

## RESPONSE TO QUESTION ON NOTICE FROM FOOD SOUTH AUSTRALIA INCORPORATED

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**Senator XENOPHON:** Apart from having a mandatory horticulture code of practice that includes retailers, what other practical measures do you see in either strengthening competition or other mechanisms? I guess the elephant in the room is whether you look at divestiture down the track—say, that Coles and Woolies cannot have more than 20 per cent of the market share, for instance, each?

**Ms Barnett:** I am not a lawyer or a politician and I do not write legislation, so I do not necessarily have an answer to that. But I think that, in an ideal world, we would never have ended up with over 70 per cent market share in two hands. That divestment issue is going to be one of policy and legislation, obviously. But I think one of the answers is around the fact that imported product is not tested, nor are the food production practices acknowledged by us in Australia. Therefore, it is a cheap production and it comes into Australia with no rigour around food safety. The other thing is around carbon tax and carbon miles. Australia is leading the way in a carbon tax, so why would we accept product that comes from all over the world into our country without actually creating some sort of level playing field?

**Senator XENOPHON:** Thank you.

**Senator EDWARDS:** Thank you for your evidence this morning, Ms Barnett. Just following up on the point of divestment that was raised by Senator Xenophon, he did not have the benefit of hearing what we spoke about this morning with regard to that. I would give your organisation the same opportunity as a question on notice and you can consider it from a board point of view.

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### RESPONSE

Our board has discussed the issue and agree it is very tricky and it is very hard to unscramble the egg in relation to divestment.

The board suggested that at the buyers meetings with suppliers there could be an ACCC (or similar) representative present. This way there can be an open discussion so some of the current practices could be stopped.

The general consensus is that divestment is a last option; moderated negotiations are a better solution. In addition it is important to highlight what is coming in from overseas and what is local.

Catherine Barnett  
Chief Executive Officer  
Food South Australia Incorporated