

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Additional Estimates 20-21 February 2008

**Question: aet 11**

**Topic: Supermarket Inquiry**

**Hansard Page: Written**

**Senator SIEWERT asked:**

1. As part of the current supermarket inquiry and given the extreme vulnerability of Australian producers and suppliers to the market buying power of the major supermarket chains, have the ACCC considered, and if not will they consider, conducting a widespread survey protected by absolute confidentiality, of Australian grocery producers, processors and suppliers inviting them to provide information on:
  - (a) what has changed in relation to the use or abuse of market buying power over the last 15 to 20 years;
  - (b) what the causes of those changes have been; and
  - (c) what has been the impact on Australia grocery producers, processors and suppliers of the push for brand reductions, private labels and generics.
2. Why did the ACCC's supermarket survey discussion paper ask inquiry participants to provide them with information and data going back only 5 to 10 years when major microeconomic reforms, including the changes to the *Trade Practices Act* under National Competition Policy occurred 12 years ago?
3. Will the ACCC consider urgently revising the guidelines on their issues paper to reflect the impacts of these earlier changes i.e. invite participants to submit information going back up to 15 to 20 years instead?
4. Will the ACCC consider conducting a widespread consumer survey on the impacts on competition and real choice of supermarket brand reduction strategies of the major supermarkets?
5. Considering the ACCC supermarket inquiry issues paper was only posted on 11 February 2008, will the ACCC officially notify those who wish to participate in the supermarket inquiry that they will extend the deadline for submissions?
6. Given the refusal of the major retail giants to allow the ongoing publication of grocery market share data, what will the ACCC be doing to provide that vital information to the Australian public so that the community can find out the level of market domination in such an important sector?

## Senate Standing Committee on Economics

### ANSWERS TO QUESTIONS ON NOTICE

#### Treasury Portfolio

Additional Estimates 20-21 February 2008

#### Answer:

1. The Australian Competition and Consumer Commission (ACCC) is seeking input from industry representatives who represent producers, processors and suppliers, such as the National Farmers' Federation and Australian Food and Grocery Council. The points raised by Senator Siewert are matters that the ACCC will explore with these industry representatives as part of the ACCC Inquiry into the Competitiveness of Retail Prices for Standard Groceries (the Inquiry).
2. In addition to the questions raised in the Inquiry Issues paper, interested parties are invited to make submissions on "any other issues that they consider relevant to the inquiry." The Inquiry Issues paper has specifically asked interested parties to provide information going back 5 to 10 years with regards to the structure of grocery retailing and wholesaling to address the terms of reference and more specifically, matters related to the current structure of the grocery industry.
3. As indicated in the ACCC's response to question 2, the Inquiry Issues paper invites interested parties to provide the inquiry with information that they consider relevant to the Inquiry.
4. The ACCC is giving consideration to a national consumer survey that aims to provide information on what factors consumers consider when choosing a grocery retailer, including the brand strategies used by the major groceries retailers.
5. The timetable for submissions has been set with a view to assisting the ACCC to meet its obligations in conducting the Inquiry. While the ACCC will endeavour to take into account information submitted after 11 March 2008, the ACCC may be limited in its ability to take into account late submissions.
6. Market share is a key issue to consider when assessing the level of competition in a market, and it will be considered in the inquiry's public report. The ACCC is using legislative powers for gathering information from key participants in the grocery sector, and will report all information which should be disclosed in the public interest.