



Tasmania

DEPARTMENT of
PRIMARY INDUSTRIES,
WATER and ENVIRONMENT

2 April 2004

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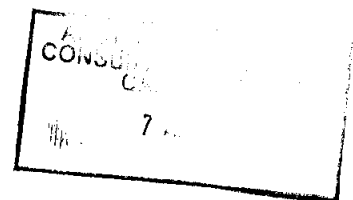
Authorisation application lodged by the Tasmanian Farmers and Graziers Association (A90914)

I refer to the memorandum from Gavin Jones, Acting Director, Adjudication Branch, Australian Competition and Consumer Commission (ACCC) to Mr John Pauley on the matter of the application for authorisation made by the Tasmanian Farmers and Graziers Association (TFGA) for its vegetable grower members to collectively negotiate the terms and conditions of the growing contracts with both Simplot Australia Pty Ltd and McCain Foods (Aust) Pty Ltd.

In general the Department supports the continuation of the process in respect of the ACCC's deliberations as to whether it grants an authorisation in this case. The Department would also support an interim authorisation being granted whilst the ACCC determines the merit of granting a full authorisation. I note that the ACCC in such matters is to be satisfied that the public benefit from the granting of the authorisation outweighs any detriment to the public constituted by any lessening of competition.

As to the application, given the TFGA submission it would appear that an authorisation granted by the ACCC for the TFGA vegetable growers to collectively negotiate with McCain Foods and Simplot would provide certainty to the current arrangements that have been previously operating in this particular matter.

I note that the submission by the TFGA in support of its application states that its views are that the impact resulting from the granting of the authorisation on the price of processed vegetables for consumers is likely to be minor.



GENERAL ENQUIRIES (Statewide): Telephone: 1300 368 550

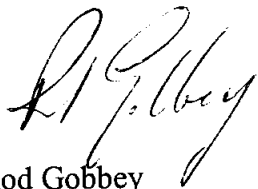
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The Department supports the position that authorised collective negotiations would provide an opportunity for those growers, who were not in a position to effectively negotiate individually with either or both processor, to do so such that they could achieve a reasonable outcome on the terms and price arrangements of their contracts.

I would note that for both an interim or full authorisation, were they to be granted, there would be a need to ensure that strict probity arrangements are instituted for conducting the negotiation with Simplot and McCain Foods particularly given that the negotiations would affect growers who supplied both processors.

Finally, the Department would support the need to ensure that growers were provided with the opportunity to opt out of any authorised collective negotiation process and hence be able to continue to negotiate individually with either or both processors if they so desired.

Thank you for the opportunity to comment on this application. The Department would welcome being kept informed of developments in this matter.



Rod Gobbey

**ACTING GENERAL MANAGER
FOOD, AGRICULTURE AND FISHERIES**