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**Sent:** Tuesday, 1 April 2008 5:07 PM

**To:** Grocery Prices Inquiry

**Subject:** Submission to the ACCC inquiry into Grocery Prices

I realise this submission is late, and should have been received by 11th of March, but ask that it be accepted as late nonetheless.

(Submissions were due at 5pm on 11 March 2008. Late submissions may still be taken into consideration (see below).)

My name is Mark Pilkington, I head a single income family of 6 with children from 19 to 10.

We are served by a Safeway (Woolworths) supermarket in Lara, which is a small country town 16 km north of Geelong, this supermarket was previously an independent supermarket within the Tuckerbag chain until that chain was sold, with the Lara and many other stores being sold to Woolworths.

Tuckerbag provided the 15,000 residents of Lara with good customer service, a good range of groceries, and competitive pricing, as while it was the only supermarket in the town, too high a price, or poor service would result in the town shifting its custom to Corio some 10 km round trip away, where both Coles and Safeway stores operate in direct competition.

Since the store was taken over by Safeway, our product ranges have reduced dramatically, my wife considers we are sent stock unable to be sold in their other stores, and there are daily shortages of staple foods such as milk and bread.

I would encourage the ACCC to undertake a price comparison of the weekly shopping basket at the Safeway Supermarket in Lara as against the Safeway and Coles stores at Corio.

The ACCC by allowing Safeway/Woolworths to acquire the Tuckerbag in Lara reduced the competitive pressures on that store, in that it was no longer an independent competitor for Lara custom against two larger competitors with supposedly greater purchasing power, but instead is one of those large competitors taking advantage of the convenience cost of shopping locally and the natural barrier to entry of the locational monopoly of the only supermarket site in the town,

I understood from the Fred Hilmer theology of competitive industries that 3 strong competitors, and ideally 5, are required to ensure price competition and deliver customer choice. The ACCC has failed in its duties under the Trade Practices Act in previously allowing the Woolworths/Safeway acquisition of the independent Tuckerbag chain, and therefore allowing the combined market share of Coles / Woolworths to approach 80% of packaged groceries.

I believe Woolworths should be forced to divest the previous Tuckerbag sites to encourage further competition in the industry, and that mandatory display of "unit pricing" to allow customer choice and comparison should be immediately legislated.

I think it is clear from the super profits being reaped by Woolworths, (and the corresponding incompetent Management of Coles and willingness to simply be a follower during the same period), and the significant increase in grocery costs over the CPI and farm costs, (regardless of drought) that consumers are being gouged by this industry, that the ACCC has not ensured sufficient competition in this market, and that corrective action is urgently required.

I am copying this email to the relevant Federal Minister the Hon Chris Bowen, to show my support for this enquiry and to encourage Government action over the submissions and scrutiny of the ACCC and its findings in this matter.

Regards

Mark Pilkington  
LARA