

DAIRY INDUSTRY, COLLECTIVE SALES ARRANGEMENT

**771. Hon MURRAY CRIDDLE to the Minister for Agriculture and Forestry:**

I refer to the dairy industry's reaction to the Australian Competition and Consumer Commission's decision to disallow moves towards collective bargaining and ask the minister to comment on the Grain Licensing Authority, which has recently moved to significantly reduce the number of licences after last year having less than 50 per cent of those licences taken up. In my recent visit to Tasmania I found that state has moved towards a collective arrangement for selling lobster.

How does the minister come to the conclusion that the GLA should remain in place when other industries are moving towards a collective sales arrangement?

**Hon KIM CHANCE replied:**

Mr President, what an interesting question: it actually goes to the heart of marketing philosophy.

**Hon Murray Criddle:** You do not mind philosophy.

**Hon KIM CHANCE:** Yes.

It is a very good question and I doubt I can do it justice in this format.

The GLA, and the honourable member understands this very well, is the result of trying to prevent the grain industry from going into full deregulation. It was a formula that was modelled by and large on the Wheat Export Authority, and that made it possible for this state to construct a regulating holder of a single-desk arrangement, which was separate from the marketer. The essential philosophy behind the WEA and the GLA in Western Australia is that separation of marketer and regulator. Although that is possibly an over simplification, it is probably all I can do at this stage.

With respect to the success of collective marketing arrangements, this is where Hon Murray Criddle is going to the next step of which marketing arrangements are more appropriate to the twenty-first century, and that is why this is a much bigger question. I appreciate the approach that Hon Murray Criddle is taking to this issue. It is something that the industry, in all its facets, needs to think through very carefully. The marketing of agricultural commodities these days involves far more diversity than simple commodity groups because marketing opportunities now exist within commodity groups; for example, the noodle growers and premium wheat growers have shown us what is possible in that regard. This may be the way to go. The old solutions of the statutory marketers may well belong to the past, although I very much belong to that school of thought that holds that statutory marketing authorities are necessary and valuable components of our market chain. However, I would appreciate more discussion on this matter, because it will take a while for primary producers to fasten onto the idea that market opportunities might be available to a collective marketer that are currently not available to a statutory marketer.

I will comment briefly on the draft determination by the Australian Competition and Consumer Commission that was announced yesterday. I have only just got hold of a copy of the draft determination. On the basis of my fairly superficial reading of the draft determination to date, I am somewhat stunned, not by the refusal of the ACCC to grant the application for a single negotiating agency for the dairy industry, but, rather, by the reasons that the ACCC has chosen to nominate as its cause for refusing the authorisation. If I can sum up those reasons, they are effectively that there is a real danger that if market negotiating agency status is granted to the dairy industry in Western Australia as a single group, farmers may gain a bargaining position advantage over the rest of the market chain.

**Hon Murray Criddle:** What a wonderful idea!

**Hon KIM CHANCE:** My comment on that was: surprise, surprise; what did the ACCC think the dairy farmers were making the application for? However, as I have said, I have made only a superficial analysis. I will work through the draft determination in much more detail with the Department of Agriculture to consider the submission that the state of Western Australia might make to the ACCC to help guide it on its tortuous path between the draft determination and its final determination.