



Parliament of Tasmania

JOINT STANDING COMMITTEE

ENVIRONMENT, RESOURCES AND DEVELOPMENT

REPORT

Competition and Pricing in the Dairy Industry

Members of the Committee

Mr Brenton Best MP
Mr Bryan Green MP
Hon Greg Hall MLC (Chair)
Hon Tania Rattray-Wagner MLC

Mr Kim Booth MP
Mr Peter Gutwein MP
Hon Paul Harriss MLC
Hon Jim Wilkinson MLC

Secretary: Dr Colin Huntly

Table of Contents

Introduction	3
APPOINTMENT AND TERMS OF REFERENCE.....	3
PROCEEDINGS	4
<i>Senate Inquiries</i>	4
Findings	5
FUTURE INQUIRIES	5

INTRODUCTION

APPOINTMENT AND TERMS OF REFERENCE

The Joint Standing Committee on Environment, Resources and Development was established for a two-year period from 6 December 2000 on which date the House of Assembly resolved to agree to the establishment resolution made in the Legislative Council on the previous day. The Committee was re-established for a two-year period from 12 March 2002, re-established on 7 April 2004, and was again re-established on 31 May 2006 on which date the House of Assembly resolved to agree to the establishment resolution made in the Legislative Council on the previous day.

The Committee as at the date of this Report was re-established by Order of the Legislative Council on 4 March 2008, agreed to by resolution of the House of Assembly on 5 March 2008.

On Thursday, 19 November 2009 the House of Assembly passed a resolution in the following terms -

That the following matter be referred to the Standing Committee on Environment, Resources and Development for investigation and report on the state of the Tasmanian Dairy Industry, with particular reference to:—

- (1) The economic and social effect National Foods Limited's milk price offer will have on dairy farmers and the community at large.*
- (2) Any other matters concerning the Tasmanian Dairy Industry.*
- (3) Any matters incidental thereto.*

And that the committee report by 19 December 2009, provided that:—

- (1) Should both Houses be not sitting when the Committee has completed its inquiry into the Tasmanian Dairy Industry, the Committee may present its report to either Madam President or Mr Speaker, who are authorised to give directions for its circulation and printing.*
- (2) This resolution authorises the circulation of the report as if it had been tabled in either House.*

The above reference was received by this Committee later on the same day.

The Committee has investigated the reference and makes this Report.

PROCEEDINGS

The Committee's inquiries have revealed that the subject matter of the Dairy Industry reference from the House of Assembly is coextensive with an ongoing inquiry of the Senate Economics Committee and related to some of the subject matter of the Senate Select Committee on Agricultural and Related Industries.

Senate Inquiries

The Senate Economics Committee inquiry into "*competition and pricing in the Australian dairy industry*" was established on Thursday, 10 September 2009 and has the following Terms of Reference:¹

This inquiry will investigate the current circumstances of the varying prices being paid to dairy farmers in different Australian states, including:

- (a) the economic effect on the dairy industry of announced reductions in prices to be paid to producers by milk processors,*
- (b) the impact of the concentration of ownership of milk processing facilities on milk market conditions in the dairy industry;*
- (c) the impact of the consolidation of the ownership of the market or drinking milk sector with the manufacturing milk sector on milk market conditions in the dairy industry;*
- (d) the impact of the concentration of supermarket supply contracts on milk market conditions;*
- (e) whether aspects of the Trade Practices Act 1974 are in need of review having regard to market conditions and industry sector concentration in this industry; and*
- (f) any other related matters.*

The Senate Select Committee on Agricultural and Related Industries inquiry into "*food production in Australia*" was established on Wednesday, 25 June 2008 and has the following Terms of Reference:²

Food production in Australia and the question of how to produce food that is:

- (a) affordable to consumers;*
- (b) viable for production by farmers; and*
- (c) of sustainable impact on the environment.*

¹ See: http://www.aph.gov.au/Senate/committee/economics_ctte/dairy_industry_09/index.htm (accessed 1 December 2009).

² See: http://www.aph.gov.au/Senate/committee/agric_ctte/food_production/index.htm (accessed 1 December 2009).

FINDINGS

The Committee finds that there is a real risk of trespassing on live inquiries of the Senate in order to adequately investigate the Order of Reference received from the House of Assembly on Thursday, 19 November 2009. Witnesses to Parliamentary inquiries are not at liberty to discuss their evidence in those forums until the relevant Parliamentary bodies have reported. Given that many of the potential witnesses to this Committee on the Order of Reference would also be witnesses to the Senate inquiries, the possibility of placing witnesses in a position of contempt cannot be discounted.

Accordingly, in order to satisfy the reporting deadline imposed on the Committee in the above Order of Reference, the Committee has resolved to report its finding to the Parliament without recommendation.

FUTURE INQUIRIES

The Committee has also resolved to await any report of the Senate's inquiry into "*competition and pricing in the Australian dairy industry*" and the inquiry into "*food production in Australia*" before initiating its own inquiry into competition and pricing in the Tasmanian dairy industry. In this way the Committee will maximise the effectiveness of Parliamentary scrutiny of an essential primary industry.

December 2009

**Greg Hall MLC
Chairman**