

**Senate Standing Committee on Economics**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Supplementary Budget Estimates

17 October – 18 October 2012

**Question:**               **SBT 47-49**

**Topic:**                   **Supermarket Competition**

**Written:**               **Received from Committee – 23 October 2012**

**Senator WILLIAMS asked:**

47. I wish to raise the matter of Logan Village in Queensland where Woolworths will soon have 5 outlets in an 8 kilometre radius, and the IGA store will be the only competitor. Is the ACCC looking at this domination by one chain which will give it 85% of that market?
48. Ten months after Woolworths purchased the land at Logan Village where the IGA store is located, you have not made any announcement that you would even look at this matter. Will this change?
49. When is an acquisition too much? Does it not concern the ACCC that one chain will eventually squeeze out its sole competitor by sheer weight of numbers?

**Answer:**

47. On 25 July 2012, the Australian Competition and Consumer Commission (ACCC) commenced a public review of the completed acquisition by Woolworths Limited (Woolworths) of an existing retail centre (including an IGA supermarket) and adjoining land at the corner of North and Albert Streets, Logan Village, Queensland (Logan Village Centre).

Under section 50 of the *Competition and Consumer Act 2010* (the Act) the ACCC examined whether the completed acquisition would be likely to substantially lessen competition in the local market for supermarket shopping surrounding Logan Village.

The ACCC understands that there are currently no existing Woolworths supermarkets within an eight kilometre radius of the Logan Village Centre. However Woolworths proposes to open a supermarket at Logan Reserve, located approximately eight kilometres by road from the Logan Village Centre. There are Woolworths, Coles, Aldi, and independent supermarkets located within 10 kilometres of the Logan Village Centre.

On 27 November 2012, the ACCC concluded its public review and announced that it did not propose to take further action in respect of the completed acquisition pursuant to section 50 of the Act. The ACCC found that the completed acquisition can be understood as leading to the only supermarket in the local market (an existing IGA) being substituted for a new Woolworths supermarket. The ACCC concluded that the resulting transfer of market share would be unlikely to lead to a substantial lessening of competition.

48. Please refer to the above response provided to SBT 47. The ACCC publicly announced the outcome of its public review of the completed acquisition on 27 November 2012.

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49. The ACCC must consider this acquisition under section 50 of the Act. Section 50 of the Act prohibits acquisitions of shares or assets that have the effect, or are likely to have the effect of substantially lessening competition in a market.

The ACCC is only able to have regard to the effects of each particular acquisition against the criteria set out in section 50 of the Act, and no other criteria. Therefore the ACCC assesses each acquisition on its merits according to the specific nature of the transaction, the industry and the particular competitive impact likely to result in each case.