

Retail sector inquiry — ACCC makes submission

The ACCC's competition law enforcement experience formed the basis of its submission to the Parliamentary Joint Select Committee on the Retailing Sector.

Discussing how the Trade Practices Act applies to competition issues and focusing on grocery retailing — as the sector in which issues of growing concentration and its competitive impact on independent retailers are primarily observed — the Commission provided a background to the retail sector examining such issues as:

- the history of acquisitions in the sector;
- the changing nature of supply relationships between the chains and their suppliers;
- the role of generic products; and
- the impact of technology.

For the past two decades the national supermarket chains' share of the Australian grocery industry has been growing at the expense of independent retailers. The Commission explored the implications for competition and competition law enforcement in relation to the changing nature of the grocery retail sector.

The Commission also examined how other OECD jurisdictions have dealt with the issue of retail concentration.

The parliamentary inquiry was established earlier this year to inquire and report on certain issues relevant to the retail sector. In particular the committee is required to report on the degree of industry concentration within the retailing sector in Australia with reference to:

- the impact of that concentration on the ability of small independent retailers to compete fairly;
- overseas developments, highlighting approaches adopted in OECD economies; and
- possible revenue-neutral courses of action by the Federal Government.

The committee is also examining the impact of concentration in the retailing sector on rural and regional communities and on consumers, as well as the purchasing practices of the major retailers, especially those relating to purchases from primary producers.

The committee has conducted some public hearings and has invited interested parties to make submissions. It is expected to report around August 1999.

Copies of the ACCC's submission are available from The Secretary, Joint Select Committee on the Retailing Sector, Parliament House, Canberra ACT 2600 (02) 6277 3561.

