

## **Supplementary Remarks to the Report by the Joint Select Committee on the Retailing Sector**

**Senator the Hon Ron Boswell, Leader of the National Party of Australia in the Senate and Parliamentary Secretary to the Minister for Transport and Regional Services: August 1999**

This postscript to the Report is written because the Committee as a whole has gone as far as it could, and I thought it appropriate to indicate some additional conclusions that I have come to. This should not however be taken as an expression of dissent.

I support the Main Report, which is unanimous and has my endorsement as a member of that Committee.

I wish to thank the Chair, Deputy Chair, and Secretariat for the professional and thorough way in which this inquiry has been conducted.

Throughout this inquiry the Committee heard extensive evidence on the loss of market share from small independent retailers to the large grocery chains, across a range of retailing sectors.

As stated in Chapter 3 “the evidence revealed that the growth of the major chains over the last two decades has been at the direct expense of the independents, whose market share and profitability continues to decline.”

Across Australia, and specifically in rural and regional Australia the committee received evidence of the closure of many small independent retailers due to the operations of shopping centre developments, anchored and occupied by the chains and their associated businesses. This covered a broad range of retailing including grocery, florists, stationery, butchers, greengrocers, tobacconists, hardware and petrol retailing.

Evidence was given of the closures and business losses of locally owned small businesses and of the impact on their country towns and regions. In relation to grocery retailing, evidence was received of the threat from the loss of the crucial critical mass necessary for an independent wholesale sector to serve these independent retailers.

In response to one of the proposals of NARGA to place a cap on market share of the majors, very strong reasons were given to the Committee against imposing a market cap on the grocery retailing sector, as outlined in the Executive Summary.

Past closures and losses of small businesses cannot be undone. However, there are grounds for concern in the present situation facing the independent retailer as to how to sustain a sufficient critical mass for the continuation of the independent retailing sector.

A strong independent sector is essential to provide increased competition for both consumers and suppliers. This leads to increased opportunity for the introduction of new and innovative products into the market and for the growth of further small business opportunities which is of significant importance in rural and regional communities. In our existing oligopolistic market place dominated by three majors, there needs to be a range of buyers to counter the weak market power of suppliers, such as primary producers and small manufacturers.

Amongst the small business sectors, evidence was given of the equitable and specific provision of health services by pharmacies in rural and regional Australia. It is also noted that some significant retail areas are currently the subject of decisions reached under National Competition Policy reviews.

Various State Governments have reached decisions on trading hours and liquor stores, and arrangements have been reached by the industry on newsagencies. There is currently a Federal Government inquiry into pharmacies.

I believe that the recommendations of the relevant State Government reviews under National Competition Policy should be accepted without monetary penalty imposed on the states from the National Competition Council for their review conclusions.

In addition to the Committee's recommendation I propose the following recommendation :

### **Recommendation**

**It is recommended that restricted licensing arrangements in certain retail areas including trading hours are maintained at the discretion of the State or Federal Governments without any imposition of penalty from the National Competition Council.**

**Senator Ron Boswell**