

INTRODUCTION

This submission addresses the impact of new supermarkets being built in country towns. It relates in particular to a new Woolworths which is planned to be built in Mullumbimby in Northern New South Wales. Mullumbimby is a typical country town with a population of somewhat less than 4000. For its size it is well serviced by shops with the following food outlets:

- 2 greengrocers
- 2 butchers
- 2 bakeries
- a fishmonger
- 2 small supermarkets
- An organic food shop

Much of the food is fresh and is grown locally. All the shops are owned by locals who give generously to the town.

IMPACT OF A MAJOR SUPERMARKET

There is a perceived need to expand the total size of the supermarkets. This has resulted in one of the supermarkets obtaining a Development Approval to move to a larger site and build a new and larger supermarket. Having obtained the DA the owner has sold out to Woolworths. The size of the new supermarket including bottle shop is 1800 square metres for stage 1 and 2500 square metres for stage 2. Stage 1 is nearly 6 times as large as the existing supermarket that it will be replacing and is considered to be much too large for a town of this size.

If the supermarket is built, Woolworths will price very competitively such that the existing food shops will have to reduce their prices and may well be forced to close. This has happened in other country where a major supermarket has been built. Once the competition has been removed, the supermarket increases its prices. This has happened in Byron Bay where it is reported that Woolworths there is one of the two most expensive in New South Wales and possibly Australia.

The implication of local shops being forced to close including the other supermarket has many ramifications which include:

- Producers of local fresh food will be forced to shut down because Woolworths has a central buying policy, underpays most if not all of its suppliers and does not usually buy locally
- The distance that food is transported will increase dramatically and this will have a negative impact on peak oil and on generation of carbon dioxide.

- The food will not be as fresh and chemicals will often have been added to preserve it. Many residents value fresh food but it will be less readily available
- The profit from retail sales will not be retained in the town and the latter will be the poorer because of it
- Woolworths, based on its track record, will not contribute nearly as much to the town as the existing retailers

POSSIBLE SOLUTIONS

A number of actions may prevent the above scenario ever taking place:

- Monitor closely pricing of items to prevent or minimise predatory pricing occurring. This may be difficult to achieve.
- Monitor overall pricing to ensure that, if competitors close down, the supermarket does not increase prices overall as has happened at Byron Bay in northern NSW
- Limit the size of any supermarket to prevent it dominating the local market
- Limit the size space allocated for the sale of the meat, fruit and vegetables and bakery items. This may be difficult to police.
- Place food miles or where grown and date of slaughter or picking on fresh food being sold
- Provide an opportunity for locals to be in some way involved in the buying policy of the supermarket regarding purchasing of fresh food

There may be other actions that are more effective and easier than the above to enact.

C. H. Abraham
Mullumbimby
bolthole@bigpond.net.au