



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES
PRIVATE MEMBERS' BUSINESS

Milk Pricing

SPEECH

Monday, 21 March 2011

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

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Questioner
Speaker Billson, Bruce, MP

Source House
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Mr BILLSON (Dunkley) (9.24 pm)—I support the call on the government to insist that the ACCC formally and immediately investigate what is happening with the milk wars that are being driven by the big supermarkets and their implications more broadly. I also want to draw attention to the Senate Economics Committee inquiry into the impacts of supermarket price decisions on the dairy industry. This inquiry into the ongoing milk price war is underway, but I seek to draw the attention of this chamber and of those who are listening to the inquiry that we really need to have—that is, whether the toolkit available to the ACCC is adequate, whether it best supports the public policy and economic objectives we have for our country and how well those tools are actually being utilised.

That very inquiry, an independent inquiry, is what the coalition offered the electorate prior to the last election. We were confronted—affronted might be a better way of describing it—by the then Minister for Competition Policy and Consumer Affairs, Dr Emerson, saying, ‘No, no, no. The competition laws in Australia are just fine. There is no scope to improve them. There is no opportunity to recognise changing market conditions. Everything the ACCC needs, it already has.’ That did not last very long at all, because shortly after the election, when we were highlighting—

Ms Saffin interjecting—

Mr BILLSON—I have just been heckled by the member opposite, who has little to offer on the issue of competition.

On the issue of price signalling, wasn’t it very interesting how, shortly after the election, when the coalition started working on issues of price signalling, all of a sudden Labor, who had said there was no opportunity to improve the competition toolkit, quickly came along and said, ‘We are going to introduce a price signalling law as well.’ The member opposite who chooses to interject may well benefit from the understanding that this is one sector of the economy. It is a very important one, but as to the concerns she seeks to talk about, if she bothered to learn much about other than what she wants to insist on for everybody else, she would see that these circumstances are actually happening in other parts of the economy. Because they are happening in other parts of the economy, there is a need to examine these concerns not through a straw, looking at a single industry, as important as it is, but also in the context of what else is going on where the supermarket chains are very dominant.

The supermarket chains are seeking to exercise their strong position in the marketplace to extend the range of supermarket own-branded goods and products. They are doing this in alcohol. We have already seen the supermarket chains rolling out their own lines of beer. The beer producers in Australia did not seek to cannibalise their own market, so they refused to play ball. So now the beer is coming in from New Zealand, where again the supermarkets are seeking to get an even stronger position and an even more dominant position in terms of the way they interact with their suppliers.

If the government recognised that there are shortcomings in the competition toolkit that is available, they would see that there is scope to improve it. That is what the coalition offered—an examination of the toolkit, an understanding of the national public policy initiatives that should drive competition law and then a recognition that, if the tools are not up to the task, they need to be improved. We actually believe that competition matters, but there is an important precondition for competition, and that is the existence of competitors. We also believe that there is an issue about durable benefits—

Ms Saffin interjecting—

Mr BILLSON—Oh, just pipe down!

The DEPUTY SPEAKER (Hon. BC Scott)—Order!

Mr BILLSON—We also believe there is an issue about durable consumer benefit, so in relation to the short-term issues that might see a savings in milk, if they are not going to be available in the longer term, what might superficially appear to be attractive may well lead to more problems for consumers down the track.

The member for Calare's motion is important not only because it seeks to have the ACCC do what it can do with toolkit that is available to it, but hopefully because, through the Senate inquiry, it will highlight how that toolkit is deficient, some of the aspects relating to the misuse of market power and the need to satisfy a substantial market power test which sees a company able to raise prices without losing any business. That is an incredibly high threshold. Maybe the existence of market share might be an appropriate precondition. The issue is about not only the purpose for which a dominant player might be entering into a market or exercising its strength but also the effect of it.

The big players can say, 'It wasn't our intention to wipe out everybody in our supply chain. It just happened.' This is not good for our country; this not is good for our economy. This is why we have 300,000 fewer people employed in small business since Labor was elected. We have seen the competition toolkit failing to meet the challenges of a contemporary market, and I am optimistic that through the prism of this totemic— *(Time expired)*

Debate interrupted.