

Submission to the Select Committee on ACT Supermarket Competition Policy.

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Terms of Reference.

*That this Assembly:*

*(1) notes:*

*(a) that ACT consumers are best served by policies that promote supermarket competition; and  
(b) that development approval processes should be free from inappropriate political interference and offer certainty to supermarket operators and protection for ACT consumers;*

*(2) establishes a select committee to review the ACT Supermarket Competition Policy, including, but not limited to:*

*(a) the operation of the policy as it interacts with the planning system;*

*(b) the appropriateness of settings as it applies to ACT Government direct sales, group centres and local centres;*

*(c) the impact of the policy on operators and consumers;*

*(d) impacts on the retail hierarchy; and*

*(e) future applications of planning and competition policies.*

The application of the traditional laissez faire market economy approach to many business sectors in Australia often operates to the detriment of small business interests. As fewer large players achieve increasing dominance in many market sectors they are able to exercise growing influence on suppliers to provide volume discounts (based on state-wide or national purchasing power) and to secure substantial promotional contributions to feature items in prominent positions on aisle ends. Smaller operators generally lack the capacity to match the volume discounts unless they have access to aggregated wholesale supply mechanisms.

There can be short term price related benefits to consumers being passed on by the major retailers, the number of which has generally declined to two dominant operators in the Australian marketplace (when controlling interests are taken into consideration).

A regional community such as Canberra tends to lose a local identity when the bulk of the supermarket market is dominated by national operators. They have a tendency to limit the range of items in product lines to those which provide a reasonable stockturn thus minimising the choice available to the consumer. In addition they tend to lose any connection with the local community apart from employment opportunities because of their national focus. Furthermore there is little or no connection with local suppliers thus limiting their opportunities to establish a market base and grow their contributions to the local economy.

The large national operators have extended their horizontal integration into other retail areas such as liquor (and fuel) thus creating imbalanced competition with a wide range of specialty retailers, including bakeries and take-away foods.

At some point the proliferation of the large national operators has the effect of driving out smaller competitors and thus severely limits choice to the consumer. We have seen the gradual demise of the local service stations as well as the branded and non-branded discount fuel outlets, mainly due to the extreme competitive pressure exerted by the two major national

supermarket chains that are able to aggressively discount fuel costs in return for attracting customers into their stores.

The ACT Government deserves credit for introducing a supermarket policy that effectively limits the excessive spread and dominance in many areas of the major retailers and provides the opportunity for other and smaller operators to establish a presence. At least the community then has the choice to patronise these other retailers and provide the indication that the operation of consumer choice validates the decision to provide that choice.

In relation to the planning system the ACT Government generally exercises the right to determine the scale, size and footprint of any development. On this basis the location of major supermarkets should be limited to the major centres where appropriate facilities are available. Furthermore consideration should be given to the impact of those major supermarkets on retail outlets in nearby suburban centres with the key factor being the preservation of a small but dynamic mix of retail and service outlets in the suburban centres to maintain the vitality of those centres for residents. Too often we see the gradual decline of small suburban centres when nearby regional centres grow too large.

The discrete community model is important to Canberra residents, most of who welcome the diversity of retail and service outlets available in suburban centres. There is merit in imposing a population and area related footprint for the approval of a major supermarket. The Giralang situation is a good example of an approval process significantly overlapping a number of nearby footprints already well covered by similar sized outlets in Kaleen, Gungahlin, Belconnen, Jamison and Dickson.

This raises the question of the 'need' for two full-line supermarkets in Dickson together with a new medium size retailer. It has the potential to severely impact on the financial wellbeing of a number of smaller retail outlets in the Dickson Centre and thus diminish the attraction of the centre as a shopping destination. The proposed new development will align with the proposed new transport hub but that may well detract from future opportunities to locate a major regional transport hub in the EPIC region thus drawing traffic from the Federal & Barton highways away from the Northbourne Avenue route into Civic & beyond.

One aim should be to clear as much commuter traffic out of the city precincts as quickly as possible and an additional major stop-off point for retailing purposes in Dickson will create significant limitations to that goal and add another major point of congestion.

Northern residents are likely to be well served by retail facilities in Gungahlin, Kenny, Crace and other new developments. So there should be a significant planning component factored into the decision on the size and location of future supermarket developments. Efficient public transport should also be considered. We favour the continuation of the regional satellite community model and feel that planning plays a significant role in maintaining the dynamics of both large and small community and suburban centres. In Gungahlin we face a lack of community facilities, including employment opportunities, commensurate with a sizeable and

growing population. We favour the introduction of an efficient public transport system, in part to ease congestion on the egress and ingress routes from and to Gungahlin.

Accordingly we envisage a model whereby planning approval for supermarket development does not contribute to an imbalance in retail facilities nor lead to the eventual demise of nearby suburban shopping centres. As far as possible the developments should match the existing and planned population levels in each defined district with recognition being given to future developments in nearby yet-to-be-established suburbs. There is merit in establishing a threshold limit for oligopoly influence (say 65%) so that smaller competitors are able to gain a foothold and provide the variety required by the public.

Health conscious consumers in Canberra deserve greater choice as the major national chains are tending to stock product lines influenced by overseas owners often with ingredients matching the 'needs' of the owners' market (e.g. high sugar and salt contents).

The ACT Government can play a role in ensuring that the Canberra market is not over retailed nor dominated by the major national chains to the detriment of consumer choice.

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