

**Public Submission RE Grocery Inquiry by William Edwards 10/7/2008**

I refer to my submission to this inquiry dated 6/6/08. After reading the submissions made to this inquiry by the major supermarket chains (MSC), and shopping centre conglomerates, the average person is probably just as confused as I am. I view these submissions in the same manner as I view the practices of accountants. Viz: Give five different accountants the same set of figures and the same task, and you will probably get five different results, and all of them will be right! In short if these submissions were submitted as a thesis for a degree in “bulldustery”, these people would pass with honours!

This inquiry should not allow itself to be bogged down by complicated and flowery submission whose real intent is to “pull the wool” over the eyes of the Commission and its officers.

I am not an educated man, although my experience in the “University of Life” has been able to give me an insight which I find that most academics lack. That insight is common sense. My experience with academics is that they are so intelligent and focused on detail that they invariably fail to see the bigger picture. This comment is

not meant to be disparaging toward academics, it is rather meant to point out that there is another view that this enquiry should listen to.

A common sense “bigger picture” view of the food retailing industry in Australia shows that there is a dangerous monopoly and concentration of market power held by two supermarket chains, and that submissions to this enquiry by anybody not answerable to the MSC’s show that the MSC’s are abusing this power.

My common sense also tells me that because of the time constraints placed on this enquiry, the Commission has no time to use its considerable investigative powers to reach proper conclusions. Does this mean that most submissions will be taken at ‘face value’ and that unless evidence is provided in the submission it will fail? Is the ability of the MSC to employ ‘market analysis experts’ and ‘spin doctors’ just another example of their power advantage, and that they will win through the use of unfair competition again?

In fact when considering the issues here, and the seriousness of the charges I have made against Woolworths Ltd., I believe that Mr. Samuels should ask Mr. Rudd for nothing less than a Royal Commission into

the supermarket industry, its purpose being to find out just how such a concentration of supermarket power in Australia, which is the worst of any country on planet earth, came about.

If we look back to 1988, to the wide variation of fresh food retailing outlets, to the number of different supermarkets groups, to the independent grocer, all competing in a highly competitive industry, it is not hard to understand that this was a very good market, it was vibrant and competitive and it gave a wide range of choice for the consumer. This has all disappeared. Where did it go? What would we have right now in 2008 if one supermarket chain, Woolworths Ltd had not set out to dominate the fresh food market and thereby use the higher profit margins of this market to effectively wipe out its competition?

In my submission dated 6/6/08 I explain the reasons of how this came to be. There is no doubt about the truth of this submission, and I have received no argument about that since I began sending that report in one form or another to all and sundry in 2002, least of all from Woolworths Ltd, about whom the report is focused.

In reference to that submission, I would like to ask this inquiry the following:-

- (a) The purchase of Woolworths by Industrial Equity in '88, and their subsequent removal from the stock exchange in '89, put Woolworths in a position where it did NOT have to make public its profit and trading results. Was this a corporate strategy to hide the enormous losses that Paul Simons knew Woolworths had to take to achieve his objectives in 'Fresh Food' market share?**
  
- (b) What were the deals and agreements made between these two companies?**
  
- (c) The heavy losses made by Woolworths in '89/'90 seemed to coincide exactly with the purchase of Industrial Equity by Adsteam. Was this another actual**

**move by Paul Simons in the corporate strategy of 'The Fresh Food People' Marketing Campaign?**

**(d) Just what exactly were the profit results of Woolworths Ltd during the four years '89/93?**

**(e) Through 'creative' accounting Deloitte Touché Tohmatsu (Accountants) falsified Adsteam profits for '89/'90. (I refer to my opening paragraph in this submission). Was this to hide the fact that Woolworths had made considerable losses affecting the profitability of Adsteam? Or was this move designed to 'loose' the enormous losses of Woolworths in the quicksands of Adsteam?**

**(f) ASIC became aware of Adsteam's falsification of profits for 89/'90, and commenced legal proceedings. ASIC became so tied up in legal hearings that it**

**settled out of court nine years later in 2001, thereby ensuring the real reasons for Adsteam's demise never came to light. Another corporate strategy?**

**(g) The inability to define 'market area' is the prime reason why the MSC continue to be unchallenged as they engage in 'predatory pricing' and 'geographical price gouging'. Why has the ACCC studiously ignored this and failed to mention this publicly or recommend changes to strengthen section 46 of the Act**

**(h) The ACCC and the Trade Practices Commission before it have allowed the manipulation of Section 46 of the Trade Practices Act by the MSC's through discounts and 'gifts' from suppliers that are so many and varied that they were one of the main contributing factors to the demise of the MSC competition, and the reason why it is virtually**

**impossible for a competitor to enter the market. (I refer to the submission by Pick N' Pay supermarkets to this inquiry). Is this because the ACCC does not have the 'will' or is it because it does not have the 'teeth'?**

**(i)When looking at the concentration of Market Power in food retailing in Australia, would it be correct to assume that as far as food retailing in Australia is concerned, The Trade Practices Act is not worth the paper on which it is written?**

**(j)Would it be true to say that the ACCC just doesn't seem to understand that the starting block of competition in food retailing is buying price?**

Yours respectfully

William Edwards