

ACTU will call out ‘Rockets and Feathers’ as just one example of unfair pricing practices by supermarkets

ACTU Assistant Secretary Joseph Mitchell is expected to criticise major supermarket pricing practices when he gives evidence to the Select committee on Supermarket Prices today (Monday).

The ACTU has long been critical of the unfair pricing practices and questionable tactics deployed by Supermarkets to maximise profits in a cost-of-living crisis.

Over the past year, Professor Allan Fels AO undertook an inquiry into price gouging and unfair pricing practices across a range of industries and found evidence of unfair market power. Of the more than 750 submissions by working Australians to the inquiry, supermarkets received the most submissions of concern.

The report highlighted that the effective supermarket duopoly has created a mutual incentive to not reduce prices, particularly on goods with high price recognition. While Supermarkets justify their pricing by noting the role of external pressures, this contrasts with their profit margins being higher than international competitors. Professor Fels further observed that “there has not been a price war between the major supermarkets in some years.”

The disproportionate market power held by Supermarkets is also evident in its capacity to set terms and prices for farmers. The perishability of products and lack of alternatives means farmers are often forced to accept prices that do not adequately cover their costs. The supermarket duopoly, due to its size and customer reach, exercises enormous bargaining power as a primary buyer of farmers’ produce.

The Price Gouging Inquiry found that supermarkets would raise prices like rockets when faced with increased costs but on the other side, they drop like feathers.

Many submissions to the Inquiry flagged fake discounts as a concern, where the prices of goods increased, and they were being advertised back at normal prices but as ‘specials’.

Quotes attributable to ACTU Assistant Secretary Joseph Mitchell:

“High prices erode our standards of living just as much as a pay cut does.

These unfair pricing practices were found to have contributed to upwards pressure on inflation and to the cost-of-living crisis facing Australia’s workers.

It is important that those businesses contributing to increases in inflation and driving the decline in workers’ living standards be held accountable for their unfair pricing practices and that such practices are stamped out. We would also like to see a permanent prices commission, to keep an eye on “rockets and feathers” activity and ensure that hard working Australians are not overpaying for their goods and services.

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