

2 February 2018

We would like to lodge our submission to the ACCC interim report of the inquiry into the Australian dairy industry.

We were part of the consultation in the development of the UDV Wannon Branch response already lodged with ACCC.

We fully endorse the UDV Wannon Branch response but would like to add one additional item.

With regard to Retail Sector Behaviour, we believe the Closer Economic Relations (C.E.R.) agreement with New Zealand must be reviewed as it is being used as a means to bring subsidized and poor quality, cheap product into Australia, from countries other than New Zealand, without the same scrutiny as would be applied should that product come directly from the country of origin. This is how berries from China were brought in via New Zealand, and caused the hepatitis scare in recent times.

An example with dairy is American cheese, subject to American subsidies, brought in via the C.E.R. agreement to undercut Australian product in the pizza trade.

Because of the use of the C.E.R. agreement as a conduit for overseas product into Australia, it is difficult to determine whether other dairy products are also being used in a similar way.

We believe the C.E.R. agreement must be reviewed in order to clarify that the intent of the agreement is for actual products of New Zealand, not those brought in from other countries via New Zealand.

In addition, the C.E.R. agreement must be reviewed to prevent New Zealand dairy processors from dumping product into the Australian market. In New Zealand supermarkets the cost of cheese ranges from \$9 to \$12 per kilogram. At the same time, New Zealand processors are able to dump the same cheese in the Australian market at \$6 per kilogram.

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