

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Additional Estimates

26 February 2014

Question: AET 1506-1509

Topic: Wholesale Draught Beer

Written: 6 March 2014

Senator XENOPHON asked:

I understand the ACCC has recently launched an investigation into the supply conditions within the wholesale draught beer market in Australia, and to understand how certain conduct may be affecting competition.

1506. Could you advise me of the status of this investigation? Have responses been received from major brewers? When is the expected completion of the investigation?

1507. What contact has the ACCC had with smaller brewers who are concerned about the difficulties of securing distribution agreements with pubs aligned to either of the big players, Lion and SABMiller?

1508. Is the ACCC investigating the discrepancies in rising costs of draught versus packaged beer?

In 2011, Fosters was forced to pull tens of thousands of cartons of VB, Carlton Draught and Pure Blonde from Coles and Woolworths after learning of a blitz promotion to sell beer at \$28 a carton, below the \$33 a carton the brewer charged them for stock. And at one stage it was cheaper for independent retailers to purchase beer from Dan Murphy's rather than the brewery itself.

1509. Is the ACCC aware of any similar cases since then? What, if any, reports have been received by the ACCC about beer being cheaper at Dan Murphy's than directly from breweries?

Answer:

1506. The investigation is ongoing. The ACCC is currently undertaking market enquiries to better understand aspects of the supply conditions within the wholesale draught beer market(s). These enquiries are being made of market participants from all relevant aspects of the wholesale draught beer market(s), including the major brewers and small brewers. Enquiries with these market participants are ongoing and their responses are confidential.

The ACCC's enquiries are at an early stage and include consideration of the competitive impact of wholesale draught beer supply contracts which:

- require certain proportions of venues' draught beer taps to be dedicated to the supplier's products
- provide volume based rebates and incentives, and/or
- are tied to the provision of tap infrastructure.

1507. As noted in the media reports regarding these enquiries, the ACCC has sought information from Australian small brewers regarding their operations and any wholesale supply issues they face. The ACCC has received information from numerous small brewers. The ACCC is treating any information provided by these small brewers as confidential.

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1508. The ACCC's enquiries cover those aspects as noted in the response to AET 1506.
1509. The ACCC cannot provide specific details as the ACCC treats the information it acquires and complaints it receives in confidence.

The ACCC can, however, provide the following information:

The ACCC is not aware of other cases, since the 2011 matter referred to, where a brewer has withdrawn stock of packaged beer from a retailer due to the retailer pricing the stock below the retailer's acquisition cost.

The ACCC has received complaints, since the 2011 matter referred to, alleging that other retailers are selling beer at a price that is less than the complainant's cost of acquiring the same product. The conduct at this stage does not raise competition issues within the provisions of the *Competition and Consumer Act 2010*.