

Thursday, 17 May 2012

## Restoring balance in our retail markets

Congress notes that distortions in markets have detrimental implications for Australian industry, businesses, employment and working conditions. Congress agrees that where markets fail as a consequence of a concentration of power by one or a few corporations or companies becoming so dominant that they form monopolies, duopolies or oligopolies and commence exercising unfair market power on competitors, suppliers and/or customers, then Government must intervene to ensure fair practices.

Congress notes that the retail food and grocery market is highly concentrated in Australia. Similar high levels of market concentration is being reached in the liquor retailing market and is also increasing in the fuel retailing market. The market dominance means that major retailers are in a position to dictate prices and terms to suppliers.

The excessive market power exercised by the major retailers results in Australian producers and manufacturers of food and grocery products facing increased and unsustainable pressures to meet the retailer's demands. The result is that many of Australia's producers and manufacturers of food, groceries and household goods face unsustainable pressure on margins and are responding by reducing their workforce, reduce working conditions or closing their Australian operations and/or moving their operations offshore.

For primary producers and growers, the distortions mean that many cannot get their goods to market while maintaining a reasonable return on their business. All other workers and businesses in the supply chain including, print and packaging, storage, logistics and transport workers face unsustainable pressures that threaten employment security and their health and welfare.

Congress notes that in food and grocery manufacturing, the major retailers are more than retailers. They manufacture, or contract the manufacturing of their own brand products in direct competition with independent suppliers and manufacturers. Their own brand grocery range is often sourced from offshore producers or manufacturers further undermining local producers, industry and employment.

Congress notes with concern that the commercial practices of the major retailers has the potential to threaten Australia's food security.

Congress agrees that the potential for inappropriate abuse of power by large retailers requires immediate and strong responses from regulators to ensure that such market power is not being exercised against suppliers to the detriment of Australian industry, employment, workers' health and safety and Australia's capacity to produce, manufacture, and supply its population with sustainably produced food and goods.

Congress urges the Australian Government to sufficiently empower and equip regulators with the appropriate mechanisms to regulate the potential for inappropriate abuse of power by large retailers.