

Submission to the Select Committee on A.C.T. Supermarket Competition Policy

Kevin Cox

Ngunnawal ACT

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A market economy depends on there being a genuine market where there are multiple buyers and multiple sellers so that both buyers and sellers can choose. Efficient markets also depend on both buyers and sellers having equal access to information and knowledge about the market.

We do not know - nor can we ever know - the most efficient concentration of sales of any supply, hence mandating levels of concentration of particular suppliers is unlikely to work. However, we can level the playing field between consumers and suppliers by giving consumers the same access to information that the suppliers possess. The suppliers are able to aggregate the consumption patterns of multiple consumers whereas the consumers have difficulty aggregating their own consumption behaviour let alone that of other consumers.

To overcome this problem it is recommended that the ACT government mandate that if a supplier collects information about a sale in an electronic form then it be made available to the consumer electronically over the Internet for no cost. Existing privacy legislation now requires an organisation to tell a person - for no cost - that information is held about them. The legislation also says that the organisation can charge a reasonable amount for a person to access this information. In the case of all businesses that record the details of sales electronically and use an electronic method of payment the business knows who paid for the sale and the business knows what was purchased. The reasonable incremental charge over asking for the details of a purchase over providing the answer to whether information is held is zero as all the cost of accessing information is in establishing the connection. The incremental transmission cost of extra data is zero.

The ACT government could pass legislation to mandate that the privacy laws be enforced with respect to the sale of goods and require that businesses who collect information electronically about a purchase make that record available to the purchaser for no cost over the Internet. This can be started immediately for the large supermarket chains as they have this information available today and they can easily make it available electronically to individuals.

Funding to establish the method for an individual to access the information may be obtained from the NBN which is currently funding initiatives that will lead to the use of the broadband network.

We know that making information available to consumers levels the playing field in any market place. We are unsure of what will happen but it is likely that supplies that have a long shelf life will move more to Internet shopping and supplies that have a short life will gravitate to smaller local "farmers markets".

It is recommended that land for retail space be made available for cooperative type retail ventures such as farmers markets, Belconnen and Fyshwick style markets. This land can be

treated as community space if it is leased by locally owned organisations and companies. That is, let us put in place systems where small suppliers and consumers can cooperatively own retail space. This can be achieved through normal company structures where there are limits on the size of the share ownership and where there can be limits on who can own facilities. For example unless you shopped at a retail outlet or sold at a retail outlet or resided within a certain range of the retail space then you were not permitted to own shares in the facilities and you were required to sell the shares.

This could apply to supermarkets. That is separate out ownership of facilities from the operation of businesses that use the facilities. It is too easy for an organisation to purchase a facility, run down the business using the facilities or make it impossible for them to operate profitably with the intention of getting the land use changed so that unearned capital gains can be achieved. While this may still happen with local cooperatives at least the capital gains remain within the community and are distributed widely throughout the community.

The Legislative Committee could mandate that a percentage of retail space be owned locally by companies with a broad share base.