

**Response to the Harper Competition Policy review Panel report released 22<sup>nd</sup> September 2014.**

I have been in the supermarket industry for 45 years and an owner of independent supermarkets for the past 38 years. During this time, I have witnessed a myriad of changes. However, what has been constant has been the decline of the independent sector.

At current levels the 'chains' hold approximately 80% of the packaged food industry with approximately 1600 stores Australia wide. If we continue in this way, a further 300 stores will give them 100% of this industry and the independent sector will be no more. Imagine the outcry, if in a country the size of Australia, 1900 stores would service the entire country. In some areas people will have to travel a day to source the nearest store. A country of this geographical mass needs smaller players to exist.

The independents need to survive! If for nothing else but to keep the 'chains' honest.

Over my 38 years operating independent supermarkets, I have seen many highly successful businesses and others that have failed. A common reason for failure is when a chain moves into an area and destroys the smaller operators. This has happened in Bright and Seville in Victoria. Both long standing career independents were forced into severe financial difficulties instead of being able to retire gracefully. Ritchie's in Maffra and Churchill have been able to stay afloat, but are no longer profitable.

Two examples in my experience of "chain impact";

- i) I have a situation in one of my stores in Hawthorn where Coles have offered a developer a massive rent (non-commercial to anyone else) to occupy a store some 400 metres from my store. This is despite Coles and Woolworths already having stores in Hawthorn. If this development is successful it will destroy my business.  
My store in Hawthorn cost our family over two million dollars to develop, we employ 30 full-time staff and 40 part-time staff. We support local schools with a "docket refunds" policy and most worthy causes within our boundary. We offer phone ordering to nursing homes and customer accounts. This will all go by the wayside if Coles moves in next-door.
- ii) A further example of how a chain operates; We were in the process of negotiating for a store in Orrong Rd, Caulfield and I thought coming to a reasonable understanding, then suddenly this business closed. The area is without a local store and there was no notice of the intention to close other than the day before it closed its doors. Twelve months later, we now find it has been secured by Woolworths and the property was sold with contractual understanding that Woolworths were to occupy the ground floor, precluding our involvement. This store has not been built yet, however no notification to the ACCC would have been lodged beforehand.

## 2

We should, in Australia have an effects test. Surely we would find, very quickly, these two examples would not go on. Where a second store in a country town or in the suburbs, puts pressure on the existing players the chain store would need to factor in the effects of its decision and then at least the store will get some compensation.

Also no cost orders in the federal court again would allow smaller parties right of appeal which is currently prohibitive.