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Is your submission confidential?
No

Submission type
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Comment
Managing competition seems not to have grasped the way to differentiate between the positive and negative practices and behaviours (ie that can be either beneficial or detrimental to the entire system), particularly in retail. Public knowledge is probably not familiar with the reality that lower consumer prices are not necessarily beneficial to the overall system. If actions are undertaken that are not beneficial to the entire system then in all probability some element of the process has had its viability compromised and is no longer sustainable.

Those with market power can do things that are an improvement on a system wide basis. Anything that contributes to better efficiency, or elimination of waste, in the conversion of inputs to outputs is valid and healthy for all participants. However, there is a need to recognise the interdependence of those operating in a supply channel as the means of preserving the integrity of the new efficiencies. In addition, actions that target (a), the demise of other channel members, or (b), compromise the viability of upstream/downstream partnerships, will ultimately render the system incapable to being competitive at all.

Legislation and management therefore should address the benefit to the entire process. Lower consumer prices is not a valid test on its own. It should be necessary to demonstrate where those saving came from, what were the specific efficiency gains, or what were the specific components of waste reduction. It would be very rare to find a valid example of 'squeezing margins' that was in fact a correction for price gouging, or price scalping.