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SUBMISSION TO THE PANEL – HARPER COMPETITION POLICY REVIEW

My name is Kim Trad and my husband Tim and I own and operate a medium sized Foodworks store in the southern suburbs of Cairns, Queensland. We employ 17 staff and wherever possible, we trade with and support our local businesses, farmers, community and charity groups. Unlike Coles and Woolworths, we also engage local people for all our support services. As a small business owner, I understand the importance of spending money in my local community in order to manage and preserve sustainability and profitability.

5 years ago when I purchased my store, there were 2 large supermarkets (1 Coles and 1 Supa IGA) in my local catchment area. Since then, another 2 large supermarkets have been allowed to open (another Coles and 1 Woolworths) taking the number from 2 to 4. I have seen a significant drop in my business sales during this period and have noticed a decline in the number of local business who once traded but have since closed their doors.

Coles and Woolworths are at war, with each one trying to dominate for market share. They have unlimited resources and are able to run specials at huge losses to entice customers in the door. Unfortunately, small business owners are unable to wear these losses and must sell stock or produce at much higher prices. In the public eye, we are seen as being too expensive in the market place. The consumer does not understand that with Coles and Woolworths domination, they are able to purchase goods at a much lower price than independents, thus being able to sell it much cheaper. We have already seen a decline in small independently owned butchers, bakers, newsagents and green grocers and they now the Duopoly are looking to take on pharmaceuticals as well. Another major problem is the chains running fruit or vegetables on special at cost or a loss. They buy a particular product and advertise it nationally and buy up major supplies of this product. This causes a shortage of the product in the wholesale market for the independents and our wholesale price increases significantly. Again, we have to sell the produce for a much dearer price and therefore consumers are driven towards the duopoly for cheaper prices. The Duopoly has reduced the price of milk and bread which were once staples of the smaller convenience stores.

Coles and Woolworths (we don't have a Costco or Aldi in Cairns yet) have destroyed small family owned businesses across the country and bullied farmers and manufacturers to supply at their prices. This practise has destroyed competition, consumer choice and retail diversity. Therefore, my

husband and I support the Harper Review recommendation to introduce an "effects test". The effects test will protect competition and long term consumer choice, by deterring big business from crowding out and destroying small businesses, by misusing their market power, that substantially lessens competition. However, we would like the original wording in 546 to remain unchanged so that anti-competitive behaviour, irrespective of whether they substantially lessen competition in the market or not, are clearly captured. Anti-competitive behaviours can include predatory pricing, predatory capacity and anti-competitive price discrimination and must be prohibited. We acknowledge the Harper Competition Policy Review Panel's findings that state 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 and 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 state 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 anti-competitive behaviours without the threat of having to pay the other party's costs, in the event that the application is unsuccessful. Many independent supermarkets have genuine claims to misuses of market power, but the costs 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 the anti-competitive behaviours can be dealt with through a mandatory enforceable code.

I do not support the deregulation of trading hours in Queensland. I believe deregulation would serve to only further grow the Duopoly's market power and dominance.

Thank you for the opportunity to make a response. 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,



Kim Trad