



MOUNT MARTHA SUPA IGA
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3rd November 2014

RESPONSE TO THE HARPER COMPETITION POLICY REVIEW PANEL

REPORT RELEASED 22ND SEPT. 2014.

My name is Rod Allen & I am part owner of Mount Martha Supa IGA, a licensed supermarket on the Mornington Peninsula in Victoria. We employ 96 permanent, part time & casual staff.

Along with my partner Ron Corrigan we have owned this business since May 1987 and over the past 27 years we have expanded and re-furbished the store to cater for the growing needs of the local community.

Where possible we get our fruit & veg and other products such as Peninsula Honey from local suppliers as well as using local tradespeople for our service needs.

Many fledging small businesses get their start in local supermarkets that stock and promote their products.

Nearly every day we are approached to donate either goods or money to support the local schools, pre-schools, junior sporting clubs, Lions Club, Rotary Clubs, CFA as well as numerous fund raisers.

We are happy to give back to the community who have supported us over the years and we believe our business makes a significant contribution to the community it trades in!

It is in fact the hub of the community.

Ask any of the local schools, charities etc what support they get from Coles or Woolworths and they will tell you they would be lucky to receive a \$25 voucher.

Yet the duopoly will donate \$5000 of cricket equipment to a school & spend \$5 million dollars on a TV media campaign telling the world what good guys they are.

This local business engagement is extremely important for the prosperity and wellbeing of this local economy. This activity maximises local innovation, local investment, streamlined efficiencies and productivity which are vital ingredients for the sustainability of local communities – this is good for Australia and Australians.....



In our catchment area our competition is 2 Woolworth stores, a Coles, an Aldi plus First Choice liquor and a large Dan Murphy's liquor outlet.

Now i am led to believe another Coles is to be built nearby.

Over the years I have seen many independent retailers lose their livelihoods due to the unnecessary 'over kill' of the duopoly building oversized supermarkets where they are not necessary and not profitable.

My partner & I are keen to undertake another upgrade of this business which could cost over a \$1M however with no protection from the law to stop more oversized stores in my catchment area we are reluctant to proceed. **What would you do if it was your business ??**

The increasing market power and dominance of the 2 chains is putting at risk robust competition, consumer choice and retail diversity.....that is why we need major Competition Law reforms.

If the Competition Laws aren't changed there will be no independent supermarket industry and the hub of the local community will be lost forever along with all the support industries and the thousands of dollars independents donate annually.

Then the duopoly will charge what they like and the consumer will have to pay.

We support the Harper Review recommendation to introduce an "effects test"..... The 'effects test' 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 action, irrespective of whether it would substantially lessen competition in the market or not.

Eg. Anti-competitive behaviours such as predatory pricing, predatory capacity and anti-competitive price discrimination must be prohibited.

We acknowledge the Harper Competition Policy Review Panel's findings, **that 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 (Coles, Woolworths, Costco, Aldi) with the deepest pockets (unlimited resources) will crowd out family owned businesses, who have limited resources, thus reducing consumer choice and lessening competition.

There must be planning and zoning controls put in place to protect competition and consumers.

At present, it is completely cost prohibitive for an independent supermarket or liquor store owner **to bring an action** in 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.



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Many independent supermarkets and liquor store owners have genuine claims to misuses of market power, but the costs of litigation are far too high, resulting in a reluctance to lodge potentially successful 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.

Thank you for the opportunity to make a response and I applaud the initiative taken by the Minister for Small Business Mr Bruce Billson, who I have met on a number of occasions, in organising the Panel.

I also applaud the great work being done by the **Harper Competition Policy review Panel** and I was pleased to attend the recent Forum in Melbourne.

I believe that 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 Sincerely

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