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Transcript

Dr Craig Emerson interviewed by Jamie Dunn and Ian Calder
4BC BREAKFAST RADIO
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Subject: Grocery prices.

DUNN: Welcome to the show, Craig.

EMERSON: Thanks very much.

DUNN: Well prior to you coming onto the show we've had some pretty harsh criticism of well the Government's decision to close down the groceries website because you couldn't - in your words 'you couldn't guarantee up to date information'.

EMERSON: That's right.

DUNN: So where are we at now because grocery prices have gone up ten bucks a basket in three months. It's just sky-rocketing for basics like bread and milk and things like that. Where are we at now, Craig?

EMERSON: We're introducing a lot more competition into grocery retailing, and in fact there's a price war going on between Coles and Woolworths right at the moment, and they're identifying Aldi in particular as putting competitive pressure on them. And I think that's good that Aldi and other stores put pressure on the big two, Coles and Woolworths, to restrain prices. And that's how you get the best result for prices – through competition.

DUNN: Yeah but that's - I mean that's really the retail market doing it for you. I mean...

EMERSON: No, there are barriers to entry into grocery retailing that we're tearing down.

Aldi came in in 2002. They've already got 200 stores. They're going up to 700, and one of the reasons for that is because we've relaxed the foreign investment laws to allow foreign competitors to come in, and we want Australian competitors to take on the big two as well. So we're reviewing and working on the planning and zoning laws with the states which restrict, in some cases, competition and make it a bit cosy for the incumbent Coles and Woolworths.

So there's a range of other things: we're applying creeping acquisitions policies to limit the ability of Coles and Woolworths to gobble up their rivals.

And also there's restrictive agreements that I think your listeners would be interested in - 700 of them in major shopping centres where either Coles or Woolworths has entered into an agreement that no one else can come into the shopping centre. Well that stifles competition and we've torn them up.

DUNN: And what are you going to - are you going to replace the Grocery Choice website at all?

EMERSON: Well the industry people are working on one themselves, but let me just explain what we did there.

Fresh food prices in particular move around on a daily basis and you can't have a website that reflects those price movements on a daily basis, at least where we are now. The proposal by Choice was to post about 20 million prices twice a week.

Now my fear was this; someone says oh I've looked up the price of T-bone steak at Inala it's \$11.99 a kilo at the Woolworths at Inala, I'll go in - and woo it's gone up to \$13.99. And people say well this is just downright deceptive.

There wasn't any easy way around that problem, and people would be entitled to say I've been misled by the Government into going into a store and buying meat or green-groceries at prices that in fact are much higher than those posted on the website.

DUNN: Well as we speak, we get calls in here daily from working families who are saying I went to so and so to buy a loaf of bread and then went to Aldi, it was a full 20 cents cheaper.

EMERSON: Yep.

DUNN: You know...

EMERSON: A pretty common experience isn't it?

DUNN: Yeah yeah. So it's gone up 10 bucks in the last three months. What's the future? How long before we get some sort of control on this?

EMERSON: Well the price war is going on now and I reckon price wars are good for consumers. So it's a ding dong battle between Coles and Woolworths. More price wars the better as far as I'm concerned, more competition the better, and that's why we're pressing ahead with these various initiatives to tear down these barriers to entry that have allowed Coles and Woolworths to have this pretty cosy position. And the more competition we apply, the more pressure is applied to prices. And so it's only two years since the Rudd Government got elected but we've put in place all of these measures already, the relaxation of foreign investment laws, making it easier to prove predatory pricing against the major retailers, creeping acquisitions, getting rid of these restrictive agreements and going through the planning and zoning laws like a packet of salts to ensure that there aren't impediments to extra competition.

As I say Coles and Woolworths have actually identified Aldi and also Costco, another big company that's come into Australia, as driving this price war. That's good for consumers.

DUNN: Alright, Dr Craig Emerson, Minister for Consumer Affairs, thank you very much for taking the call.

EMERSON: Thanks for having us on the show.

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