

# C & M HIDVEGI

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Licensed Wholesale Milk Vendor

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Your Ref. C2004/1241

20 September 2004

The General Manager  
Adjudication Branch  
Australian Competition and Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

Dear Sir,

Please accept my initial submission in relation to the request for interim authorisation by the Milk Vendors' Association (SA) Inc for the proposed collective bargaining arrangements in respect of current distribution contracts.

- I reiterate all points made by the Milk Vendors Association
- **Likely Public Benefit of collective bargaining:**  
Compliance with statutory requirements by both processors and vendors. More negotiating power, solution management. Health and Safety benefit. Improved service and benefits to the public. Continued service to smaller outlets. Workers retain jobs.
- **Effect on Competition, Public Detriment of collective bargaining:**  
*on Public Detriment of collective bargaining* – NIL  
*on Effect on Competition re collective bargaining* – Better competition re Fairness in the Negotiation Process.
- **Effect of ACCC granting interim authorisation collective bargaining:** Fairness in the negotiating process. Possibly reduce legal actions. Reduced costs by both parties. Have been told 80% of Business Help Line Calls are currently from milk vendors. Essential for moving forward.

**Effect of ACCC denying interim authorisation collective bargaining:** With the history/ archeology of processors movements with regard to vendor contracts and the processors objectives and the facts stated under **Effect on competition from the notified exclusive dealing agreement and Relevant markets affected by the notified exclusive dealing and any changes since notification**, – denying interim authorisation collective bargaining will be totally detrimental to the vendors with repercussions on to the retailer and the consumer/public. As the vendors become extinct resultant decline in the range of available services, reduction in consumer choices, increases in the monopoly profits of the retail chains and processors, and **increased retail prices** (as stated in the MVA submission). The only effective way for negotiation with the processor is collective bargaining as history can verify.

- **The public benefits resulting from exclusive dealing:** In real terms – NIL
- **Effect on competition from the notified exclusive dealing agreement:**  
and
- **Relevant markets affected by the notified exclusive dealing and any changes since notification;**  
on THE **VENDOR** and associated workers who are also members of public  
Eliminated/reduced competition. Unfair playing field. 3 suicides. Stress. Family issues. Loss of income. Long hours, no holidays. Numerous bankrupts. Loss of housing. Numerous legal actions. Legal ramifications. Liability issues. Humanitarian issues. Ethical and moral issues. No CPI. Insecurity. Aiming at elimination of 75% of milk distribution outside of the vending system. Control shift. Allowed the processing companies to manipulate the system and place many of the vendor customers on to direct billing at a reduced distribution margin (approx over 25%). Next comes the direct billed vendor customers become processor customers with no contract or payment of goodwill or stamp duty. Next 40% loss of flavour component profit before total loss of Supermarkets. As a result of a survey sent to vendors as many as 40 vendors could face bankruptcy/loss of homes and 500 associated workers lose their job. Processor taking control then becoming our main competitor with vendor restricted of deregulation rights re exclusive agreement.  
on the **CONSUMER/PUBLIC**  
Pricing difference re smaller outlets loosing business via supermarkets. Massive closure of outlets, consumer access to product affected. Vendor is unable to supply alternative choice if stock fails to come in or short code. Consumer/public choice of product affected ie elimination of Pura Whole milk from certain supermarkets – less competition (our loss 30%)
- **Any other information relevant to ACCC assessment of the public benefit and detriment of collective bargaining or exclusive dealing:**  
*Public Detriment of exclusive dealing:* Inability for vendors to supply service lines with longer use by dates and at more competitive prices. Inefficiency of operation. Risk of continuation of service and providing at affordable price to the smaller outlets thus the consumers who rely on this service may lose it.  
The vendor does not have the same competitive rights as the processor has due to the exclusive dealing, and with deregulation and the failure to review the exclusive dealings not only the vendor but also the consumer/public is a victim of lack of free competition – a right the vendors should have under the deregulation rights. Her Majesty is liable in Tort, as a Master to a servant.

Yours sincerely,

Marilyn Hidvegi