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28th April 2008

The Chairman,
Australian Competition and Consumer Commission
Dear Mr. Samuel,

Re: grocery and fuel prices

I have written previously on these matters and copies of that correspondence is provided herewith. Although retired I have been intensely occupied on two other matters so may be late in making this submission to the uncompleted pricing inquiry.

The previous correspondence covers my complaints (which haven't effectively been resolved) except for one matter which I haven't mentioned previously. I now suggest that your investigators secretly determine the pricing for a few particular grocery items at locations where only one of the major retailers has an outlet and compare those prices to the pricing of the same or equivalent items where both major retailers and a third smaller retailer are competing. I am certain that you will find prices which can be classified as price gouging or unconscionable behaviour.

As an example generic brand scotch finger biscuits are priced at 79cents per 250g pack where competition is effective in NSW. A few years ago the price for that product at Katanning, WA, was \$1.35 or 56cents higher. The price difference was equivalent to near \$2240 per tonne and there is no way freight or any other cost could justify such a price difference. I am sure that an investigation will find other similar examples. Bread prices for Coles own brands have increased dramatically recently and pack weights have in some instances been reduced but Woolworths are still offering a 650g white sandwich loaf for only 10cents more than the price two years ago. I suspect that the item has been overlooked. Also why is light milk more expensive than full cream? All cream is first separated off fresh milk and then homogenised back into the skim base. Cream is much higher priced than skim milk so 2% cream milk should have a lower cost than "full" cream. Similarly the price of Farmers Best is extraordinary and has increased in price way beyond any increase in costs. I suggest the grocery margin on milk products are now extortionate compared to twenty years ago. A comparison should be made.

Third line forcing is designed to be disadvantageous to consumers in the long term and there is no evidence that any saving at the fuel bowser isn't being more than adequately recouped at the grocery checkout or that pensioners, and others without vehicles, are not subsidising cheaper fuel for motorists. If the present practice cannot be eliminated, but I think it could, then a \$30 plus grocery bill should qualify for a discount at the checkout or the bowser and I suggest that it should be a percentage discount rather than a flat amount.

Possibly you have insufficient powers to address some issues and for that reason I intend passing copies of my correspondence to the appropriate government ministers.

Yours sincerely,

John Turner
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8th March 1998

Professor Alan Fels
Australian Competition and Consumer Commission

Dear Sir,

I am concerned that the two largest retailers in Australia are becoming too dominant and are using predatory tactics to expand the range of their activities. They have driven bread and milk deliverers and independent butchers and fruitlets almost out of existence using rentals subsidised by small businesses in shopping centres to do so.

I have no connection whatever to the petrol retail industry except as a consumer but consider that that Woolworth's policy of allowing a discount on petrol dependent on prior purchases of other goods is fundamentally wrong. If customers have spent \$30.00 on groceries and are therefore entitled to some sort of discount it should be on the purchases that they have already made and not on some future purchase of fuel to the disadvantage of competitors in that business. To allow otherwise is to disadvantage those who do not have a motor vehicle and have to depend on public transport and who are usually the least advantaged in our society. Why should the purchases of groceries and other necessities by such people be used to provide a subsidy to a car owners and a lever to Woolworths and shortly Coles-Myers to undermine independent or franchise fuel retailers.

You should be seeking by legislation if necessary to ensure that all discounts apply to purchases at the point of sale rather than at some future transaction

Yours sincerely,

J A Turner

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10th March 2005

The Chief Executive
Australian Competition and Consumer Commission

Dear Sir,

In addition to this letter I am also forwarding copy of a letter that I sent to Professor Fels seven years ago. I received an answer at that time which I did not consider satisfactory but I did not pursue the matter. Last night on A Current Affair almost identical concerns were raised.

Your organization cannot possibly know that the current petrol retail situation is in the interests of consumers. I would suggest that the fuel discount available from food retailers is more than recouped from increased charges for groceries. An examination of the relative profit margins between producers, processors and retailers in the fresh milk industry now compared to say 25 years ago would show conclusively that the margins have shifted dramatically in favour of the retailers and that in the earlier period most milk was sold on a delivered basis. A similar situation applies to the bread industry. I also suggest that the retailer's margin on fruit and vegetables is now much higher than it was when small fruit shops predominated. The large grocery chains only offer the present discounts to assist their aim of gaining control of petrol retailing.

As a matter of principle discounts should only be available on products sold and at the point of sale not on some other product at some later date. The system, which you are now allowing, discriminates against those citizens who have no car (already disadvantaged) and those who are attempting to protect the environment by limiting their fuel consumption. It also discriminates against those who are attempting to operate small efficient businesses that serve their local community.

Yours sincerely,

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10th April 2005

The Chief Executive
Australian Competition and Consumer Commission

Your ref. D05/11057

Dear Sir,

I have read your reply to my earlier letter and perused the other information provided. My main point was that you do not look at the total picture and the underlying aims of the grocery retailers. I also made the point that in other retail sectors, bread and milk in particular, the long term outcome has been substantially different from the claimed aims of the major retailers when they pressed to enter each of those markets.

It seems to me that you see shopper dockets as an attempt to ensure customer loyalty without realizing that the aim of loyalty programmes is to reduce competition by "gluing-on" customers. The retailers have to complete less on price and service if they are able to "glue-on" customers. If you really wish to ensure competition on price and service and thereby provide the cheapest prices for the consumers your organization would ban loyalty programs and only allow discounts at the point of sale for volume purchases. At the least the retailers' petrol vouchers should have a reasonably equivalent cash value at the point of the original sale.

I will be passing a copy of this letter to the appropriate minister and will be seeking to have letters published on this matter.

Yours sincerely,