

GLENRIDGE PARK

DAVID AND LYN SLADE
RMB 719
MOUNT BARKER
W A 6323

Telephone 08 9856 1032
Fax 08 9856 1032

8th December 1998

Productivity Commission
PO Box 80
BELCONNEN ACT 2616

Submission to Inquiry into Impact of Competition Policy Reforms on Rural and Regional Australia:

The result of Competition Policy Reform for many rural producers is a reduction in price levels for produce since reform has seen the demise of statutory marketing authorities leading to an inequitable trading situation where the large supermarket chains force a reduction in returns to producers.

A recent article in the December 1998 issue of Australian Farm Journal provides an example of the results of deregulation for rural producers. Under deregulation of the dairy industry in NSW returns to producers have fallen by almost 7%, the price of milk in shops has risen and supermarkets have increased their profit margins from 15% to 25%, a massive 66% increase. It is difficult to see how the Productivity Commission can view this result as a positive outcome under increased competition.

The real result of Competition Policy Reform seems to be the creation of an inequitable marketing situation where the large supermarkets and processors retain their trading position due to sheer size and corporate structure. Rural producers however are isolated from this due to size and distance. Statutory marketing authorities offered producers the opportunity to be on a more level playing field with the major corporations. The removal of these systems without another, not necessarily government, marketing system in place, is probably the biggest threat to the viability of rural Australia today.

In conclusion we would like to urge the Commission to look at the results of deregulation which are already apparent. The major supermarkets have effectively squeezed out competition for rural commodities and have become the price makers of the industry. It seems essential that rural producers retain the ability to have a marketing system which enables a reasonable return for their produce.

Yours sincerely,

L Slade

David and Lyn Slade