

## **Submission to the Senate Inquiry into “Big Box Retailers”**

### **Subject: Unfair Trading Practices and Market Manipulation by Myer**

To the Senate Standing Committee on Economics,

I am writing on behalf of Young Spirit Clothing Pty Ltd, a Melbourne-based small business, to highlight the detrimental effects of Myer's monopolistic and unfair trading practices in the sleepwear sector. While Myer may not be traditionally viewed as a "big box retailer," its dominant market presence and its interactions with suppliers bear striking similarities to the issues being investigated in this inquiry.

This submission outlines our experience of market manipulation, contract imbalances, and unfair treatment by Myer, and I urge the committee to include Myer in its scrutiny of large retailers.

### **A Decade of Collaboration and Commitment**

For over 13 years, Young Spirit Clothing was a dedicated supplier to Myer's house brands—SOHO, Chloe & Lola, and PJ Club. We contributed significantly to their product range, generating \$3.5 to \$4 million annually, and peaking at \$5 million during the pandemic. Our partnership accounted for 85% of our revenue, supporting a team of six full-time employees.

### **Standing By Through Challenging Times**

In early 2020, when COVID-19 led to store closures, Myer asked us to cancel and delay orders. Despite incurring substantial financial losses, we did not seek compensation, believing our loyalty and support would ensure the continuation of our partnership. Again, During the period of Oct.2021 - Mar.2023, when Myer faced difficulties due to a lack of stable buyers and restricted overseas travel, they relied heavily on us. We managed orders and coordinated with their design team to meet their demands, even without a dedicated buyer.

### **Betrayed by a Trusted Partner**

In August 2023, just months before the new Unfair Contract Terms (UCT) regime was set to take effect, Myer abruptly terminated our orders without prior notice or clear explanation. This decision felt like a betrayal, threatening the financial stability of our business and the livelihoods of our loyal employees. Over the years, we invested heavily in building a facility and network specifically to meet Myer's requirements for house brand sleepwear, only to have our partnership ended without warning.

Myer's reasoning that they were moving away from production in China was misleading, as nearly 90% of their current 2024 summer stock is still sourced from China, highlighting a lack of transparency and possible misuse of market power to eliminate smaller suppliers. Furthermore, as a local Australian company, we had clearly communicated our capability to source products globally, including from countries other than China.

### **Market Manipulation and Misleading Consumers**

In addition to unfair contract terms, Myer appears to be manipulating market conditions. For example, a summer PJ set we supplied to Myer for \$49.95 in 2023 summer was shifted to their overseas office for production, yet is now being retailed for \$54.95 in 2024 summer—further evidence of inconsistency in their pricing justification and exploitation of suppliers.

## **Unfair Contract Terms and Supplier Vulnerability**

Myer consistently imposed harsh payment terms and rebates, while offering no guaranteed orders or commitments. Our terms included long payment cycles with excessive rebates:

- 5.0% rebate for payment within two months (75–80 days),
- 2.0% rebate for payment within three months (105–110 days),
- 1.0% rebate for payment within four months (135–140 days).

These terms left us vulnerable, and despite our competitive pricing, we faced unfair treatment in comparison to their overseas suppliers.

## **Mediation Efforts with VSBC**

I contacted Myer's Whistleblower Service in March 2024, and despite initial discussions with senior management, our proposals were ultimately rejected without explanation. We have since sought mediation through the Victoria Small Business Commission (VSBC), but Myer has delayed responses, illustrating their unwillingness to engage in fair negotiations. Despite Myer's threat that mediation would be futile, we believe this is a necessary step toward addressing the broader issue of unfair trading practices. Small businesses like ours cannot afford costly litigation, and the delay in addressing these matters only deepens the financial strain we are experiencing. Myer's refusal to engage in meaningful negotiations further exemplifies their disregard for fair business practices and accountability.

## **Conclusion**

Myer's actions represent a clear example of the misuse of market power and manipulation that this inquiry is meant to address. I urge the Senate Committee to expand its inquiry to include Myer and scrutinize their trading practices, as they represent a clear example of market manipulation and abuse of power that harm small businesses and limit consumer choice. Without the proper enforcement of the new UCT laws and greater corporate accountability, small businesses like ours will continue to be subject to exploitation.

Thank you for considering our submission.

We hope our experience will contribute to meaningful regulatory changes that protect small businesses from such practices.

Sincerely,

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██████████ Young Spirit Clothing Pty Ltd

Melbourne, VIC