



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

29 November 2019

Mrs Hayley Munro-Smith
Australian Competition & Consumer Commission
Adjudication
23 Marcus Clarke Street
Canberra ACT 2601

By email: adjudication@acc.gov.au

Dear Ms Munro-Smith

Co-Operative Supermarkets Australia Limited – application for authorisation AA1000457 – interested party consultation

We support the application for authorisation of the proposed conduct by Co-Operative Supermarkets Australia Limited.

Australia's supermarket industry is experiencing a protracted 'price war' as competitors fight for market share. The industry is dominated by Woolworths Group (34%), Coles Group (27.6%) and Aldi (11.4%), collectively owning 73% of the market share.¹ The entrance of other large multinationals such as Costco, Kaufland and Amazon will help to dilute market concentration but will ensure Coles and Woolworths continue to drop their prices to remain competitive. This makes it increasingly difficult for small supermarkets, with limited market share and purchasing power, to compete.

While the domination of the Australian supermarket industry by those with significant purchasing power has negatively impacted small and independent retailers, our office has also assisted multiple small businesses in the grocery supply chain dealing with the harmful consequences of the industry's composition and seen the predatory tactics the large operators have employed in financially squeezing small suppliers.

An approval of this request for authorisation to engage in collective bargaining would allow small supermarkets to remain competitive and viable in such a highly concentrated market. It would also contribute significantly to supply chain diversification through the opening of new markets for small to medium suppliers, promoting their sustainability and growth in domestic production, particularly in regional Australia.

Additionally, we strongly encourage the applicant to become a signatory to the *Food and Grocery Code of Conduct* to further enhance protections for small businesses with whom it engages.

Thank you for the opportunity to comment. If you would like to discuss this matter further, please contact Eamon Sloane on [REDACTED] or at [REDACTED].

Yours sincerely

[REDACTED]
Kate Carnell AO
Australian Small Business and Family Enterprise Ombudsman

¹ Roy Morgan <http://www.roymorgan.com/findings/7936-australian-grocery-market-december-2018-201904050426>