

The Secretary
Senate Standing Committee on Economics
PO Box 6100
Parliament House
CANBERRA ACT 2600

RE: Inquiry into the Grocery Choice website

Since July last year, the Australian Retailers Association (ARA) repeatedly called on the Rudd Government to stop wasting tax-payer money on the Grocery Choice website's farcical attempt to reduce the weekly grocery bill.

If the Rudd Government is serious about reducing grocery prices, they should instead be looking at steps to help contain spiralling occupancy costs for grocery retailers.

Since the launch of the Grocery Choice website in July last year, the ARA has asserted the following views about the website:

- The information on the Grocery Choice website provided no community benefit;
- Grocery Choice will never work and is a complete waste of \$13 million in taxpayer's money;
- The website does nothing to reduce the weekly grocery bill for Australian families;
- Grocery Choice website provides out-of-date data;
- Grocery Choice website makes irrelevant price comparisons of dissimilar products (including fruits, vegetables and meat products with various levels of grading);
- Grocery Choice promotes one brand against another and is a clear example of market interference the Government shouldn't be supporting;
- The website's limited coverage of supermarket sites over long distances make it impossible for consumers to extract any relevant meaning;
- Grocery Choice ignores independent retailers including butchers and local fruit and vegetable stores; and
- Grocery Choice is blatant Government brand promotion of Australia's biggest supermarkets.

The ARA was also involved in the consultation process with consumer group Choice who, we believe, had a limited view of the difficulties smaller grocery retailers would face in order to provide relevant data for the website, as well as no knowledge about the complexity of price comparisons for like-for-like products (including fruits, vegetables and meats with different grades).

Minister for Small Business and Consumer Affairs Craig Emerson's decision to abandon plans to relaunch Grocery Choice has saved taxpayers \$13 million dollars.

The ARA believes any attempt to resurrect Grocery Choice would:

- Reduce price competition;
- Add compliance cost to retailers which would ultimately be borne by the consumer;
- Covertly organise market intelligence which could be manipulated;
- Have an undesirable Big Brother approach to price monitoring;
- Discriminate against smaller and independent retailers who can't deliver on data requirements; and
- Offer inaccurate and out-of-date product comparison.

We need to start finding real solutions to reduce grocery prices rather than the smoke and mirrors approach the Rudd Government has taken so far with unit pricing and the Grocery Choice website.

If the Government really wants to reduce grocery prices they should be showing some leadership on the issue of retail leasing. The ACCC's inquiry into grocery prices confirmed the cost of production and domestic weather conditions affected the cost of goods going to market.

However, retailers are still struggling, and they will continue to struggle, until the Government ensures a fair market to all retailers with escalating occupancy costs. This is retail economics 101 – to reduce retail price we need to reduce costs.

The ARA urges the Government to address retail leasing issues and find real solutions to reduce grocery bills for working families.

Further information on the ARA's view of Grocery Choice is attached but please do not hesitate to contact me on the details below should you require any further information

Kind Regards,



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