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**RE: Victorian Potato Growers Council application for revocation of A91048 and substitution A91321; Response to McCain Foods (Aust) Pty Ltd and Safries Pty Ltd joint submission.**

The Victorian Potato Growers Council (VPGC) is writing to seek Authorisation for a new collective bargaining agreement to replace expiring A90148.

VPGC strongly supports the letter written by the McCain Growers Group (MGG) clarifying points raised by McCain Foods (Aust) Pty Ltd and SAFries Pty Ltd (McCain) in the submission dated 10<sup>th</sup> August 2012.

Along with supporting MGG's letter the VPGC has some additional points to add including:

1. The application by VPGC to collectively bargain is not only to allow collective negotiation with McCain but also with other companies that purchase potato products including Arnotts, Smiths and Moratis.
2. The new collective bargaining agreement would allow seed potato growers to discuss pricing collectively. The ability to collectively bargain provides seed growers with the stability within the industry to continue to capital invest in their businesses.
3. VPGC would strongly argue against the statement that "Growers are not in a weak bargaining position when compared to the McCain Group". Since McCain ceased collective bargaining some growers have felt at a disadvantage in their negotiating power. Large corporations have access to specialist negotiation skills and market information where as individual potato growers do not.
4. VPGC disagrees that the negotiation committee has not had input to contracts. McCain has approached the committee on numerous occasions regarding restructuring their contracts, adjusting the tolerance level clause for damaged and diseased potatoes and delivery times.
5. Any perceived inefficiencies due to collective negotiations are on the part of McCain. Growers have suggested numerous ways in which to make the process more efficient

including timeframes for starting and ending negotiations, more structured meetings that achieve outcomes and shorter turnaround time for grower consultation on proposed prices. These suggestions have not been implemented by McCain.

6. VPGC believes it would be more cost effective to deal with one party rather than 27 individuals even if growers discuss other contract terms on an individual basis.
7. Simplot announced in February 2011 that it was increasing its prices to growers for two years to lock in contracts for supply. This showed their commitment to their supply chain and understood the need to ensure that growers remained profitable in order to continue to produce a quality product.
8. McCain's concern that "there will be less focus on productivity and quality improvements" are false. Growers have been working to achieve better quality outcomes believing that a collective price approach is likely to lead to higher returns for their product.

It should be noted that it is clearly understood that any signatory to this collective bargaining agreement is not bound to only work within its framework. Any party may work outside the agreement should they chose.

It is critical to retain a healthy and profitable processing potato supply chain and an Authorisation is just one tool that allows growers the opportunity to maximise their returns and therefore contribute to local employment and the economy.

If you have any further questions please don't hesitate to contact me on 0409 805 166.

Pauline McPherson  
Secretary  
Victorian Potato Growers Council