

11 September 2009

The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600
economics.sen@aph.gov.au

Inquiry into: Trade Practices Amendment (Guaranteed Lowest Prices – Blacktown Amendment) Bill 2009.

Dear Sir

The Australasian Association of Convenience Stores represents over 4,200 Convenience stores across Australia. Its membership comprises both Retailers and Suppliers. We write to respond to the Inquiry on Proposed amendment to the Trade Practices Act.

AACS members are strong supporters of the competition agenda within Australia. We see no evidence that collusive practices are determined by geographic or indeed any other size implications and affirm that the Trade Practices Act 1974 (Commonwealth) already provides protection for small retail business against corporations that appear to have a substantial degree of power in the market.

Sometimes, owing to economies of scale in production, distribution or retailing, larger organisations can sell goods on a sustained basis at prices below the cost of those products faced by small businesses. This is not necessarily anti-competitive behaviour and treating it as such in government legislation would result in higher prices to consumers.

This view is supported by the Minister for Small Business the Hon Craig Emerson MP, in a speech he gave on 31 August to the Committee for Economic Development in Australia when he said: "While collusion is commonly associated with big businesses operating in big markets, such as in the recent case of cardboard packaging, it can also be practised by small businesses operating in small markets, such as small petrol retailers in country towns. When it comes to collusion, you don't need to be big to be bad." He then went on to say: "The Rudd government has strengthened the predatory pricing provisions of the Trade Practices Act while still enabling businesses to engage in sales and other forms of price discounting."

The AACS believes this approach is sufficient to ensure there is no anti-competitive behaviour and maintain the competitive market environment that delivers better outcomes for consumers.

Yours sincerely



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