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31<sup>st</sup> August, 2003

The Secretary  
Senate Economics Reference Committee  
Room SG.64  
Parliament House  
Canberra A. C. T. 2600

**Re Inquiry into effectiveness of the trade practices act 1974 in protecting small business.**

Dear Sir,

I am concerned that section 46 of the trade act does not adequately deal with predator pricing and the abuse of market power by the large Corporations, mainly Coles Myer and Woolworths.

As part of the SME's sector who run a family business in South Australia Adelaide and operate 32 supermarkets and employ 2800 staff I am continually targeted by Coles Myer and Woolworths selling products that are substantially under our purchase price.

Our store at Golden Grove Village which has a Woolworth's supermarket on one side and a Big W on the other is visited on a daily basis by staff from Woolworths checking our prices and then going back to their store and undercutting them.

Big W will have large displays of products and compare our price but will not put the comparison against their trading partner Woolworths supermarket surely if they are comparing other supermarkets they should also compare against their own company supermarket.

I have written many letters to the ACC complaining about their market power but only to be told that is competition.

In some of the price checks that we have conducted there is no doubt that Coles Myer and Woolworths are at least 3% higher when there is no third competitor in the area as can be confirmed by Adelaide's prices and that of the south eastern Queensland district.

South Australia continually does well in the price surveys and I believe this is because the presence of good strong independent retailers.

Both Coles Myer and Woolworths have tried to purchase our company (cheque book acquisition) but we believe there needs to be a third player to keep the bastards honest.

Competition is great for the country and the community but it is important to make sure that the two big players Woolworths and Coles Myers are not allowed to continue their unhealthy market dominance before we don't have any competition left.

Major chain dominance is against the public interest because if it is allowed to continue unchecked it will erode and eventually destroy the critical mass necessary to maintain a viable independent grocery sector. If this is allowed to happen, consumers will lose their fundamental right to choose where to shop.

In addition, those consumers, who are for reasons of location or mobility already limited in choice, will lose their accessibility to basic goods and services.

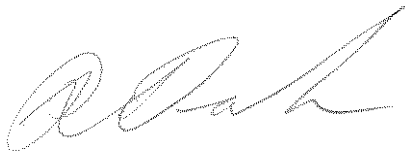
Without the independents to keep the big chains honest, the consumer will end up paying higher prices.

Most independent supermarket operators are very much a part of the community they offer a point of difference compared to the major chains and have been a backbone of the Australian community.

Independent operators can only sustain so much unfair competition and I can assure you once that operator has either closed or sold their business to the major chains they will increase their prices and the consumer will pay more for her groceries.

I support the submission and recommendations being put forward by NARGA.

Yours faithfully  
**DRAKE FOODMARKETS**

A handwritten signature in black ink, appearing to read 'R Drake', written in a cursive style.

Roger Drake  
Managing Director