



MEDIA RELEASE

Australian National Retailers Association

Tuesday, 5th August 2008

ACCC grocery report is a 'myth-buster'

"The Australian Government today released a thorough analysis of the grocery market which dispels the myths and lays the facts on the table," CEO of the Australian National Retailers Association Margy Osmond said today.

"The ACCC report is the result of a painstaking, public inquiry into all aspects of the retail grocery sector. We commend the government for the inquiry which has led to a clearer understanding of the grocery retail sector."

The ACCC report shows that:

- Australia has a competitive grocery market;
- Food inflation is overwhelmingly due to factors outside the control of retailers;
- The grocery supply chain is functioning fairly – farmgate prices reflect supply and demand in international, national and local markets;
- So-called "creeping acquisitions" are rare and are not threatening competition;
- The leading retail chains – Woolworths, Coles and Franklins – rather than independent retailers drive price competition; and
- Cutting planning red tape will enhance competition.

ANRA has questioned the need for some of the ACCC's recommendations.

"The Commission has found that the chains are growing by building new stores – not by acquisitions. There is no evidence to support more regulation," Margy Osmond said.

"In the last three years, Woolworths has bought six stores. Coles has purchased none. At the same time hundreds of supermarkets and grocery stores have been opened.

ANRA cautioned that any new unit pricing regulations should limit the costs for retailers.

"Retailers are well underway in rolling out unit pricing. Our main concern is that unit pricing does not become complex, costly regulation, with shoppers picking up the tab. It should also be nationally consistent and apply to all retail outlets."

The ACCC is right to identify planning restriction as a barrier to new retail developments.

"We would encourage all governments to commit to reform their outdated restrictive planning regulations and create more retail space which will help competition," Margy Osmond said.

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