



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**HOUSE OF REPRESENTATIVES**

**BILLS**

**Reducing Supermarket Dominance Bill 2013**

**First Reading**

**SPEECH**

**Monday, 17 June 2013**

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

---

## SPEECH

**Date** Monday, 17 June 2013  
**Page** 5753  
**Questioner**  
**Speaker** Katter, Bob, MP

**Source** House  
**Proof** No  
**Responder**  
**Question No.**

**Mr KATTER** (Kennedy) (11:03): The Reducing Supermarket Dominance Bill 2013 will create a commissioner for food retailing and other purposes. The commission will not be limited to food retailing but its primary objectives will be in the area of food retailing.

Section 4(1): over six years the supermarket chains will be reduced—anyone's supermarket chain—to a 20 per cent maximum market share. We had an error here and a section was left out which reduces any overseas operator to only five per cent of market share.

The previous speaker in this place was talking about improving the mechanisms by which the parties can bargain—the dairy farmers and the supermarket chains or the factories. I am afraid that he needs to do a little bit of homework because that is a mechanism which is a joke. I would hate to see him go into a farm meeting putting up that proposition. He would be tarred and feathered, because we know that we now have no alternative but to use a blunt instrument.

It came to a state in the United States of America under that great leader President Teddy Roosevelt, who has his face carved up on Mount Rushmore. Only four presidents in all of the United States' history have had their faces carved up there. And why was his face carved up there? Because Rockefeller was screwing down the entire American economy. He had a near monopoly position in the supply of oil, and there came forward a man who had the courage to confront the big monopolist corporation. Every time we talk about a monopoly and oligopolistic pricing powers in this place, we get a lecture on free markets. One thing the national competition policy never delivered was competition. In this country, in the field of electrical generation we are rapidly moving to a situation where Origin Energy and AGL will own all of the supply in the Australian market. Quite frankly, they can charge what they like. In the Enron case there were five or six of them over there and they were able to control the market.

John Madigan made some very intemperate remarks about politicians in this place. Here in Australia, to the eternal shame, the history books will read about the people that served in this House from 1991 to 2013 and every single one of them will have their names written in the history books in shame. They sat there on their hands when the most important commodity in any place on earth is food. After water, that is the most important commodity. That commodity, both the price paid to the farmer and the price that will be paid by the consumer, is controlled by two people. When I went to university this was called an oligopoly. Free market mechanisms do not operate in a monopoly. In a free market the price is only determined where there is an infinite number of buyers and an infinite number of sellers. There are tens of thousands of farmers selling to just two buyers. It is envisaged, and the legislation is written in such a way, that this will extend to liquor, hardware and petrol which now are increasingly almost completely dominated by the supermarket chains. They are moving into insurance and other areas as we speak. Newsagents have closed all over Australia. Independent supermarkets have closed all over Australia. In most of our towns you can walk down the street and half of the shops that were there are gone. There are not any butchers anymore, there are not any bakers, there are not any local supermarkets, there are not many florists; there is nothing. They have taken the whole lot and they want the little bit that is left. I would give fair warning to the pharmacists of Australia.

There is no excuse for the people in this place—no excuse. They have a report which this parliament actually prepared. That was an all-party committee report *Fair market or market failure? A view of Australia's retailing sector*, of August 1999. This report, page after page after page, puts out unequivocal evidence that, in 1991, the big two had 50.5 per cent of the market.

I will just go backwards for one moment. When this report came out it said that in Japan, the big five—not the big two—had 17.5 per cent of the market. It said that in the United States the big tree had 21 per cent. Even with the rise of Wal-Mart and Costco in the United States, the big two over there—I quote from the *Wal-Mart Effect* by Charles Fishman—have 23.1 per cent. So the United States in 1998, 21 per cent; by 2013, or 2011, it is 23.1 per cent—virtually no growth.

In the United Kingdom, the big three—this is the worst country outside of Australia—had 45 per cent. So it was 15 per cent each on average. In Australia, the big three have 80 per cent. They knew that. The recommendations, page after page in this book, stated what was going on, and not one single member of parliament in this place moved to do anything about it with the exception of the late Peter Andrew, me and, in those days, the honourable member for New England. He may have changed his position these days, but in those days it was, 'Good, God!'

The big three no longer have 80 per cent in Australia. That is no longer right—that was in 1998. But, in the year of our Lord, 2002, that 80 per cent for the big three shifted to 76.7 per cent—77 per cent for the big two in 2002. There is an ABS series—and I do not want to be too long or too technical here—that is exactly the same as the ACNielsen series. There is no doubt that there is two per cent a year, so now they are nearly on 90 per cent.

Does it matter? When the farmer in Tasmania today gets 29c a kilogram, when in North Queensland he gets 67c a kilogram, and when the giant chains, Woolworths and Coles, are selling for \$3.48 a kilogram, there is something clearly wrong in the marketplace. Does it matter? When we had a fairness tribunal there was an 80 per cent mark-up on eggs. When we had a fairness tribunal, the mark-up on milk was 80 per cent. When we had a fairness tribunal, the mark-up on sugar was 80 per cent.

After the great wonders of the free market system were imposed upon the sugar men, the dairymen and the egg producers, it went to a 230 per cent mark-up. In the case of dairy, it remained at 230 per cent mark-up for 12 years straight. Coles has been playing some sort of game for two years, but there was no benefit to the consumer, no benefit whatsoever. (*Time expired*)

Bill read a first time.

The DEPUTY SPEAKER ( Ms Grierson ): In accordance with standing order 41(c), the second reading will be made an order of the day for the next sitting.