

DICK SMITH

**PO BOX 418
Terrey Hills NSW 2084
Australia**

25 July 2018

Mr Karl Albrecht Jnr and Ms Beate Heister
C/- Mr Tom Daunt
Chief Executive Officer
Aldi Australia
1 Sargents Road
MINCHINBURY NSW 2770

**AN OPEN LETTER TO THE GERMAN OWNERS OF ALDI, MR KARL ALBRECHT JNR
AND MS BEATE HEISTER**

Dear Karl and Beate

**RE: ALDI HAS BEEN VOTED THE MOST TRUSTED BRAND IN AUSTRALIA AND IS NOW REPORTED
AS OUR MOST PROFITABLE SUPERMARKET CHAIN**

In Australia your Aldi company has been phenomenally successful. It has not only taken billions of dollars of business from existing Australian owned companies, but it has now been voted the most trusted brand in Australia, and it has also been reported that it is our most profitable supermarket chain. What an extraordinary achievement.

On 9 May 2000 I met your Chief Executive here in Australia and asked him why you decided to open in Australia. He said, "Dick, in Germany if we don't keep expanding we would be going backwards. Our plan is to expand throughout the world."

Karl and Beate, I understand you are the son and daughter of Mr Karl Albrecht senior, who came up with the Aldi "plan". That is, basically sharing the wealth less. Your father, who started the great expansion of the company, worked out that by having a lesser selection of products, you could therefore employ less workers. This would result in lower prices and higher profits.

This plan has worked incredibly well in Australia. So well that the larger Australian owned supermarkets are criticised by many, whilst your company is praised.

I have an important question to ask you. When will enough be enough?

A number of financial journalists in this country claim that you only wish to gain a certain percentage of our retail market – possibly around 20% – then you will stop expanding. Is this true? This would appear completely at odds with what I know of your company.

Your formula of employing less staff per dollar turnover compared to the typical Australian owned supermarkets will ultimately mean less Australians employed.

We already have a problem in Australia. We have 14% youth unemployment and over 20% youth underemployment – that is, where our young people can't get a proper full time career.

Our tradition here is one of openness. However I notice much of the reporting on your company mentions secretiveness. It appears that neither of you have ever conducted a media interview on your plans for the expansion of Aldi.

Can I ask why you are so secretive? Surely being worth \$30 billion US dollars (that's \$40.63 billion Australian dollars) you have a responsibility to be open and explain your long term plans to all those who are affected.

I would like to invite one or both of you to come to Australia and explain your plans here to Australian parents and to our politicians.

Are there plans for endless expansion and endlessly selling lower and lower priced goods? Will these goods, just like your peanut butter, come from countries like Argentina where wages are extremely low? Won't this mean our Australian farmers and food processors will never be able to compete with such low prices?

I was once told by journalists that you have both actually been to Australia but you came here secretly. Why would you do that? You may not realise that your astute low cost business practices will have a huge influence here. Some of our politicians believe that your way of doing business is fantastic and we could learn a lot from you.

I am not criticising your organisation, as from what I can see, you comply with our laws. However, I personally invite you to come to this country and explain your long term plans. You may not realise that our present major retailers (Coles, Woolworths and IGA) are predominantly Australian owned by tens of thousands of Australian shareholders – quite often typical working Australians, through their superannuation and pension funds.

Your formula is extremely astute. You are privately owned, so it is not possible for Australians to share in the wealth creation of your company, and you also don't have the costs of publicly listing on the stock exchange which would result in the employment of many additional Australians.

From what I can understand, all the extraordinary wealth goes to both of you and your family members. You are not even known as philanthropists, or known as having signed the Bill Gates Giving Pledge.

I sincerely ask you to come to this country and explain what you are planning to do in the medium and long term future that will affect our children and grandchildren.

Yours faithfully



Dick Smith