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Dear Sir or Madam

Re: Competition Policy Review Final Report

I appreciate the opportunity to provide feedback on the Competition Policy Review final report. I am a PhD candidate in science communication interested in the regulation of alcohol promotion. I would like to draw to your attention to two recent papers not previously cited in the 803 submissions to the issues paper and draft report. The authors argue that deregulation of alcohol markets in the name of competition has facilitated the rise of a supermarkets duopoly that now controls 70% of liquor retailing<sup>1, 2</sup>. Their research suggests that Coles and Woolworths are conducting loss leading alcohol discount promotions via grocery cash register receipts in order to dominate off licence alcohol sales at their respective liquor retail chain stores (such as BWS and Liquorland), which earned 7 billion for Woolworths in 2014.

These researchers point out that the ACCC has taken action against Coles and Woolworths for anticompetitive behaviour in cross promotional discounting in petrol. However, they have so far ignored such practices in liquor retailing despite the existence of gold standard scientific evidence on the relationship of alcohol price to profoundly negative impacts on health, safety, and public order described extensively in submissions to the review. In their view, tax reform alone is insufficient to restrain harmful alcohol discounting while these two giants can cross subsidise loss leading liquor promotions with war chests funded by control of 80% of grocery retailing and dominance of other vital sectors such as petrol. Consequently they have called for a minimum price for alcohol to curb these practices.

The inherent hazards of alcohol as a commodity have been described in submissions from leading professional bodies<sup>3, 4</sup>, concerned individuals<sup>5, 6</sup>, community groups<sup>7, 8</sup>, NGOS<sup>9, 10</sup>, charities<sup>11-13</sup>, Cancer Councils<sup>14</sup>, expert economic consultants<sup>15</sup>, health departments<sup>16</sup>, health promotion foundations<sup>17, 18</sup>, public health associations<sup>19</sup>, small governments and municipal organisations<sup>20-27</sup>, drug and alcohol treatment providers<sup>28</sup>, National Centres of Excellence<sup>29, 30</sup>, leading scholarly researchers<sup>31, 32</sup>, academic research centres<sup>33, 34</sup> and a national coalition of 75 organisations<sup>35, 36</sup>.

Broadly speaking, the authors of these submissions argue that harms from poorly controlled alcohol markets, sometimes called their negative externalities, means that regimes of control such as liquor licencing should be exempt from broad brush deregulation programmes such as the Competition Policy Review. Their arguments are strong and well founded; a minimum price for alcohol could have additional benefits for both consumers and small retail and regional operators<sup>2</sup> in supressing anticompetitive behaviours supported by the 'addiction surplus'<sup>37</sup>.

Alcohol charity FARE has published documents illustrating failed attempts to ban shopper docketts in New South Wales<sup>38</sup> providing more evidence that a minimum price is necessary to address the current problems in liquor retailing in Australia. In a brief<sup>39</sup> to the Secretary of the Department of Trade and Investment, the then Director of Compliance at the state liquor regulator explained that the NSW Liquor Act 2007 is

ineffective against the big supermarket chains because its provisions were drafted on the idea that the system should rest on individual licensee accountability. Moreover, a minimum price for alcohol to prevent socially harmful loss leading by the big supermarkets has previously been endorsed by federal Minister for Education and Training Christopher Pyne<sup>40, 41</sup>. A minimum price for alcohol could be an elegant solution to harmful alcohol discounting that fuels the sort of anticompetitive behaviour in the grocery and retail sector complained of in as many as one in five submissions.

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