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Tabled by
Robert Brokenshire MLC
10 March 2011

9 MAR 2011



**Australian
Competition &
Consumer
Commission**

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3 March 2011

The Honourable Robert Brokenshire MLC
Family First Party
Parliament House
North Terrace
ADELAIDE SA 5000

Dear Mr Brokenshire

Coles and Woolworths home brand fresh milk pricing

Thank you for your letter of 3 February 2011, addressed to the Chairman, concerning the recent decision by Coles and Woolworths to reduce prices for their respective home brand fresh milk products and whether this conduct is being offset by each company raising petrol prices through their associated petrol retail outlets Coles Express and Caltex Woolworths..

The Australian Competition and Consumer Commission (the ACCC) is responsible for administering the *Competition and Consumer Act 2010* (the Act). The purpose of the Act is to promote competition and efficiency in markets within Australia and to protect consumers from unlawful anti-competitive conduct and unlawful market practices.

The ACCC is monitoring developments in relation to the recent reduction in the retail prices of certain milk products and has spoken with a number of industry participants.

In relation to the issue of petrol prices, prices in Adelaide (as well as the other larger capital cities) tend to move in regular cyclical patterns of around one week's duration. In Adelaide during January 2011 there were four such price cycles and the price increases during those cycles were not out of the ordinary. However, the price cycle in the last week of December 2010 was smaller than usual and this meant that the price increase in the subsequent price cycle may have appeared to be sharper than usual. The pricing data suggests no significant change in the relative pricing policies of Coles Express and Caltex Woolworths petrol outlets during January 2011 compared with December 2010. Additional information on petrol price cycles is included in the ACCC's 2010 petrol

monitoring report (available from the ACCC website at <http://www.accc.gov.au/fuel>).

Yours sincerely

Brian Cassidy
Chief Executive Officer