

Reference number CR1757

**Contact name**

PETER JANULIS

**Are you submitting on behalf of an organisation?**

Yes

**Organisation name**

mtctraders Bi-Rite Roma

**Type of organisation**

Business

**Business size**

Small

**Industry**

Retail Trade

**Is your submission confidential?**

No

**Submission type**

Have Your Say

**Comment**

I am writing to you concerning the upcoming changes to legislation as proposed by the Harper Review to provide a standpoint and understanding from an independent retailer. If you have not been made aware, one of the aims of the Harper Review is to increase healthy competition and efficiency to benefit consumers. Ultimately this change could be the biggest benefit to small businesses across all industries in ensuring the longevity and sustainability against larger corporations who continue to grow in market share running a mono/duopoly that control the price in the market.

The issues that we face in Australia are very unique as we are one of the few countries in the world where there is such a large variance in price offered to independents against major corporations such as Woolworths & Coles in the supermarket industry or Harvey Norman & The Good Guys in our industry.

Over the last few years we have seen our business struggle with profitability and turnover dropping. We have scaled down our business to adapt, as well as looking towards other opportunities to keep our doors open. Because at the end of the day, my business, whatever I sell, is what keeps food on the table. I am disappointed to say, but a major reason towards my profitability and turnover dropping is due to the substantial price advantage that my competitors have over me (in a lot of cases, 15-30%).

I keep my overheads low, all my purchases are controlled and I am working in the business myself. But this is all at jeopardy because of major corporations who aren't necessarily doing anything better than I am, but are simply able to offer product at a price which is not sustainable to my business.

These major corporations have been leaning on suppliers for additional support in a variety of different ways creating an unequal playing field. The situation has gone as bad to suggest that many suppliers are providing pricing which is considered predatory. In every other OECD country other than Australia and New Zealand, there exists legislation and regulation to stop this from happening.

Anti-Competitive Price Discrimination is not limited to just the goods purchased for resale, but also all other associated costs of doing business including but not limited to staff (as an example staff whom are employed by Samsung as 'Blue Shirts' aimed at selling Samsung products within Harvey Norman/Good Guys Stores, reducing the expense of these companies), in-store consumables, uniforms, transport, electricity or display stock. This will allow all to have a fair go, no matter what the industry, and ultimately is in the interest of the Australian Consumers.

By introducing legislation that minimize the price gap between Harvey Norman/The Good Guys and independents, we will see efficiency and competition increase as consumers have more viable options. At the end of the day, it will mean price is less important to the consumer and other aspects of the business can will help drive the sale such as service.

I suggest that Section 46 of the Competition and Consumer Act 2010 is amended to effectively prohibit anti-competitive price discrimination. Consideration should be given to relevant legislation in place in the United States and United Kingdom, and the reintroduction of an 'effects test' as per section 49 of the Trade Practices Act 1974.

Most customers walk into my shop knowing what price is out in the market due to the accessibility provided via the internet. I am not against the internet providing this kind of information as it is good for consumers, however I do face challenges as often the prices online are well below my nett cost or provide unsustainable margins (Sub 10%), and these prices are everyday prices from the Good Guys or Harvey Norman.

I urge you to read this article which outlines the concerns of independent businesses very well. [http://competitionpolicyreview.gov.au/files/2014/06/Master\\_Grocers.pdf](http://competitionpolicyreview.gov.au/files/2014/06/Master_Grocers.pdf). This article outlines the effects of these duopolies in the supermarket industry, however the same applies in the electrical retail industry. We urge you to support independents & ensure that the Harper Review implements all necessary means of regulation surrounding price gaps and competitiveness in the market. Small businesses are important to communities and are the heart and soul of Australia, we are under pressure and need to be competitive to continue to serve our communities.