

QFF MEMBERS

CANEGROWERS

Cotton Australia

Growcom

Nursery & Garden
Industry QueenslandQld Chicken Growers
AssociationQld Dairyfarmers'
OrganisationASSOCIATE
MEMBERSQueensland Chicken
Meat CouncilFlower Association of
Queensland Inc.

Pork Queensland Inc.

Pioneer Valley Water
Co-operative LimitedCentral Downs
Irrigators LimitedBurdekin River
Irrigators Area
CommitteeEmerging Primary
Industries Groups

- Australian Organic
- Queensland
Aquaculture
Industries
Federation

June 10, 2014

Professor Ian Harper
Competition Policy Review Secretariat
Treasury
Langton Crescent
PARKES ACT 2600

Dear Professor Harper,

QFF writes this submission in support of a number of our members who will be making independent and detailed submissions to this inquiry.

QFF supports the Federal Government's decision to review competition policy and the Competition and Consumer Act and see that it is an imperative for the government to conduct this process quickly in the interest of a number of agricultural commodities. QFF's members are typically the intensive farming industries in Queensland including sugarcane, cotton, horticulture, dairy, nursery, flowers, eggs, chicken meat, pork and aquaculture. These commodities fit generally into two main categories regarding their main markets, either having a bulk export-focus, or a domestic retail focus. In terms of this inquiry, reviews of competition policy stand to have the most relevance and direct impact upon industries supplying fresh produce for the domestic value chain, including fruit and vegetables, milk, pork, eggs and chicken. QFF supports the individual submissions that will be forthcoming from the QFF member bodies representing these industries.

The Queensland dairy industry will be making a detailed submission to this inquiry regarding particular concerns around the two major supermarkets' pricing actions on their own brands of milk. The QFF fully supports this submission and further highlights the need for urgent policy action that requires greater immediacy than this review process is affording. Since Coles supermarkets first reduced the price of its home brand milk to \$1 per litre in 2011, more than 100 Queensland dairy farmers have exited the industry (about 20 percent of farmers). Queensland is now short of milk for its own drinking milk requirements. In May 2014, Queensland's third largest farm ceased dairying, reducing the Queensland milk supply by about 6.7 million litres per annum, or enough milk to feed about 70,000 people.

There are other important competition policy issues affecting many other Queensland industries. Profits in horticultural industries have also been impacted as a consequence of the lack of competition in the value chain beyond the farm gate. There are also significant impacts on industries such as eggs and chicken meat as a direct result of the huge market power of the two major supermarkets.

Given the situation facing some Queensland farmers and industries, QFF sees that there is a need for urgency of policy change in this area. QFF supports strengthening of Australia's competition policy so that it gives farmers as both primary producers and as consumers of inputs to their business confidence that a fair market is in operation and that their business operates on a level playing field.

Yours Faithfully,

Dan Galligan
CEO – Queensland Farmers' Federation