



PORT KENNEDY SUPA IGA

Stargate Shopping Centre
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**Response to the Harper Competition Policy review Panel report
released 22nd September 2014**

I am the sole owner of Port Kennedy SUPA IGA, 49 Chelmsford Avenue, Port Kennedy, WA 6172. We are a 3200 square metre supermarket, employing over 80 local staff, in a small neighborhood shopping centre serving the local area. There is however a large shopping centre less than a kilometer down the road which has been recently upgraded, offering over 60 specialty stores, including BIG W, Coles and Woolworths. The competition from this large centre over the years, has driven many of the tenants/specialty stores in our smaller shopping centre into financial difficulties, with many of them shutting their doors over time. Less than 30% of our centre is occupied, and most of the tenancies have been empty for nearly three years with little hope of attracting any new business owners. This is the trend we are facing in all the small neighborhood shopping centres.

We support our local community in many ways, by making donations, having sausage sizzles, participating in the local sporting clubs, subsidiising breakfast clubs in local schools. Providing discounts and morning teas for our pensioner customers. We also run excursions through our store on a regular basis for the local schools, teaching the children about different facets of the supermarket. Unlike the large chains, we support our local farmers, producers and manufacturers before looking at any imported goods. We employ local accountants, cleaners, plumbers and electricians to perform work for our store. Whilst we depend on the support of our local customers, we also support the local community at the same time.

Our business is the key anchor tenant to the local neighborhood shopping centre, and if it were not for our existence and survival, the rest of centre would shut down over time, turning the shopping centre into a derelict and abandoned structure. Our business makes a significant contribution to the community it trades in, and has become an integral part of local community.

As a small business owner, we do not operate on the same playing field as the majors for the following reasons:

1. As a single store business we do not have the same power of the chains to negotiate better lease costs and conditions with our landlords, so our operational costs are higher.
2. We do not have the same volume to negotiate better electricity rates than the chains, so our energy costs are higher.
3. We are unable to negotiate the same levels of Enterprise Bargaining Agreements as the chains, instead we default to the standard retail industry award and end up paying much higher penalty rates and wages.
4. We do not have the market dominance and network of other companies to provide the same levels of loyalty programs that the chains do.
5. We have much lower sales volumes, so our cost prices are much higher than those of the chains.

The increasing market power and dominance of the 2 chains is putting at risk robust competition, consumer choice and retail diversity, and that is why we need major Competition Law reforms. Without fair competition, the consumers in our community will be worse off with the unabated expansion of Coles/Woolworths, and the CONSUMER and COMMUNITY will suffer in the short AND long-term. We support the Harper Review recommendation to introduce an "effects test". It will protect competition and long-term consumer choice, by deterring big businesses from crowding out and destroying small businesses, by misusing their market power, that substantially lessens competition. However, we would like the original wording in S 46 to remain unchanged so that anti-competitive behaviours, irrespective of whether they substantially lessen competition in the market or not, are clearly captured. Anti-competitive behaviours can include predatory pricing, predatory capacity and anti-competitive price discrimination and must be prohibited.

We acknowledge the Harper Competition Policy Review Panel's findings that state planning and zoning legislation and processes lack effective economic objectives and proper consideration for competition. However, we disagree with the principle that more floor space & more entrants in a market equals more competition, this is simply not sustainable. Businesses such as Coles, Woolworths, Costco, and Aldi, with the deepest pockets (unlimited resources), will crowd out family owned businesses, who have limited resources and limited leverage, thus reducing consumer choice and lessening competition. State planning and zoning controls must be put in place to protect competition and consumers.

At present, it is completely cost prohibitive for an independent supermarket or liquor store owner to file an action with the Federal Court seeking relief from anticompetitive behaviours without the threat of having to pay the other party's costs, in the event that the application is unsuccessful. Many independent supermarkets and liquor store owners have genuine claims of misuses of market power, but the costs of litigation are far too high, resulting in a reluctance to lodge justifiable claims. Therefore there should be "no cost orders". There is no mention of a Supermarket and Liquor store Code of Conduct in the Harper Competition Policy Review report. To protect competition and the consumer, and to assist the ACCC, it is vital that anticompetitive behaviours can be dealt with through a mandatory enforceable code.

We do not support further deregulation of trading hours because we will not be able to survive as small businesses, if the major chains were to operate the same hours as we currently do. Our survival depends on being able to trade on those extended hours without their competition. The chains belong to large multi-corporate organisations that already dominate the Australian market, and operate with handsome profits. Whilst we operate to survive as a family! Why give them even more power to terminate our existence. Is this the way to create healthy competition, by finally creating the most powerful duopoly that the world has seen?

I wish to thank you for the opportunity to make a response. The future prosperity of all Australian small businesses and families concerns, including my own, is very much dependent upon the strong recommendations for Competition Law reform, as recommended by the Harper Competition Policy Review Panel and the will of our politicians to recognise that Australia is not just about Big Businesses – it's about a balance between large and small businesses all competing on a level playing field.

Yours Faithfully,

Ike Abdulla
Store Owner