



Speech by

JEFF KNUTH

MEMBER FOR BURDEKIN

Hansard 13 April 1999

INDEPENDENT GROCERY RETAILERS

Mr KNUTH (Burdekin—IND) (7.25 p.m.): I would like to speak about the plight of independent grocery retailers who face difficulties not only in Queensland but throughout the country. There has been much parry and thrust about how much market share the three big supermarket chains have and whether that should be limited. The issue is the topic of a Senate inquiry. I am proudly on record as supporting a ceiling for the market share that Coles, Woolworths and Franklins should be allowed.

Similar to the situation that exists in countries such as England and Japan, I believe that the major supermarket chains should be limited to a combined 70% of the market share of grocery sales. The Queensland Retail Traders and Shopkeepers Association estimates that the current domination of the three big chains runs at 85% of the market share. This Parliament must be made aware of the social minefield that we will walk into if we let the big three food chains gobble up smaller stores.

Mr Reynolds: Especially in the Burdekin.

Mr KNUTH: Especially in the Burdekin. The independent stores argue that the supermarkets are using their market dominance to shut them out. Alan McKenzie, the spokesman for the National Association of Retail Grocers of Australia, estimates that in seven years to the end of 1997, 844 small grocery stores disappeared while the chains opened 106 supermarkets. In just one year, Woolworths and Coles increased their combined market share by 5%.

How long can we allow this to go on? Some members who are possibly shareholders in these companies may wonder what is wrong with a company steamrolling its competitors in the quest for market domination. I hear members say that it is the nature of business and that the strong will survive. Why is it, then, that the Government has cross-media ownership laws—ceilings to protect the public from any one media chain owning too much? We limit the degree to which information companies can own newspapers, magazines or radio stations, yet the job-destroying supermarket chains are pushing for legislation under National Competition Policy to steal business from the independent pharmacies, newsagents, petrol stations and even liquor outlets.

What really sticks in my throat and in the throat of every independent retailer who faces laying off staff or closing because of this trend is the argument put forward by the chain stores. They argue for unfettered growth on the grounds that consumers want one-stop shopping. They claim that it is unfair to prevent their businesses broadening the services that they provide to customers. Members should not think that these companies get bigger without a cost to the social wellbeing of society. I ask members to consider what is happening in small towns in relation to the banking industry. The large banks are turning their backs on the small towns that are deemed to be too small to justify having a branch of the bank. Allowing the unfettered growth of supermarkets will see an equally dire situation arise in the grocery distribution industry.

National Party Senator Ron Boswell says that the market share of independents is going down very rapidly. He states—

"Once it goes below critical mass, it is very hard for them to maintain buying power. That means that in a town that is too small, the distribution fails because the independents will not be able to step in if they no longer have the buying power to deal with suppliers."

In other words, many towns will be left without a grocery store. So much for the competition policy!

According to figures from the Queensland Retail Traders and Shopkeepers Association, for every job created in a supermarket, 1.7 jobs elsewhere in the community are axed. Members should not be fooled by the claims made by Coles, Woolworths and Franklins that their expansion will create jobs. Simple mathematics and observation will tell my colleagues that if the big players get any bigger, our efforts towards reducing unemployment will be undermined. Do we want school leavers unable to secure personal loans because all that is on offer for them in the jobs market are casual positions in monolithic chain stores? When the independent retailers have been all but killed off by the market domination of the big chains, will members grieve for the wave of "For Sale" signs displayed at corner stores across the State?

Unless we appeal to Prime Minister John Howard to cap the market domination of the chain stores, we will have to live with the guilt that we did nothing to help Queensland's independent retailers. When they are gone, will Governments spend thousands on an inquiry into why there are no grocery providers in rural towns or why the National Competition Policy fostered an environment of anti-competition and kicked sand in the face of small businesses? Socially, the demise of small business will be devastating.

Time expired.
