

Public Submission
to
ACCC Grocery Inquiry

By

Southern Sydney Retailers Association Ltd

Contact : Craig Kelly 0413 433 288

Geographic Price Discrimination

Illegal trade practices – Geographic Price Discrimination

“Everyone engaged in a business who...

*engages in a policy of selling products in any area of the country at prices lower than those exacted by him elsewhere in the country, having the **effect** or tendency of substantially lessening competition or eliminating a competitor in that part of the country or designed to have that effect.....*

is guilty of an indictable offence and liable to imprisonment for a term not exceeding two years.”

**Section 50(1)(b)
Canadian Competition Act**

Food Inflation 1990-2006

Canada : 31%

Australia : 68% (worst in the developed world)

Food Inflation last 12 months

Canada : 0.4%

Australia : 5.7%

Reserve Bank Interest Rates

Canada : 3.25%

Australia : 7.25%



MEDIA RELEASE

Southern Sydney Retailers Association Ltd

Monday 19th May 2008

Woolworths Price Gouging Western Sydney Shoppers

Woolworths' price gouging of Western Sydney Shoppers has been revealed by a survey undertaken by the Southern Sydney Retailers Association.

This pricing survey reveals an average discrepancy of **134%** in the price of the same basket of fruit and vegetables purchased at two adjoining Woolworths' stores in Western Sydney.

"Discrimination of this magnitude is nothing other than outrageous and shows the *Trade Practices Act* has failed and the victims are Western Sydney Shoppers", said Craig Kelly President of the SSRA.

The full survey is attached. For a basket of 28 everyday fruit and vegetables, the survey showed that Woolworths were charging between **51%** and **402%** higher prices at Greystanes than they were charging for the same items in Fairfield which is less than 4km away.

"This clearly demonstrates how competition has collapsed in some Western Sydney suburbs and how consumers are paying for this failure through excessive prices", said Mr. Kelly

Examples included a Woolworths' 1kg bag of red unions; same packaging, same labelling, same barcode, same use by date, yet Woolworths were charging shoppers a 112% higher price at Greystanes as compared to Fairfield.

"How can Woolworths say with a straight face that 'the market is vigorously competitive' when shoppers at two of their adjoining stores are being slugged with price differences averaging 134%", asked Mr Kelly.

Western Sydney Shoppers deserve an explanation from Woolworths about these price discrepancies between two adjoining Woolworths stores. In particular, Woolworths should tell the ACCC inquiry and their customers how widespread these pricing discrepancies are, and whether such discrepancies – know as 'Geographic Price Discrimination' - are commonplace in Woolworths stores across the nation. Are consumers in Greystanes the only victims of such excessive prices, or are these excessive prices commonplace across Woolworths' stores nationwide - If they can offer a fair price at one store, why can't they offer the same fair price at all stores?

"While Woolworths are explaining their pricing discrepancies and excessive prices to the ACCC and the Australian public, they should also provide an explanation to the Federal Minister for Competition, Mr Chris Bowen, why some shoppers in his electorate of Prospect are being price gouged" said Mr Kelly.

"Such price gouging should not be allowed to occur, and with the collapse of competition, and the failure of the *Trade Practices Act* and its administration, Australia urgently needs laws outlawing Geographic Price Discrimination, such as exist and have proven successful in Canada in controlling inflation. Until this form of price gouging is outlawed, Australian consumers will continue to be punished with excessive prices – and Australia will continue to have the developed world's fastest rising supermarket prices"

"Such discrimination is so manifestly unfair and unjust to the general public, especially the elderly and those less mobile, that the present Trade Practices Act ought to be immediately supplemented by making this particular form of discrimination a specific offense under the law as it is in Canada" said Mr. Kelly

Mr. Kelly calls on the Competition Minister Mr. Bowen to protect his constituents and all Australian consumers from falling victim to the evil of Geographic Price Discrimination, a practice that is adding to inflationary pressures across the nation and resulting in Australia holding the shameful title of having the developed world's highest food inflation.

For Further Information contact : Craig Kelly 0413 433 288
Email : info@ssral.com

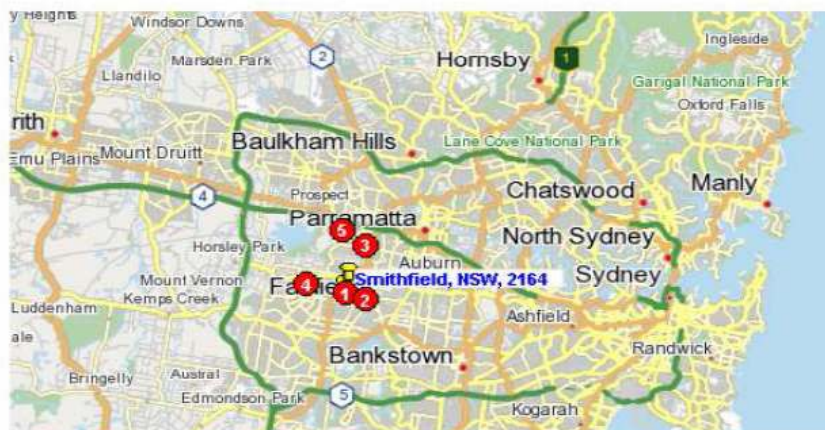
WOOLWORTHS						
Geographical Price Discrimination in the Electorate of Prospect**** - 10th May 2008						
			Fairfield	Wetherill Park	Greystanes *	Higher Price paid at Greystanes/Pemulwuy to Fairfield
	Tax Invoice No.	114500603350093	138600196730007	12830071446		
No.	Time of Purchase	3.01pm	5.23pm	4.17pm		
1	Mandarin, Imperial	kg	\$0.99	\$1.99	\$3.97	301%
2	Lemon	kg	\$1.98	\$2.48	\$4.44	124%
3	Apple, Pink Lady Md.	kg	\$0.99	\$2.98	\$4.97	402%
4	Apple, Fuji Md.	kg	\$1.48	\$2.98	\$4.97	236%
5	Lettuce	kg	\$0.69	\$0.98	\$1.98	187%
6	Apple Granny Smith md	kg	\$1.48	\$2.98	\$4.97	236%
7	Apple, Golden Delicious Md	kg	\$1.48	\$3.98	\$4.97	236%
8	Pear, Nasi green	kg	\$3.98		\$5.97	50%
9	Tomato, Gourmet Md	kg	\$0.99		\$1.75	77%
10	Coz Lettuce	kg	\$0.69		\$1.98	187%
11	Red Onion (1kg pack)	kg	\$1.88		\$3.98	112%
12	Potato Golden Delight	kg	\$0.79		\$2.98	277%
13	Pear, William	kg	\$1.93		\$1.93	0%
14	Carrots	kg	\$1.48	\$1.98	\$2.44	65%
15	Snow Peas	kg	\$4.95	\$6.98	\$9.98	102%
16	Kiwifruit, Lge	kg	\$2.98	\$4.95	\$4.95	66%
17	Potatoes, Coliban	kg	\$1.32		\$2.84	115%
18	Orange Navel, USA	kg	\$1.98		\$3.97	101%
19	Sweet Potato Gold	kg	\$0.99		\$2.86	189%
20	Eggplant	kg	\$2.98		\$5.98	101%
21	Cucumber, Lebanese	kg	\$1.28		\$5.98	367%
22	Avocado Hass	each	\$0.79		\$1.77	124%
23	Capsicum Green	kg	\$1.98		\$3.98	101%
24	Zucchini Green	kg	\$1.98		\$2.98	51%
25	Celery Whi Bunch	each	\$1.68		\$2.98	77%
26	Honeydew	each	\$1.98		\$5.97	202%
					Pemulwuy **	
					4.44pm	
27	Cabbage, Green	each	\$1.98		\$5.98	202%
28	Coconut, Drinking	each	\$1.48		\$3.48	135%
	***TOTALS		\$49.18		\$115.00	134%

* The Woolworths Greystanes store had numerous advertising signs claiming : "low prices you can count on"

** Items 27 & 28 unavailable at Greystanes, but available at nearby Pemulwuy

*** "Totals" based on purchasing 1kg of items sold by the kg, or one unit where items are priced as individual units

****The Member for the seat of Prospect, is also the Competition Minister, Mr Chris Bowen



The nearest Woolworths stores to Smithfield NSW 2164

	Store Name	Address	Phone	Distance
1	FOOD FOR LESS - Fairfield Heights	186 The Boulevard	(02) 9754-1129	1.17 km
2	WOOLWORTHS - Fairfield	Neeta St/Centre Nelson & Smart Sts	(02) 9728-4099	2.17 km
3	WOOLWORTHS - Greystanes	Cnr Merrylands & Braeside Roads	(02) 9636-2288	2.90 km
4	WOOLWORTHS - Wetherill Park	Cnr Polding & Restwell Streets	(02) 9729-4330	3.37 km
5	WOOLWORTHS - Pemulwuy	Cnr Butu Wargun Dr & Greystanes Rd	(02) 9896-4678	4.04 km

Were the items the same quality from the same supply source ?

Item No. 11 RED UNIONS (1kg Pack)	
	
FAIRFIELD	GREYSTANES
Woolworths 1kg Bag	Woolworths 1kg Bag
Barcode 9 300633 015596	Barcode 9 300633 015596
Best Before : 15/05/08	Best Before : 15/05/08
Price : \$1.88kg	Price : \$3.98kg
<i>Shoppers at Woolworths Greystanes pay 112% higher price</i>	
Item No. 28 DRINKING COCONUT	
	
FAIRFIELD	PEMULWUY
Kulaway Nut	Kulaway Nut
Barcode : 9 300633 015596	Barcode : 9 300633 015596
Product No. PLU 4260	Product No. PLU 4260
Price : \$1.48	Price : \$3.48
<i>Shoppers at Woolworths Pemulwuy pay 135% higher price</i>	

The obvious question – if Woolworths can offer their 1kg bag of Red Unions (barcode No. 9 300633 015596 Best Before date 15th May) for **\$1.68** at Fairfield – why are they not able to offer this price at other locations ?

Surely a 4km difference does not add 112 % to the price. ?

Footnote :

Geographic Price Discrimination was outlawed in the USA 94 years ago.

A report before the US Congress (H.R Report No, 627 63d Congress 2d, 1914) provides the words and the arguments as why the evil of geographic price discrimination must be outlawed in Australia today;

“The Bill is intended to prevent unfair discrimination. The necessity of legislation needs little argument to sustain the wisdom of it.

In the past it has been the practice of the great and powerful combinations engaged in commerce - notably the Standard Oil Co. and the American Tobacco Co, and other of less notoriety, but of great influence - to lower prices of their commodities, often below cost of production in certain communities and sections where they had competition with the intent to destroy and make unprofitable the business of their competitors, and with the ultimate purpose in view of thereby acquiring a monopoly in the particular locality or section in which the discrimination is made.

Every concern that engaged in this evil practice must of necessity recoup its losses in the particular communities or sections where their commodities are sold below cost or without a fair profit, by raising the price of the same class of commodities above their fair market value in other sections or communities.

Such a system or practice is so manifestly unfair and unjust, not only to competitors who are directly injured thereby, but to the general public that your committee is strongly of the opinion that the present antitrust laws ought to be supplemented by making this particular form of discrimination a specific offense under the law when practiced by those engaged in commerce.”

'The Fresh Food People'
WOOLWORTHS

TAX INVOICE - ABN 88 000 014 675
GREYSTANES PH: 9636-2288
Store Manager is: Ian Fennelra

1.	MANDARIN IMPERIAL		
	0.118kg NET @ \$3.97/kg	0.47	
2.	LEMON LOOSE		
	0.146kg NET @ \$4.44/kg	0.66	
3.	APL PINK LDY MED		
	0.143kg NET @ \$4.97/kg	0.71	
4.	APPLE FUJI MED		
	0.158kg NET @ \$4.97/kg	0.79	
5.	LETTUCE WRAPPED		1.98
	APPLE GSMITH MED		
	0.126kg NET @ \$4.97/kg	0.64	
7.	APL GLDN DEL MED		
	0.143kg NET @ \$4.97/kg	0.71	
8.	PEAR NASHI GREEN		
	0.253kg NET @ \$5.97/kg	1.51	
9.	TOMATO GRMT MED		
	0.143kg NET @ \$1.75/kg	0.25	
10.	LETTUCE COS		1.98
11.	ONION RED 1KG		3.98
12.	POTATO GLEDLIGHT		
	0.108kg NET @ \$2.98/kg	0.32	
13.	PEAR WILLIAM		
	0.193kg NET @ \$1.93/kg	0.37	
14.	CARROT		
	0.193kg NET @ \$2.44/kg	0.47	
15.	PEAS SNOW		
	0.058kg NET @ \$9.98/kg	0.58	
16.	KIWIFRUIT LARGE		
	0.113kg NET @ \$4.95/kg	0.56	
17.	POT COLIBAN 2KG		5.68
18.	ORANGE NAVEL LSE		
	0.253kg NET @ \$3.97/kg	1.00	
19.	POTATO SWT GOLD		2.86
20.	EGGPLANT KG		
	0.338kg NET @ \$5.98/kg	2.02	
21.	CUCUMBER LEBANSE		
	0.108kg NET @ \$5.98/kg	0.65	
22.	AVOCADO HASS		1.77
23.	CUCUMBER LEBANSE		
	0.228kg NET @ \$5.98/kg	1.36	
24.	CAPSICUM GREEN		
	0.228kg NET @ \$3.98/kg	0.91	
25.	ZUCCHINI GREEN		
	0.108kg NET @ \$2.98/kg	0.32	
26.	CELERY WHL BUNCH		2.98
27.	HONEYDEW LARGE		5.97
28.	SUBTOTAL		\$40.14

WOOLWORTHS GREYSTANE
GREYSTANES
MERCH ID:611000602001283
TERM ID: W1283007
CARD: 376011 006
AMEX CARD CREDIT A/C
PURCHASE \$40.14

TOTAL \$40.14
APPROVED 08
10/05/08 16:17 1446

TOTAL \$40.14
EFT \$40.14
CHANGE \$0.00

1283 007 1446 16:17 10/05/08

'The Fresh Food People'
WOOLWORTHS

ABN 88 000 014 675
THE FRESH FOOD PEOPLE
FAIRFIELD PH: 9728 4099
Your Store Manager is J.Von Drasek

HELP US CREATE A BETTER ENVIRONMENT
BRING BACK YOUR RE-USABLE BAGS +
TAX INVOICE

18.	ORANGE NAVEL LSE		
	0.528kg NET @ \$1.98/kg	1.05	
19.	LEMON LOOSE		
	0.508kg NET @ \$1.98/kg	1.01	
	COCONUT DRNK GRN		1.48
20.	APL PINK LDY MED		
	0.278kg NET @ \$0.99/kg	0.28	
21.	LETTUCE ICEBERG		0.69
	BANANA		
	0.413kg NET @ \$1.34/kg	0.55	
22.	APPLE FUJI MED		
	0.213kg NET @ \$1.48/kg	0.32	
	APL PINK LDY MED		
	0.143kg NET @ \$0.99/kg	0.14	
23.	APPLE GSMITH MED		
	0.148kg NET @ \$1.48/kg	0.22	
	APL GLDN DEL MED		
	0.128kg NET @ \$1.48/kg	0.19	
24.	LETTUCE COS		0.69
	TOMATO GRAPE 200G		1.97
25.	TOMATO GRMT MED		
	0.208kg NET @ \$0.99/kg	0.21	
26.	PEAR NASHI GREEN		
	0.238kg NET @ \$3.98/kg	0.95	
27.	CUCUMBER LEBANSE		
	0.198kg NET @ \$2.98/kg	0.59	
28.	AVOCADO HASS		0.79
	GARLIC		
	0.058kg NET @ \$2.98/kg	0.17	
	APL RED DEL MED		
	0.128kg NET @ \$0.78/kg	0.10	
29.	ONION RED 1KG		1.88
30.	POTATO GLEDLIGHT		
	0.158kg NET @ \$0.79/kg	0.12	
	PEAR BELRAE BOSCH		
	0.138kg NET @ \$3.97/kg	0.55	
31.	CARROT		
	0.198kg NET @ \$1.48/kg	0.29	
	LONGAN		
	0.058kg NET @ \$4.95/kg	0.34	
32.	PEAS SNOW		
	0.048kg NET @ \$4.95/kg	0.24	
33.	KIWIFRUIT LARGE		
	0.178kg NET @ \$2.98/kg	0.53	
	GRAPE CHANEZ		
	0.288kg NET @ \$2.98/kg	0.86	
34.	POT COLIBABY 1.5		1.98
35.	POT SWEET GOLD		
	0.828kg NET @ \$0.99/kg	0.82	
36.	HONEYDEW YELLOW		1.98
37.	PEAR WILLIAM		
	0.208kg NET @ \$1.93/kg	0.40	
38.	MANDARIN IMPERIAL		
	0.218kg NET @ \$0.99/kg	0.22	
39.	CAPSICUM GREEN		
	0.218kg NET @ \$1.28/kg	0.28	
40.	ZUCCHINI GREEN		
	0.103kg NET @ \$1.98/kg	0.20	
41.	EGGPLANT KG		
	0.273kg NET @ \$2.98/kg	0.81	
42.	CABBAGE GRN WHL		1.98
43.	CELERY WHL BUNCH		1.68
44.	SUBTOTAL		\$26.56

ROUNDING -\$0.01
TOTAL \$26.55
CASH \$30.00
CHANGE \$3.45

1145 006 0335 0093 15:01 10/05/08

'The Fresh Food People'
WOOLWORTHS

TAX INVOICE ABN 88 000 014 675
WETHERILL PK 9729 4330
STORE MANAGER. T. MARDINI.

5.	LETTUCE WRAPPED		0.98
15.	PEAS SNOW		
	0.038kg NET @ \$6.98/kg	0.27	
6.	APPLE GSMITH MED		
	0.173kg NET @ \$2.98/kg	0.52	
7.	APL GLDN DEL MED		
	0.153kg NET @ \$3.98/kg	0.61	
16.	ORANGE VALENCIA		
	0.258kg NET @ \$2.98/kg	0.77	
4.	APPLE FUJI MED		
	0.163kg NET @ \$2.98/kg	0.49	
3.	APL PINK LDY MED		
	0.178kg NET @ \$2.98/kg	0.53	
14.	CARROT		
	0.193kg NET @ \$1.98/kg	0.38	
	KIWIFRUIT LARGE		
	0.108kg NET @ \$4.95/kg	0.53	
	MANDARIN IMPERIAL		
	0.108kg NET @ \$1.99/kg	0.21	
	LEMON LOOSE		
	0.973kg NET @ \$2.48/kg	2.41	
11	SUBTOTAL		\$7.70
11	SUBTOTAL		\$7.70
TOTAL			\$7.70
CASH			\$20.70
CHANGE			\$13.00

1386 001 9673 0007 17:23 10/05/08
TRADING HOURS MON-WED 7:00AM-11:00PM
THUR-FRI 7:00AM-12:00PM
SAT 7:30AM-10PM SUN 8AM-10PM

'The Fresh Food People'
WOOLWORTHS

TAX INVOICE - ABN 88 000 014 675
PEMULMUJ PH: 9896-4678
Store Manager is: S. DOONAN

27.	CABBAGE GRN HALF		2.99
28.	COCONUT DRNK GRN		3.48
	APL RYL GALA MED		
	0.173kg NET @ \$4.97/kg	0.86	
3	SUBTOTAL		\$7.33
ROUNDING			\$0.02
TOTAL			\$7.35
CASH			\$50.00
CHANGE			\$42.65

1358 008 9898 0084 16:41 10/05/08
Trading Hours: MON-SAT 7AM-10PM
SUN 8AM-10PM
THANKYOU FOR YOUR CUSTOM