5 August 2008

Coles welcomes ACCC report and seeks level playing field for grocery retailers

Coles' Managing Director, Mr Ian McLeod, said Coles was happy to accept broader levels of competition outlined in the changes proposed by the Assistant Treasurer Mr Bowen in his response to the Australian Competition and Consumer Commission's (ACCC) report into grocery pricing.

"We welcome the ACCC's recommendation to encourage greater price transparency for consumers in the form of unit pricing and Coles is working towards its introduction," Mr McLeod said.

"Further, we are keen to ensure that industry and Government work together to develop a national approach that is not too onerous or costly for retailers and operates as widely as possible to ensure consumers are provided with consistent information wherever they shop," Mr McLeod said.

Coles notes that the ACCC report and Mr Bowen acknowledge that 'grocery retailing is workably competitive' and will work with the regulator and the Government to ensure this continues.

"We believe any changes should apply to all grocery retailers to ensure there is a level competitive playing field," Mr McLeod said.

"Coles has 92,000 employees and 750 supermarkets. We operate from Broome to Burnie," Mr McLeod said. "The best contribution we can make to the competitiveness of grocery prices in Australia is to rebuild Coles into a successful business and entice our customers with great products and value. In doing so over the course of the next five years we hope to create more jobs for Australia and a better offer for consumers."

In response to Mr Bowen's announcement that a Grocerychoice price survey website would go live tomorrow, 6 August, Mr McLeod said Coles' customers can also access weekly "specials" on the Coles website. "While independent price surveys can be a good idea, provided they inform consumers and their accuracy can be relied upon, our experience is they often fail to compare products like for like and run the risk of sending inaccurate price signals to consumers.

"Ultimately, consumers are the best judge of the quality, range and value supermarkets offer and we are happy to compete on those grounds," Mr McLeod said.

Coles notes too Mr Bowen's intention to refer so-called anti-competitive local zoning and planning laws to the Council of Australian Governments (COAG) and will await further detail on any proposed changes to planning and zoning laws to determine the impact on its business.

"We think economic factors and our customers' shopping preferences should determine the location of our supermarkets – not additional regulation that creates more red tape, restricts where we operate and potentially stifles retail development," Mr McLeod said.

Coles firmly rejects the suggestion that it deliberately delays planning applications to prevent its competitors from entering local markets. As outlined in its submission to the ACCC and further in evidence at the hearing into grocery prices, Coles has stated that it only objects to planning applications where we believe there are legitimate town planning reasons to do so. For example,

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traffic, congestion and car parking issues that can arise from new developments and impact our stores and customers.

In relation to Mr Bowen's proposal to implement a 'creeping acquisition' law, the ACCC has clearly demonstrated that it has the power already under the Trade Practices Act to intervene in proposed supermarket acquisitions that could be considered uncompetitive as it demonstrated recently with its decision on the Karabar supermarket in Queanbeyan, NSW. "We would have thought further regulation was unnecessary," Mr McLeod said. `

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