

National Competition Council

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PRESS RELEASE

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D-DAY FOR DAIRY REFORM – IT MUST BENEFIT THE COMMUNITY

Mr Graeme Samuel, President of the National Competition Council (NCC), in comments made to the Committee for the Economic Development of Australia, has stressed that the deregulation of the drinking milk market must benefit the community.

Competition policy is not about competition for competition's sake. We are not economic theorists disinterested in reform outcomes. If reform does not benefit the community, then it is at best incomplete, and at worst, a source of dissatisfaction that will undermine future reform efforts.

It is quite clear that there is going to be a reduction in the farm gate price for market milk. If the effect of this reduction, after making allowances for the 11c per litre assistance levy, which commences tomorrow, is not passed on to the consumer there will need to be a clear explanation why.

The National Competition Council will be watching closely, as will the price monitoring and regulatory officers of the ACCC, to ensure that the community, as a whole, receives the benefits of reform commensurate with the contribution being made by the dairy farming industry.

It is likely to take some time for the post deregulation dust to settle. However, if we detect a creaming off of the consumer benefits of dairy reform, between the farm gate and the shopping basket, expect it to be the subject of loud comment and appropriate action.

It is worth reminding those involved of the existence of the market fixing and fair trading provisions of the Trade Practices Act – all of which form part of competition policy.

Mr Samuel commended the dairy industry for showing leadership in embracing common sense reforms while working with governments to secure an effective assistance package for farmers.

The issues involved in dairy deregulation are not easy. However the reforms and the assistance package will bring sustainable benefits to the industry, particularly in the medium and long term while assisting those who encounter social and economic hardships resulting from the changes.

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