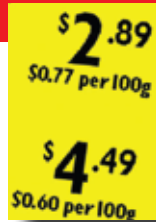


The ACCC Grocery Inquiry Findings.



The grocery market would benefit from greater competition. This was the major finding in the report released by the Australian Competition and Consumer Commission (ACCC) yesterday, following the public inquiry into the competitiveness of retail prices for standard groceries. It was suggested that consumers would benefit if the chains faced greater competition within the supermarket industry and that more aggressive pricing strategies would assist consumers. However, it was clear that the increase in grocery prices in Australia could not be attributed entirely to the power of the duopoly.

The ACCC found that grocery prices had risen dramatically since the 1990s but that a number of factors had contributed to the increases, including the drought, petrol prices and other adverse weather conditions. Additionally the world commodities boom had also increased the cost of doing business and this had put pressure on Australian food prices.

In releasing the ACCC Report the Assistant Treasurer, Mr. Chris Bowen said that the consumer watchdog had found that the market was competitive, although Mr. Graham Samuels, Chairperson of the ACCC said that he would like to see more rigorous competition.

The ACCC has made a number of recommendations that it believes will assist consumers to get the best prices at the checkout.

In order to provide Australian consumers with greater transparency the ACCC recommended the introduction of a website to enable consumers to make grocery comparisons. The new website called "Grocery Choice" will be effective immediately. It will enable consumers to make comparisons of prices across supermarkets and to establish which supermarket is the cheapest in their area. Surveys of prices will be released each month but the date and timing of the surveys will not be made public. It is hoped that this will avoid price manipulation.

It is questionable as to whether comparisons can be made fairly, as grocery prices are continuously changing and there will be problems with comparisons between Australian made goods and imported products. There are likely to be problems with accurate information being made available.

Retailers are advised to be vigilant in monitoring their shelf prices and to observe whether comparisons and reports are being made accurately on the website.

Another feature of the Report is the introduction of unit pricing which it is stated, will assist consumers to compare the value of supermarket items. The Opposition has already

criticised the introduction of compulsory unit pricing which it claims will have an adverse impact on smaller retailers. MGA has pointed out to the Senate Inquiry that the introduction of laws to enforce unit pricing will impose an additional compliance burden on the independent supermarket industry. MGA supports the retailer's right to introduce a system of unit pricing on a voluntary basis but there will undoubtedly be costs involved in providing this additional service. MGA advised the Senate Inquiry that the introduction of unit pricing is no guarantee of reducing the weekly food bill for consumers.

Unit pricing will be an expensive exercise for retailers and MGA will be asking the Government for assistance for businesses who will now face yet another financial burden in order to implement the new scheme.

The ACCC also recommended that the Governments at all levels consider their zoning and planning laws. The report found that complexities existed in the current laws which allowed for ongoing public consultation and objections processes which often resulted in preventing potential competitors from setting up businesses in new areas.

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