

Senate Standing Committee on Economics

ANSWERS TO QUESTIONS ON NOTICE

Treasury Portfolio

Budget Estimates

1 June – 3 June 2010

Question: BET 295

Topic: Dairy Industry

Hansard Page: Written

Senator Eggleston asked:

How does the ACCC respond to the recommendations in the "Milking it for all it's worth – competition and pricing in the Australian dairy industry"? Is there continuing examination of the potential merger between Murray Goulburn Co-operative and Warrnambool Cheese and Butter Factory, or is there more concern about the joint venture with French food company Danone?

Answer:

It is a matter for the Government to respond to the recommendations of the Senate Economics References Committee's inquiry into competition and pricing in the Australian dairy industry. Questions on Government policy should be referred to the Treasury.

Murray Goulburn announced that it did not intend to proceed with its proposed acquisition of Murray Goulburn Co-operative and Warrnambool Cheese and Butter Factory, and withdrew its application for ACCC merger clearance. Consequently, the ACCC ceased its review of the proposed acquisition on 2 June 2010.

The ACCC conducted a preliminary assessment in relation to the recently announced joint venture between Murray Goulburn and Danone. On the basis of information to date, and given that there are several other significant competitors in the supply of yoghurt and other fresh dairy products, the ACCC took the view that it will not pursue a public review of this matter. Nevertheless, should further information come to the ACCC's attention that suggests the joint venture may raise competitive concerns under section 50 of the *Trade Practices Act 1974*, it would conduct a public review.