

Reference number CR1651

Contact name

Anonymous retailer

Is your submission confidential?

No

Submission type

Have Your Say

Comment

With respect to your Draft Report, the Panel failed to understand the anti competitive situation that Coles and Woolworths have created in Australia.

In Australia and to a lesser New Zealand, Coles and Woolworths have created a situation that pushes the prices up of supermarket grocery items.

They have done this by demanding suppliers pay up to 20% rebates and allowance (which are automatically deducted from suppliers invoices) and then another 3.75% of the supplier wants to be paid in 45 days instead of 75 days. They also send suppliers emails two - three times a year and ask for their promotional plans (ie specials) and state that if the supplier does not run promotions, they risk not meeting their sales hurdles and risk deletion at the next review. Please let me know if you would like an example of these emails. The promotions or specials are 100% funded by the suppliers.

What they are doing is pushing up the Recommended Retail prices in Australia, so the suppliers can meet these unique Australian duopoly conditions and all consumers suffer. The retailers like Aldi who do not receive rebates and allowances are able to move their retail prices up, higher than they might have.

Metcash / IGA have similar trading terms to Coles and Woolworths, but are declining as a grocery retailer, due to the Metcash middle man margin (that Coles and Woolworths do not have).

The Productivity Commission should recommend that Governments unwind these arrangements with Coles and Woolworths, which would see a lowering of retail prices for Australians.

To make matters worse, Coles and Woolworths are moving into hardware, office stationery, liquor, and petrol etc, with the view of eliminating competition over time, so the duopoly can again insist on suppliers meeting their trading terms and again the Australian consumers will suffer.

The trading terms that Coles and Woolworths dictate are UNIQUE to Australia, which is why our grocery prices are the highest in the comparable World.

Suffice to say the ACCC is largely asleep on these issues and tinkers around the edges to appear to be doing something. The ACCC have let Australia down and need either more resources or a change in Management of both.

Thanks for the opportunity to contribute