

7-Eleven Stores Pty. Ltd.

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11<sup>th</sup> September 2009

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

Dear Sir,

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

Thank you for your letter of the 31<sup>st</sup> ult. and for your invitation to present this Company's submissions regarding the above.

7-Eleven Stores Pty Ltd ("**7-Eleven**") does not support the proposed amendment nor regard it as in any way an appropriate intrusion into, or interference, with the normal competitive forces and tensions which apply (and should exist) in the market place.

In brief the reasoning underpinning the view which 7-Eleven has formed is as follows:

- The proposal runs counter to the underlying philosophy and purpose of the Trade Practices Act ("**the Act**") in that it is intrinsically anti competitive in its objective.
- It would preclude affected organisations from responding (appropriately and necessarily) to downward price pressures in particular areas or circumstances and would unfairly prejudice Corporations such as 7-Eleven which (as the A.C.C.C itself recently determined) historically follows (but does not set) upper or lower ranges of pricing in fuel.
- Implementation of the proposal would deprive consumers of the benefit of lower price opportunities.

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- For Companies such as 7-Eleven which distribute fuel through a network of outlets, the 35 kilometre distance would inevitably result in a radiating effect encompassing potentially all of its retail locations in each state thus effectively precluding any price adjustment to cater for competitive needs (unless the same discounting applied throughout).
- There is uncertainty as to how Section 46C (as drafted) would impact on 7-Eleven in terms of general retail sales (i.e. other than fuel) which are affected through its stores by franchisees who independently conduct the business operations therefrom and who retain total and unfettered pricing discretion. Would 7-Eleven be required to issue price fixing instructions in a way which is otherwise in direct contravention of the Act?
- The amendment ignores the commercial reality that supply, transport and other cost factors may need to be reflected in pricing differentiation (even within a 35 kilometre radius).

May I conclude by observing that I have had the opportunity of reviewing the submission filed by the Australasian Association of Convenience Store. 7-Eleven agrees with and completely endorses the position it has adopted and in particular with regard to the existing safeguards for small businesses against predatory practices which are already a feature of the Act.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Warren Wilmot', with a stylized flourish at the end.

Warren Wilmot  
**Chief Executive Officer**