

# **Interim report**

## **Inquiry into the impacts of supermarket price decisions on the dairy industry**

20 April 2011

Senator the Hon. John Hogg  
President of the Senate  
Parliament House  
CANBERRA ACT 2600

Dear Mr President

Pursuant to Senate Standing Order 38(7), I present to you an interim report of the Economics References Committee in relation to the Committee's inquiry into the impacts of supermarket price decisions on the dairy industry.

The matter was referred to the Committee on 10 February 2011 for report by 15 April 2011. To date, the Committee has received 151 submissions and has held public hearings in Melbourne (8 March 2011), Sydney (9 March 2011) and Canberra (10 and 29 March 2011). To enable the Committee to consider the significant amount of information received, the Committee sought an extension of its reporting date to 20 April 2011, which the Senate approved on 21 March 2011.

The Committee is aware that the inquiry has generated considerable interest and understands that many parties are awaiting the release of the report. It is also aware, however, of the need to balance timeliness with the quality of the analysis. Many of the issues which are the subject of this inquiry require ongoing scrutiny. There are complex interactions between farmers, processors and retailers; and short-term effects may differ significantly from medium-term effects. In particular, the Committee believes the impact of the reductions in retail milk prices depends crucially on how long they are in place, and the extent to which they are reflected in upcoming contract renegotiations with processors.

Additionally, the Committee, and many individuals and organisations who participated in this inquiry, are aware that the Government has not provided a response to the report of its previous inquiry, *Milking it for all it's worth—competition and pricing in the Australian dairy industry*. This comprehensive report was tabled on 13 May 2010 and made 16 recommendations.

The Committee also only received Coles' responses to their questions on notice in the afternoon of 19 April 2011. This has meant that the Committee has not had sufficient opportunity to consider this new information.

Consequently, the Committee has decided to present a further interim report before 10 May 2011, which will analyse the evidence that the Committee has received and invite responses and/or further information to be provided. The Committee will then collect and assess further information and examine developments in the dairy industry as they occur to inform its final report, which will be tabled by 1 October 2011.

### **Recommendation 1**

**The Committee calls on the Government to table a formal response to the Committee's report *Milking it for all it's worth—competition and pricing in the Australian dairy industry* by 13 May 2011, which will be a year after it was tabled.**

Senator Alan Eggleston  
Chair