



TREASURER

Mr Rod Sims
Chairman
Australian Competition and Consumer Commission
GPO Box 3131
CANBERRA ACT 2601

Dear Mr Sims

I am writing to require the Australian Competition and Consumer Commission (ACCC) to hold a public inquiry into the competitiveness of prices, trading practices and the supply chain in the Australian dairy industry pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010* (CCA)

I enclose a notice under subsection 95H(1) of the CCA identifying the matters the inquiry is to consider and when the inquiry is to be completed.

I ask that the ACCC liaise closely with the Department of Agriculture and Water Resources, as the Deputy Prime Minister and Minister for Agriculture and Water Resources has policy responsibility for the Australian dairy industry.

The final report must be submitted to the Government within 12 months of the commencement date.

I have copied this letter to the Prime Minister and the Deputy Prime Minister and the Minister for Agriculture and Water Resources.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Scott Morrison', written over a faint, illegible stamp.

The Hon Scott Morrison MP

21/10 /2016



COMMONWEALTH OF AUSTRALIA

COMPETITION AND CONSUMER ACT 2010

INQUIRY INTO THE COMPETITIVENESS OF PRICES, TRADING PRACTICES AND THE SUPPLY CHAIN IN THE AUSTRALIAN DAIRY INDUSTRY

I, Scott Morrison, Treasurer, pursuant to subsection 95H(1) of the *Competition and Consumer Act 2010*, hereby require the Australian Competition and Consumer Commission to hold an inquiry into the competitiveness of prices, trading practices and the supply chain in the Australian dairy industry.

Matters to be taken into consideration in the inquiry shall include, but not be restricted to:

- i. the nature of competition between processors for both the acquisition of raw milk and the supply of processed milk and dairy products
- ii. the nature of retail pricing arrangements for milk and dairy products, and their impact up the supply chain
- iii. the effect (direct or indirect) of domestic retail and export prices, and level of domestic and overseas demand, for Australian processed milk and dairy products on dairy producers and processors
- iv. the nature of the commercial relationships between dairy producers and acquirers of raw milk and the impact of corporate structures adopted (including cooperative structures) upon those relationships
- v. the mechanisms used by acquirers of raw milk to determine prices paid when acquiring raw milk and the transparency of those mechanisms
- vi. the availability, transparency and accessibility of market price information, and its effectiveness for forecasting movements in farm gate milk prices
- vii. the terms on which raw milk is acquired from dairy producers and the means by which such terms are agreed
- viii. the allocation of commercial risk across the dairy supply chain
- ix. the role of collective bargaining in the dairy industry and its effectiveness
- x. the existence of, or potential for, anti-competitive conduct and the possible impacts of any such conduct on businesses within the dairy supply chain
- xi. any other factors affecting farm profitability.



COMMONWEALTH OF AUSTRALIA

This is not to be an inquiry in relation to any particular person or persons.

The inquiry is to commence on 1 November 2016 and a report submitted to me within the 12 months following this commencement date.

DATED THIS 27th DAY OF October 2016

A handwritten signature in black ink, appearing to read 'Scott Morrison', written over the printed name.

SCOTT MORRISON
Treasurer