

Public Submission RE Horticulture Code by William Edwards on 6/6/2008

Sir

I believe the ACCC has an objective to enhance the welfare of Australians through the promotion of competition and fair trading, and to provide consumer protection.

Competition lies at the heart of any successful market economy and is crucial to

the protection of consumers' interests and the efficient allocation of resources.

It is therefore from the aspect of competition that the ACCC must always view any inquiry, any complaint and any statements they are asked to make or comment upon, and it is the thrust of this submission.

It is the Federal Government of Australia that the Australian people trust to control the economy and ensure that laws are in place to enable business to compete on a 'level playing field' to ensure that monopolies, which stifle competition in any sector, do not occur.

The plain fact is that as long as there is a duopoly controlling food retailing, healthy competition in the food retailing industry in Australia will not, and does not, exist. Blind Freddy can see that.

In this submission I show beyond doubt why there is a lack of competition in food retailing in Australia, and that just one supermarket chain, Woolworths Ltd., achieved this by ruthlessly expanding their market share in fresh foods, in particular fruit and vegetables and meat to the detriment of the independent retailing sector.

The cost price of any item in food retailing is the starting block of competition.

If a competitor's advantage includes a buying price advantage which is seen as unfair, it can only result in the elimination of competition and the domination of the market.

To ensure that this does not happen, buying prices must be transparent!

Grocery suppliers in Australia will argue that the prices they charge for their product are already transparent, but it must be remembered that there are other ways to give a cheaper buying price!

One has only to look at the discounts available to the supermarkets by grocery suppliers to understand this. The discounts given by suppliers of groceries to the supermarkets are so many and so varied that they are almost impossible to regulate unless these discounts are included in buying price! One would be very naïve indeed to believe that these discounts were instigated by the suppliers!

Through the use of supplier discounts, and price gouging, Supermarkets have thumbed their noses at the 'Trade Practices Act 1974' since its inception, and now, because of the buying power they have, they are trying to introduce these 'strongarm' tactics into the 'fresh food' industry as well.

This is an area that politicians have studiously ignored. It is an area that makes a joke of the 'Trade Practices Act 1974'.

It is an area that needs urgent attention by this government.

There are eight separate issues for which this inquiry has asked for public submissions. Most of these are fully addressed in the following pages. The ones that are not are the ones I do not feel qualified to comment upon.

To make my point, this submission looks at an overview of Woolworths Ltd., probably the largest retailer of fruit and vegetables in Australia, and its activities during the period 1987 to 2001, and beyond.

The present situation in food retailing in Australia did NOT come about through "vigorous competition", or by "lack of business experience", or "lack of business expertise", or "inability to adapt to the changing conditions in the retail sector", or "the drought", or "oil prices" or anything else that the Supermarkets and their supporters would have the Australian public believe. The present situation of concentrated market power in groceries (the worst on planet Earth), came about

because Woolworths Ltd crushed their competition by using unfair and illegal business practices.

This submission shows beyond doubt not only the initial objectives of "The Fresh Food People" Campaign that started in 1987/88, but also the carefully planned corporate strategies which made it such a success.

This submission also show that the activities of Woolworths Ltd during this period include:-

- a. Trading whilst insolvent.
- b. Deceptive Conduct as defined by sections 52-65a of 'The Trade Practices Act 1974'
- c. Abuse of Market power (sect 46 of the Trade Practices Act 1974)
- d. Falsifying company profits by manipulating cost prices to stores with/without competition so that all stores show average profit results.
- e. Misleading the 1999 Senate inquiry.

The facts that I present here are true to the best of my knowledge, which is considerable.

I have been a retailer since 1965, eleven of those years being employed by Woolworths Ltd as a Stores Supervisor, and Senior Supermarket Manager, three years with Permewan Wright Cons. as Northern NSW District Manager, the rest as an independent owner of small supermarkets and fruit and vegetable outlets.

I would point out here that I was a fruit shop owner during the period referred to in this submission and a casualty of it.

The guidelines set out and explained by the ACCC for these submissions for changes to the Horticultural Code of Practice admit that the code itself does not set out to obtain fair prices for the grower, but rather seeks to ensure growers are clear about the terms and conditions of the contract.

If the ACCC are indeed the guardians of true competition in Australia,

they will ensure that the changes recommended to government to the Horticultural Code of Practice includes retailers and packing houses being included as wholesalers, because supermarket buyers supply those packing houses with stock.

Without such a recommendation this Code is a farce, and will assist the very thing this inquiry is all about.

The lack of competition in grocery prices in Australia.

This submission records the facts concerning Woolworths Ltd between 1988 and 2001 and you will see that during that period, Woolworths Ltd, has achieved some pretty impressive results.

They have closed down the grocery discount chain of Jewel.

They have closed down the grocery discount chain of Franklins.

They have driven Davids Holdings out of grocery wholesaling.

They are now listed in the top fifteen companies in Australia.

They are undisputedly once again the number one food retailer in Australia.

Not a bad achievement for a company that in 1988, had a three million dollar overdraft and was virtually insolvent.

Woolworths had actually posted a loss in '86.

Woolworths main competitor, Coles Ltd. were outperforming them in sales and profit, and because of their low overheads, Woolworths were unable to compete, with Franklins, and Jewel Food Stores.

These two supermarket grocery discount chains, in particular Franklins, were surging ahead in market share, and Woolworths saw these two grocery discount chains, not Coles, as the root of all the problems now confronting them.

Franklins were performing well, so well in fact, that they now controlled 50% of market share in metropolitan Sydney, and were making moves into Victoria, South Australia and Queensland.

Woolworths knew that to be able to win market share from the

discount chains of Franklins and Jewel, they had to reduce their grocery prices to be the same or less than these two discount grocery chains.

This was something they couldn't do without increasing profit margins somewhere else.

Therefore Woolworths main thrust in the battle to win market share would be through the supermarket division, or more to the point, through the 'Fresh Food' departments of Fruit & Vegetables, Meat, Delicatessen and Bakery, *within*, the company's supermarket division.

Woolworths knew that if they could increase market share in the highly profitable 'Fresh Food' departments of their supermarkets, that the extra profit would more than make up for the reduced profit in groceries they knew they would need to successfully take market share from Franklins and Jewels supermarkets in Australia.

Woolworths had a definite plan, but not only was there a definite plan; there was also a tight time schedule.

Woolworths launched "The Fresh Food People" marketing campaign in late '88. This campaign was to be a many faceted campaign.

At the same time a chain of events began on the share market, which would prove to be very propitious for Woolworths:

(a) Industrial Equity acquired controlling interests (39.8%) in Woolworths.

(b) Industrial Equity acquired 100% of Woolworths.

A new image began to appear in Woolworths. Small stores that did not have enough space were either sold off or changed to the "Best for Less" division. 'Fresh Food' departments, that is, Meat, Fruit and Vegetables, Serviced Delicatessen and Bakery, were increased in

size.

But the main spearhead of the Woolworths campaign would be Fruit and Vegetables and Meat, these departments received even more increased space. Fruit and Vegetables departments were doubled or tripled in size.

Woolworths knew only too well that the reputation of supermarkets in the specialized areas of 'Fresh Foods' was not good, in fact it was so bad they knew they had to 'fool' the public. The public had to believe that Woolworths were doing something else.

Each 'Fresh Food' department was remodeled, but most importantly, re-named.

The objective of renaming their 'fresh Foods' departments was to give the public the false impression of a store within a store. The Fruit and Vegetables department became 'The Blue Mountain Fruit Co.'. The Meat department became 'Mario's Meats', the Serviced Delicatessen department became 'Jim and Hesters Deli', and so on.

There were many members of the public who believed that these departments had actually been 'leased out' to 'Fresh Food' experts.

Woolworths embraced deceit in advertising.

In the area of advertising Woolworths increased the budget substantially, the end result being TV advertising and huge double and triple page newspaper advertisements reserved exclusively for 'Fresh Food' departments.

There were no suppliers to pay for these advertisements, as was always the case in groceries.

The capital expenditure involved in the re-vamping of BigW and the remodeling of the 'Fresh Food' departments was enormous. But the next phase of 'The Fresh Food People' marketing campaign was to be

by far the most expensive part of their marketing campaign.

It was launched in '89 and the coming destruction of a way of life, the crushing of so many independent retailer's hopes, dreams and livelihoods, did not seem to matter.

At the same time two more very propitious events occurred on the stock market for Woolworths.

(a)The Adelaide Steamship Co. bought Industrial Equity through complicated dealings by its subsidiaries, 33.3% by Tooth, 33.3% by David Jones Ltd, and 33.3% by Adsteam itself.

(b)In 1989 Woolworths Ltd. was de-listed on the stock exchange.

Now, hidden nicely behind the Adsteam Group, Woolworths were in a splendid position. They knew what they had in mind was not going to be easy, and it was going to cost a lot, quite a lot, millions of dollars in fact.

But they had two major advantages over their competitors.

(1) Woolworths had no shareholders to be accountable to.

(2) Woolworths did not have to make public the profit results of their company.

Over the years Woolworths had tried to increase sales in 'Fresh Food' departments without success, and they knew the reasons why.

They could not absorb, for a sufficient length of time, the lower profit levels needed in a sustained battle against the independent retailers for 'Fresh Food' market share without seriously affecting the overall profits of the company.

They knew something else too.

They knew that pound for pound, the independent Fruit and Vegetables, and Meat retailers, who between them held the lion's share of the market, would beat the supermarkets hands down. They

were specialists. Expert small retailers. They could not only work longer and harder than any supermarket employee would dream of, they would mortgage everything they owned, taking financial risks the supermarket executive would not even contemplate.

But most of all they were fierce competitors.

With their specialized skills, and in the case of fruit and vegetables, a central marketing system *unique in the world*, Woolworths knew these people had 'earned' their market share.

The independent 'Fresh Food' retailers had always been able to withstand any assault the supermarkets had made against them in the past.

Woolworths knew they had neither the time nor the expertise in their company to attain the same level of loyalty and trust the public had placed in the independent 'Fresh Food' retailer.

Woolworths knew they would fight hard to retain their livelihood, and they had something else.

A level playing field when it came to buying their product.

They could buy their product at the same prices as the supermarkets.

Woolworths didn't like level playing fields. Their inability to buy 'Fresh Foods' at the 'best price' put them at a disadvantage that they didn't like.

But Woolworths also knew something else.

When it comes right down to it, the general public's only loyalty is to their wallets.

This had been proven in groceries, and Franklins and Jewels discount grocery chains, were a case in point. The public didn't mind putting up with dirty scrappy stores, cluttered isles and bad service, as long as they saved money at the checkout, and their sales were growing every year to prove it.

To gain market share in 'Fresh Foods' from the independent

sector Woolworths had but one choice to make.

Woolworths would 'buy' the 'Fresh Food' business.

Retail prices in all 'Fresh Food' departments were reduced across the board. In their huge newspaper advertisements, major selling lines were sold at or below cost price.

Woolworths simply operated at such a low level of profit in all 'Fresh Food' departments (particularly fruit and vegetables and meat) that the independent 'Fresh Food' retailers found that to meet these prices their profit levels dropped dramatically. Those independent 'Fresh Food' retailers who did not compete, saw their sales dropping dramatically.

In addition to deceit in advertising, Woolworths embraced predatory pricing (price gouging) as an integral part of 'The Fresh Food People' marketing campaign.

No independent could have stopped Woolworths from taking market share; anybody who tried, and there were plenty, came up against a juggernaut that only hastened the inevitable. Woolworths religiously checked their competition, often three or four times a day, meeting any price the independent threw at them, then added a few more specials as well. Each and every Woolworths store, whether it had competition or not, reduced its prices in all fresh food departments. Stores that had no competition were used to subsidise the ones that did. If you had no competition, you paid more for your stock than those that did not. Geographical predatory pricing still continues today.

In 1989/'90, it is rumored that Woolworths lost several million dollars, just in the NSW fruit and vegetable division alone, and a simple comparison between Woolworths selling prices advertised in newspapers of the day, and The Sydney Morning Herald's regular market prices published every Friday prove this beyond doubt.

This policy could only have one result.

Independent 'Fresh Food' retailers of Fruit and Vegetables and

Meat anywhere near Woolworths began to disappear.

This attack on the independent sector of fresh foods for market share was relentless, and was sustained until Woolworths were once again listed on the stock exchange in '93.

Even after this, any aggressively trading independent was and is not allowed to operate anywhere near a Woolworths supermarket.

Try and find an independent Fruit and Vegetable operator in a shopping center with Woolworths. Butchers are scarce too. An aggressively trading Butcher or Fruit and Vegetable operator in a shopping center with Woolworths is non-existent.

The market share of Woolworths Ltd in 'Fresh Foods' steadily grew as their complaints of predatory pricing fell on deaf ears. Over the years the severe cost to the independent has been seen many times on news and current affair programs.

As if all this wasn't enough, the independent had, and still has a serious weakness.

Small business can't work together. That's why they call them independent. So secretive, so fiercely independent in fact, that they don't trust anyone to represent them. Their experience in small business assures them that this person is only there for their own interests.

They mind their own business; they fight their own battles.

The independent retailer had and still has, no political 'clout'.

Because of this, politicians, bureaucrats, and the public alike ignored the plight of the independent 'Fresh Food' retailer.

Woolworths had no real opposition to what they were doing in the market place.

By the time the ACCC was formed in 1995 the battle for market share in 'Fresh Foods' was already won, and the ACCC took the same stance as The Trade Practices Commission had always taken. It did not have the power to act on behalf of the independent.

When referring to section 46 of the Trade Practices Act, (Misuse of

Market Power); the ACCC would treat all complaints from independent retailers the same way.

When making a complaint to the ACCC, the first question always asked by them is, "What is the market area?" The small retailer would answer, "In my shopping centre." But the ACCC could see that this point was arguable at law. Was it the shopping center itself? Was it the shopping center catchment area? Was it the suburb? Was it the town? Was it the city? State? Country? The plain fact is that the ACCC doesn't know, and that is why there has never been a successful prosecution by them under Section 46 of the Trade Practices Act. 1974.

Market area as defined by the Act cannot be proven!

Woolworths on the other hand, seemed to have no such difficulty.

The 'market area' for 'Fresh Foods', in particular, Fruit and Vegetables and Meat, was anywhere near enough to a Woolworths supermarket for a customer to have a choice.

In other words, if you didn't want to buy 'Fresh Foods' while shopping at Woolworths, the objective of the 'Fresh Food People' marketing campaign was to ensure that there was little, or better still, no alternative.

The 'Fresh Food People' marketing campaign achieved exactly the results that Woolworths wanted. Sales in 'fresh foods' increased dramatically every year.

With increased sales came buying power.

If there was one thing Woolworths had always been very good at, it was the ability to use buying power to negotiate the best buying price.

Back in '75, when the Trade Practices Act was passed into law and the Trade Practices Commission was formed, Woolworths, along with all supermarket chains and grocery wholesalers, had found it easy to manipulate Section 46 of The Trade Practices Act by pressuring grocery suppliers to give better prices through the use of other

discounts, such as advertising discounts; when an item is advertised by the supermarkets the newspapers or TV, that add is subsidised by the supplier. When a price is reduced by Woolworths to be "on special" the loss in profit is subsidized by the supplier. Then there are quantity discounts, settlement discounts, and warehousing discounts. Even the space each item occupies (eye level costs the most) and the number of facings any item has on the supermarket shelf costs the supplier money. Every small display in a supermarket which is not on the shelf costs the supplier money. Every highlighting ticket, every end display costs the supplier money. If a supplier wants to introduce a "new line" there is a cost for that too!

The list of hidden discounts, (*which in real terms simply amounts to a better product price*) supermarkets and wholesalers receive from suppliers, is endless and amounts to huge discounts on buying prices.

But in the past, Woolworths had not been able to achieve this same level of manipulation in their buying of 'Fresh Foods', simply because they did not have big enough sales. They just didn't have the buying power.

They had it now!

This was what Woolworths wanted the most.

They were now able to bypass the central marketing system. The major proportion of their Meat and Fruit and Vegetables purchases now came direct from the grower, and their buying price was a private matter between Woolworths and the grower. This included packing houses who pack for Woolworths; Woolworths buyers negotiate and buy for these as well.

Many growers were only too happy to leave the central markets: a central marketing system which has been in place since the early 1900's, a system which they saw as being full of corruption. The averaging of prices saw growers not receiving fair prices. The antiquated 10% commission system only encouraged Agents to falsify

returns to the grower, add to this a cash only buyer system that was begging for skullduggery, and so it went on.

But one thing was true... it was competitive!

It was and still is an absolutely marvelous system, unique in the world and the best anywhere, but flawed because it couldn't be controlled, or at least that's the way it seemed to the growers.

But the growers who abandoned the central markets did not know just what they were letting themselves in for. Woolworths buyers were soon exerting pressure on the growers for much better prices than those the independent 'Fresh Food' retailer was forced to pay within the open market system. Growers of 'Fresh Foods' were soon, and still are, crying foul, about Woolworths buying practices, and abuse of market power.

Independent retailers had always been at a disadvantage when compared to the supermarket chains.

They did not have access to cheap loans to expand their businesses.

They did not have the enormous monetary gifts from grocery suppliers known as 'co-op advertising discounts', which virtually made their advertising cost free.

The disproportion of rents in shopping centers is a farce, and is so unfair it beggars belief. Some Independent retailers are paying well in excess of 10%, some close to 20% of their turnover as rent, while supermarket chains paid as little as 2 to 3%. This is another area that needs urgent attention by government.

The independent could not operate on low wages; most independent wages were nearly twice the cost of supermarket chains when calculated as percentage of turnover.

And now? Now they could no longer even compete in selling price.

By late 1992, Woolworths had destroyed the independent's last

bastion of defense. They could no longer purchase their stock at the same price as the supermarket chains.

The independent 'Fresh Food' retailers had completely lost the level playing field of competition.

By late '92, sales and profits of 'Fresh Foods' were at an all time high, and together with Roger Corbett's success in 'Big W' sales and profits, Woolworths were well and truly out of the red, and right on schedule.

In '93 Woolworths were re-listed on the stock exchange and were once again Australia's number one food retailer.

Paul Simons The architect, navigator and pilot of the resurgence of Woolworths would not however stay to witness the destruction of his former employer Franklins. Wrapped in the warmth of personal achievement, and basking in the revered glow of the financial and corporate business community, Paul Simons, 'The Supermarket Doctor' happily retired in late '95.

By this time, Coles had finally woken up to what was happening, and with the employment of Dennis Eck got back into gear. Although they did not have the resources to wipe out 'Fresh Food' competition anywhere near them as Woolworths had done, they happily went along for the ride.

With fresh food sales and profits at an all time high 'The Fresh Food People' were now ready for the next part of their plan.

It was time to eliminate the discount grocery chains of Franklins and Jewel, and anybody else who was a threat to them in groceries.

In '95 the onslaught reached full throttle and the attitude of the general public toward Franklins and Jewel began to change. The impression was emerging that Franklins and Jewel Supermarkets were

no longer the cheapest. Some even believed they were putting up prices. From '95 on their market share steadily shrank.

Jewels Food Stores were the first to go. They bailed out in '95, selling their chain of discount grocery stores to their grocery distributor, David's Holdings, the largest grocery wholesaler in Australia.

David's very quickly found out two things. Firstly that retailing was a whole lot different to wholesaling. But most of all they found that they couldn't compete with Woolworths and make anywhere near the sort of profit they were used to making. The people they supplied, the independent grocery retailers, were losing market share too. Sales had dropped 12% in just one year.

In '96 Davids Holdings bailed out too, selling 78% of the family company to South African 'Metcash'. Jewels Food Stores quickly grabbed their chance to unload their David's shares (part of their deal to get rid of Jewel) at the same time.

After seventy years of wholesaling no member of the David's family is involved with the business.

Franklins had no intention of giving up so easily and took a different direction. They tried to increase their 'Fresh Food' market share by expanding their successful marketing campaign from New Zealand. It was called 'Big Fresh'. They reasoned that if Woolworths could do this, so could they. They reasoned that they could then reduce their grocery prices even further, and remain the cheapest grocer.

It failed. They had neither the slick marketing campaign, nor the expertise and there were too many stores where it just wouldn't work because they were too small.

In late '98 they employed Ian Cornell to take over the top job. He had been Chief General Manager of Supermarkets with Woolworths, but he had been no match for the political boardroom maneuvering of Roger Corbett when it had become time for the appointment of a

new Woolworths CEO. He was hardworking and loyal and the owners of Franklins expected great things, but it was too little too late.

Between '95 and 2000, Franklins market share had fallen by 14%, but worst of all, by dropping their grocery prices to try and maintain their 'we are the cheapest' image, their profits suffered dramatically.

By 2000 their profits had dropped by a massive 48%.

Franklins bailed out too. 66 of their best stores have been sold to their archrival, Woolworths. The rest to Coles, Pick 'n Pay, and anybody else who wanted them.

Woolworths, together with Coles have achieved a concentration of market power unrivalled by any supermarket chain in any country on planet earth.

Woolworths has achieved all of this simply by increasing market share in

"FreshFoods".

By '99, the concentration of market power by Woolworths and Coles had become so extreme that pressure from all directions convinced politicians this was something they could no longer ignore. An Inquiry into the Retail Industry was carried out by the Senate.

Prof. Alan Fells on behalf of the ACCC said, in his submission to the inquiry, that the ACCC had an objective to enhance the welfare of Australians through the promotion of competition and fair trading, and to provide consumer protection.

But he washed his hands of the plight of *all* independent retailers in his submission to the inquiry, when he said,

'From a competition perspective, even if the independent sector were less competitive as a consequence of its market share, the ACCC believes that an issue would only arise if there were a lack of

competition between the chains.'

Prof. Fells was making it quite clear that the definition of 'market area' in the Trade Practices Act was so ambiguous that the ACCC would not become involved in any 'Trade Practices' abuse unless it was on a national basis.

This resounding call to the senate inquiry to recommend changes to the Trade Practices Act in this area fell on deaf ears.

In his 'Supplementary Remarks to the Report', one member of the joint select committee, Senator Andrew Murray, touched the very core of the ACCC's inaction in food retailing, when he said, 'The regulator (The ACCC) needs to have the ability to appropriately define the Retail Market'.

Unfortunately, Senator Murray's remarks referred only to Section 50 (acquisitions), *not* Section 46 (abuse of market power) of the Trade Practices Act. This move it seems was to protect the liquor industry only.

That did no good either. The liquor retail industry was, and still is, in danger of 'takeover by acquisition'. Supermarkets had, *and still have*, a policy of '*if you can't beat 'em, buy 'em*' in liquor retailing, and this has been proved by looking at the market share of this industry which Woolworths control in 2008 as compared to 1998.

Since 1998 the number of free standing liquor stores owned by Woolworths has increased by 331%.

In the meantime the plight of Fruit and Vegetable and Meat growers has become extreme. Since the expansion of market share by Woolworths, growers of fruit and vegetables and meat have regularly complained bitterly to one and all about the ruthless buying practices of supermarkets and how they are being "screwed", and about the prices they receive from supermarkets that do not allow them to make decent margins of profit. The ACCC has received very few complaints

concerning this and the reasons are clear. The growers are well aware that without a properly confidential complaints system there will be retribution by the supermarkets if they complain. The supermarkets are notorious for bullying tactics.

In ***The Land*** newspaper of 8 June 2000, there were reports of the NSW Dairy Farmers Association requesting the ACCC to become involved in negotiations of farm gate milk prices following deregulation to provide countervailing power against the supermarkets. In this report it was reported that the ACCC “conceded that farmers were being subjected to exceptional price bargaining pressures from the supermarkets.”

A survey carried out by senator Cherry, and made public at election time 2001, showed that retail prices had increased in some areas of ‘Fresh Foods’ in supermarkets, by as much as 23%, while returns to the growers had actually decreased by as much as 16% over the past five years.

An article in ‘***The Land***’ newspaper on 7th February 2002 quoted the Treasurer, Mr. Costello as blaming ‘seasonally adjusted’ fruit and vegetable prices as the main reason for inflation in the December quarter. ‘The Land’ went on to say that fruit and vegetable retail prices had increased on the previous year by 15.6%, but that this increase had not been seen by wholesalers or growers.

Woolworths are now achieving profit margins in Fruit and Vegetables and Meat, which can only be seen as unconscionable, with some markups of 1000%, while markups of 3-400% are common, making Fruit and Vegetables and Meat a luxury item for the average Australian.

But there is a new player in the market of discount groceries.

Aldi.

This is a grocery discounter of global proportions, a formidable opponent. A company with 4800 stores in 10 different countries. Their

turnover for 1997 was 44 billion Australian dollars, and they have committed for the long haul.

But Woolworths are not overly worried, the enormous sales and profits now being made in 'Fresh Foods' should be more than enough to enable Woolworths to take on Aldi in a battle for grocery market share.

Woolworths are well aware that as long as they control the "Fresh Food" business they are more than equipped to take on all comers. This is why they publicly say, "We welcome competition!"

In 2008 Woolworths still has a policy that it will not be undersold in fresh foods. The difference today is that they do not have to put the competition out of business, they merely have to stifle it to ensure there is no growth. They do this by geographically juggling their prices, not just selling price either. They also juggle the cost that stores have to pay for their stock.

So what Woolworths are about to this day has not changed since the late eighties. They stifle and eliminate competition by freely engaging in price gouging in a geographical way, and hiding this by falsifying company profits through the manipulation of cost prices to stores. All of this is an abuse of market power! All of this stifles and prevents competition in the market place.

Geographical price gouging, which is in real terms predatory pricing, MUST be outlawed.

Of course there is another casualty that has emerged from this dogfight between Aldi and the supermarkets. It is of course the people that can least afford the fight. It is Metcash and the people they supply; The Australian Independent Grocery Retailers.

Since 1998 Woolworths have increased their number of supermarkets in Australia by 42.8%, and their actual supermarket trading area by 65%.

William Edwards

8 White Street

Gulgong

NSW 2852

Australia

Phone – 0263 741141

Email – jubi@netspace.net.au