

**Senate Economics Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

**Treasury Portfolio**

Budget Estimates

2017 - 2018

**Division/Agency:** Australian Competition and Consumer Commission

**Question No:** 50

**Topic:** Murray Goulburn

**Reference:** Hansard page 127-128 (30 May 2017)

**Senator:** Xenophon, Nick

**Question:**

Senator XENOPHON: I will put some questions on notice, and I will discuss with you about the possibility of the ACCC having to come in for supplementary estimates on this. Murray Goulburn has forgiven debts, but not those from farmers who have moved to another processor. My understanding is that the ADF, one of the peak bodies representing dairy farmers, are not happy with that decision. Fonterra has decided to forgive debts, too, but not what they took away last year. Rather, they have offered an extra 40c a kilo of milk solids for next year. Farmers will not know what they are getting until next year, and it may not equate to what they have lost. In relation to Murray Goulburn, does the ACCC have a view on the conduct of Murray Goulburn, to forgive those debts to farmers only if they have not moved to another process? In some cases dairy farmers did move to another process, because they felt they had no choice but to.

Mr Sims: Do you want me to take it on notice?

Senator XENOPHON: If you have an initial view and perhaps partly on notice—

[...]

Senator XENOPHON: Is there an issue, potentially, of unconscionability of not forgiving the debts of those farmers who have moved to another processor?

Mr Sims: This has been a recent decision—

Senator XENOPHON: Will you take it on notice?

Mr Sims: Sure. I am happy to take it on notice.

**Answer:**

The ACCC notes the Murray Goulburn Cooperative Co Limited announcement dated 2 May 2017 that it would forgive debts associated with the Milk Supply Support Package (MSSP). In that announcement Murray Goulburn advised it would make a payment to continuing and retired suppliers who made MSSP contributions between July and September 2016, and to any suppliers who recommence supplying to Murray Goulburn by 31 July 2017.

Given the structure of the MSSP, farmers did not owe an individual debt. If they chose to move to another processor they were not required to repay the MSSP debt. The ACCC recognises there may be a small number of farmers who made MSSP contributions between July and September 2016 and who have subsequently moved to another processor. The lack of reimbursement to these farmers is unlikely to constitute unconscionable conduct.

The ACCC is continuing to conduct a broader inquiry into the competitiveness, trading practices and transparency of the Australian dairy industry. Through the Dairy Inquiry, the ACCC will examine contracting practices and the clarity of price information provided to dairy farmers. The ACCC's consideration of these issues in the Dairy Inquiry is not confined to whether a breach of the *Competition and Consumer Act 2010* has occurred. The ACCC's report is due to the Treasurer before 1 November 2017.