



12 April 2024

Select Committee on Supermarket Prices
PO Box 6100
Parliament House
Canberra ACT 2600

Correspondence via email: supermarketprices.sen@aph.gov.au

Dear Committee Chair,

Subject: NFF submission to the Senate Select Committee on Supermarket Prices inquiry into the Competition and Consumer Amendment (Divestiture Powers) Bill.

The National Farmers' Federation (NFF) appreciates the invitation to make a submission to the Senate Select Committee on Supermarket Prices inquiry into the Competition and Consumer Amendment (Divestiture Powers) Bill (the Bill).

The NFF is the national peak body representing Australian farmers and agriculture. The NFF was established in 1979 as the national peak body representing farmers and more broadly, agriculture across Australia. The NFF's membership comprises all of Australia's major agricultural commodities across the breadth and the length of the supply chain. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. These organisations form the NFF.

While the text of the Bill and Explanatory Memorandum appear to allow for the legislation to be applied to corporations in any sector of the economy, the second reading speech and the fact that this inquiry occurs under the auspices of the Senate Select Committee on Supermarket Prices, it is our assumption that the intent is for it to be applied to businesses operating in the retail food and grocery sector.

To this end, the NFF notes the significant number of inquiries and reviews being undertaken into aspects of Australia's food and grocery sector. The NFF has actively engaged in these processes, stating clearly that Australian agriculture relies upon open and transparent marketplaces that promote competition within supply chains, ensuring both the sustainability of suppliers and positive outcomes for consumers.

It is the NFF's view that supermarkets and retailers do use their market power to the detriment of farmers through lower prices, unfair risk burden and longer-term uncertainty which can place significant pressure on individual farm businesses. To this end, the sector has advocated for a range of means to improve and strengthen Australia's competition policy settings.

These recommendations can be viewed in our submission to the Supermarket Prices inquiry made on the 15th of February 2024.

With respect to the amendments proposed in the Bill to provide the Australian Competition and Consumer Commission (ACCC) with the powers to apply to a court to direct a reduction in the corporation's power in, or share of, the market, the NFF is currently considering this policy with its members.

From the NFF's perspective, both the provision and any use of such remedies by the ACCC would represent both a significant shift and magnitude of intervention by government in the regulation of corporate activity in Australia. Given this, thorough investigation would be required to provide significantly greater clarity on how such provisions would be operationalised and the consequences of such divestment orders on the supply chain.

Should you require further information, please do not hesitate to contact me

Yours sincerely,

TONY MAHAR
Chief Executive Officer