



**AUSTRALIAN
LABOR
PARTY**

AUST. COMPETITION &
CONSUMER COMMISSION
SYDNEY
- 7 MAY 2008

HARRIS PARK BRANCH

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MAT PRISM

The Harris Park Branch of the Australian Labor Party has asked me to submit the following motion for consideration by the ACCC inquiry into the competitiveness of retail prices for standard groceries.

“The Harris Park Branch welcomes the inquiry and makes the following comments on retail prices for standard groceries:-

- That price increases for standard groceries generally exceed the rate of inflation and put significant pressure on families and low income households, who spend a disproportionately large amount of their income on groceries.
- That excessive price increases for standard groceries places upward pressure on inflation, which encourages the RBA to increase interest rates, further increasing costs for low income households and households in mortgage stress.
- That the Woolworths/Coles duopoly contributes to higher prices by the concentration of market power. The Branch notes that many meat, dairy, fresh fruit and vegetable goods can be purchased at significantly lower prices from specialist fruit and vegetable shops, however the greater availability of all household goods at Woolworths and Coles means that families choose to shop there and pay excessive charges for meat, dairy, fresh fruit and vegetables. While cheaper options are readily available in the Parramatta area, in large parts of Australia there are no alternatives to Woolworths or Coles.
- These excessive prices are mirrored in the prices of other goods, available in the Parramatta area at significantly cheaper prices from ethnic supermarkets who do not enjoy the purchasing power in the market of Woolworths and Coles.
- That the fees paid to position products in more attractive positions within supermarkets (slotting fees) do not appear to be passed on to consumers through cheaper prices.
- That the entry of Aldi into the Australian marketplace is welcomed but does not significantly affect the Woolworths/Coles duopoly as Aldi sells a more limited range of products in bulk, which is largely suited to larger families and people who consume large amounts of non-perishable goods.
- That recent rains and the end of the drought in large parts of eastern Australia has not lead to a reduction in prices for fresh fruit and vegetables.
- That increases in prices for meat, dairy, fresh fruit and vegetable prices have significantly exceeded any increases in prices for fast food, making unhealthy meal choices more economic for low income households and people facing financial difficulty. This is of particular concern given the rapidly increasing number of Australians who are overweight and the greater concentration of obesity amongst low income communities.”

Yours faithfully,

Patricia Procv