's plan would see the Federal Government establish a public supermarket, Fair Go Grocers, which would slash prices on essentials like eggs, milk, fruit, vegetables, meat and cheese by 30%. It would also offer savings storewide, ensuring you get 22% off an average shop, leading to yearly savings of $3,134, or $60 weekly, for the average four-person household.

Grocery bills would be slashed by almost a quarter compared to Coles and Woolworths by eliminating the profit margin and wasteful spending on marketing and executive salaries and by the Federal Government shouldering capital costs including land, construction, and acquisition.

How would it work?

The Federal Government would invest $25.1 billion over five years into establishing 624 full service supermarkets and 13 distribution centres nationwide – roughly 20% of supermarket market share – through a combination of new construction and acquiring existing stores.

In the first two years, the Federal Government would use new divestiture powers to force Coles and Woolworths to sell 200 stores and three distribution centres to Fair Go Grocers. It would then fund the construction of another 424 stores and ten distribution centres nationwide.

After this initial capital outlay, Fair Go Grocers would draw on revenue generated in its stores to cover ongoing costs including inventory, logistics, wages, utilities, and other store expenses like insurance. From the sixth year onwards, Fair Go Grocers would be fully cost neutral.

Why do we need it?

The polling by YouGov found that for 94% of people groceries and food are the greatest cause of concern amongst other rising household costs including electricity, petrol, and housing costs; for 79% it is harder than 12 months ago to pay for food or groceries. The same polling shows that 77% of people believe the duopoly is driving up the price of groceries to maximise profit.

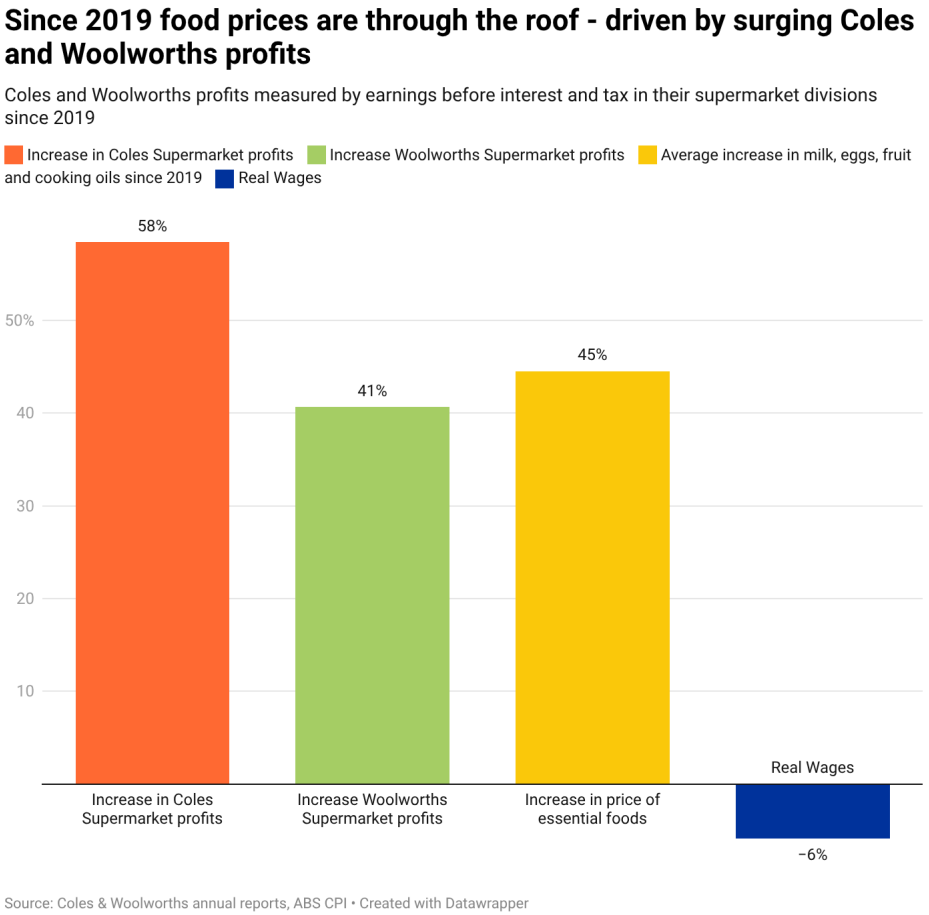
Since 2019, the profits of Coles and Woolworths have increased by 58% and 41% respectively, outstripping wage growth and inflation. The duopoly has turbocharged profits by inflating grocery prices, squeezing people at the checkout and paying Australian farmers a pittance for their produce.

Despite six inquiries at state and federal levels in the past three years exposing the greed and excess of the corporate supermarkets, Labor refuses to take meaningful action to rein in Coles and Woolworths. Their much-touted 'anti-price gouging' laws that came into effect earlier this year have not forced prices down, and experts warn[1] they will be incredibly difficult to enforce.

Coles and Woolworths profits are driving food prices up

Coles and Woolworths are using their duopoly position to drive up the cost of food to maximise profit, under the cover of a broader cost of living and inflation crisis.

Since 2019, the cost of food and groceries has surged while real wages have gone backwards. Meanwhile, Coles and Woolworths have increased the profits from their supermarket divisions by 58% and 41% respectively.



[1] Steinwall, R. (2026, June 22). The new price gouging law starts on July 1. Can it rein in Coles and Woolworths?. The Conversation. https://theconversation.com/the-new-price-gouging-law-starts-on-july-1-can-it-rein-in-coles-and-woolworths-285062

Devastatingly, commonly purchased essentials like eggs, bread and milk have seen some of the biggest price increases over this period, adding further pressure on households already struggling to meet surging housing and energy costs.

Price increases since 2019

		Top eight food items by price inflation since 2019
1	Cooking oils	50.6%
2	Eggs	50.3%
3	Beef	47.8%
4	Milk	41.8%
5	Coffee, tea and cocoa	39.1%
6	Fruit	35.4%
7	Cheese	35.1%
8	Bread	33.1%

Source: ABS Consumer Price Index • Created with Datawrapper

Coles and Woolworths have previously justified increased prices on the basis of rising input costs and inflation across the economy.[2] Yet since 2022, the cost of doing business as a proportion of revenue for both Coles and Woolworths has remained fairly consistent, and in the case of Woolworths actually declined. Any YoY increases have been by 0.6% at most – certainly not commensurate with the 23.84% jump in food inflation over the same period.

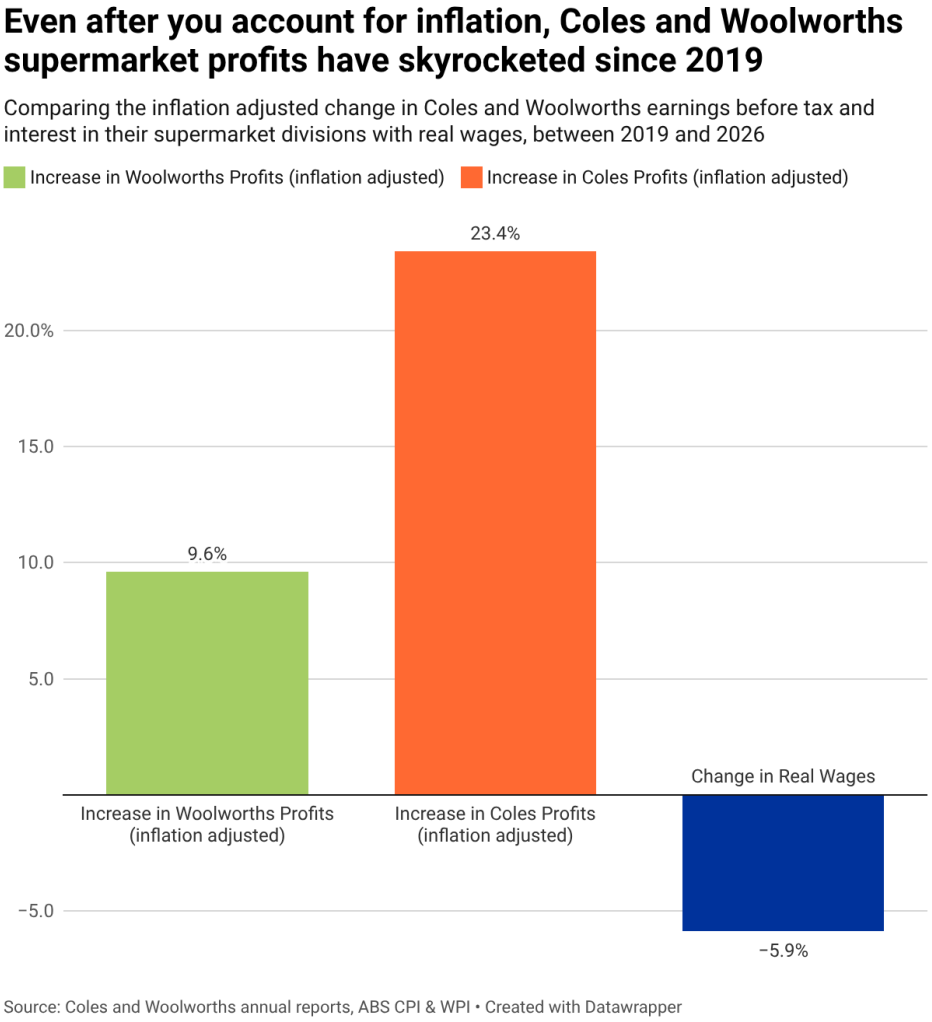
Fig. 1 Cost of Doing Business (CODB) as a proportion of revenue

FY	2026	2025	2024	2023	2022	2021
Coles	22.10%	22.10%	21.70%	21.60%	21.40%	20.90%
Woolworths	23.10%	23.30%	22.70%	22.10%	25.10%	24.10%

Source: Coles & Woolworths annual reports

Further, even if the increase in profits from 2019 to 2026 is adjusted for inflation, Coles and Woolworths have still seen massive increases in profits. In other words, Coles and Woolworths profits from food and groceries have far exceeded inflation.

[2] Bovill, M. (2024, February 7). Coles and Woolworths make their defence on supermarket prices to Senate Inquiry. ABC News. https://www.abc.net.au/news/2024-02-07/coles-submission-supermarket-price-inquiry/103436864



The Solution: A Public Supermarket

Corporate supermarkets will always put profit ahead of people, and regulation and inquiries alone will never fix that. The private market will never fix a problem it created itself.

To make groceries cheaper, break up Coles and Woolworths, and stop their systematic price gouging, we need a major public intervention.

The Green Institute's plan would see the Federal Government create a nationwide public supermarket, Fair Go Grocers, that would cut the price of groceries by 30% on essentials and offer an average storewide saving of 22%. **For the average family of four, this would amount to savings of $3,100 a year.**

The plan follows a recent announcement by New York Mayor Zohran Mamdani that the city will establish five affordable, publicly-owned supermarkets, and draws on learnings from US military commissaries that have supplied service members, veterans, and their families with groceries on average 25% cheaper than market rate for over 150 years.

Prices would be set every month on a state-by-state basis, with the discounts calculated against average private supermarket prices.

This discount will be made possible by the Federal Government's absorption of capital costs and the elimination of the profit margin and wasteful spending on multi-million dollar executive salaries, huge marketing and advertising costs, and expensive in-store technologies to surveil and track customers.

Over five years the Federal Government would invest $25.1 billion in compulsorily acquiring 200 existing Woolworths and Coles Stores[3] and constructing 424 brand new Fair Go Grocers – amounting to 20% of total market share of supermarkets nationally – and 13 distribution centres, prioritising locations in highest need.

The public supermarkets would compete directly with the Coles and Woolworths on the type and variety of products on offer, with one crucial difference: price.

Revenue generated by the stores would cover all ongoing operational costs (wages, electricity, inventory and logistics and other expenses including insurance and store cleaning) and surplus revenue used to fund contingencies.

After the fifth year of operations, in which the target of 624 stores will be met, Fair Go Grocers would be entirely self-funded and no longer require Federal Government funding.

Fig. 2 Projected expenses in each of first five years of operation

Expense	Y1	Y2	Y3	Y4	Y5	TOTAL
Government outlay on stores (new construction and forced acquisition) ($ million)	2,203	2,747	1,919	3,2778	2,775	12,922
Government outlay on distribution centres (new construction and forced acquisition) ($ million)	804	2,842	2,359	2,429	2,502	10,937
Total government expense ($ million)	3,007	5,589	5,526[4]	5,707	5,277	25,106
Operational expenses (funded from revenue) ($ million)	3,714	8,415	13,159	16,394	21,902	63,583

Fig. 3 Projected revenue generated in each of first five years of operation

Income	Y1	Y2	Y3	Y4	Y5	TOTAL
Revenue from stores	3,718	8,424	11,911	16,412	21,926	62,391

[3] To be facilitated by the passage of divestiture powers akin to those in the Australian Greens' 2024 *Competition and Consumer Amendment (Divestiture Powers) Bill*.

[4] In Year 3 only, in which the number of stores coming online is critical, operational expenses will exceed revenue generated by stores by $1.2 billion. In this year alone, the Federal Government will provide funding to cover this shortfall.

Each Fair Go Grocer would be 2,500m^2 in size – comparable to the average metropolitan Coles or Woolworths – with carparks.

Stores would be staffed by 23 floor staff and 4 non-floor staff, with employees remunerated at the RAFFWU living retail wage plus 12% super.

Fair Go Grocers would be governed by a statutory authority whose responsibilities would include setting store prices every month, establishing fair minimum wholesale prices for local farmers and producers, making decisions about stock, and ensuring the 22% minimum savings target was consistently met. This statutory authority would be overseen by a board of people with expertise in supermarkets, food science, horticulture and nutrition, alongside representatives of farmers and the broader community.

In addition to guaranteeing Australian farmers and producers fair prices on their seasonal fresh produce, Fair Go Grocers would be the buyer of last resort for any edible produce rejected by the corporate supermarkets due to appearance or a last minute change in order volume.

Appendix 1: Cost sources and assumptions

General assumptions

- New stores would take a year to be constructed and become operational, i.e. they do not generate revenue until the year after they are constructed
- All costs are indexed at target inflation (3%) each year

Item	Per store ($)	Source(s)	Assumptions
Land	9,555,000.00	2024 PBO costing inc. $2,100m^2 cost of land	4,550m^2 total land required for each store (2,500m^2 for store + 2,050m^2 for car park for 80 cars and 20 bikes)
Construction	5,786,015.63	Average construction cost/m^2 (including AC) for a single storey suburban supermarket from Koste, MCG, BMT, and RLB construction cost calculators	2,500m^2 floorspace for each store
Fitout	5,750,000.00	Guardian Built	Fitout will be mid-range (conventional design and layout, no custom joinery)
Forcibly acquired store	17,810,457.52	2025 sales price of freestanding Woolies in Vic metro divided to get price/m^2, multiplied by 3,500 (upper end of average supermarket size range)	
Distribution centres - new	1,111,655,172.41	Reported construction costs for Woolworths Moorebank and Coles Truganina distro centres	
Distribution centres - acquired	268,000,000.00	2026 sales price of Woolies distribution centre in WA	
Inventory & ongoing logistics	34,308,676.64	Average “Cost of Sales” for Coles and Woolworths from 2026 Annual Reports	
Wages	1,730,540.49	RAFFWU living retail wage	26.9 FTE staff per store (23 floor staff and 3.9 non-floor staff), each receiving RAFFWU living retail wage + 12% super
Electricity	444,309.92	Synergy commercial electricity rates; average supermarket energy usage per year	

Other expenses	652,586.21	75% of Coles “Other store expenses” declared in 2026 Annual Report	Includes store-level costs like security guards, CCTV, cleaning, and insurance. 25% reduction based on eliminating first two items and finding other efficiencies
Sales per store	37,176,985.05	Average of Coles and Woolworths “Sales per store” disclosed in 2026 Annual Reports, minus 22%	