

Chapter 1

Introduction

1.1 On 14 February 2008, the Senate referred the following matter to the Senate Select Committee on Agricultural and Related Industries for inquiry and report by 16 June 2008:

The pricing and supply arrangements in the Australian and global chemical and fertiliser markets, the implications for Australian farmers of world chemical and fertiliser supply and pricing arrangements, monopolistic and cartel behaviour and related matters.¹

1.2 The Senate subsequently extended the reporting date to 16 October 2008, and this was later extended to 2 December 2008.

Conduct of the inquiry

1.3 The inquiry was advertised in the *Australian*, metropolitan newspapers, a wide range of regional newspapers, and through the Internet. The committee also invited submissions from a wide range of organisations and individuals. The committee requested submissions by 19 March 2008, however this was subsequently extended to 3 April 2008. Due to public interest in the inquiry, the committee continued to accept submissions during the course of its inquiry.

1.4 The committee received 54 submissions – 46 public submissions and 8 confidential submissions. A list of individuals and organisations that made public submissions to the inquiry is at Appendix 1. The committee held four public hearings: Canberra on 16 May 2008, Melbourne on 23 July 2008, and Canberra on 11 and 14 November 2008. The committee also held a number of *in camera* hearings. A list of the witnesses who gave evidence at the public hearings is at Appendix 2.

1.5 The committee was concerned at the number of people who felt intimidated about expressing their concerns about the Australian fertiliser market and would not appear before the committee.

The committee's interim report

1.6 The committee has decided to report in two stages. This interim report addresses parts of the terms of reference relating to fertiliser supply and pricing arrangements. Chapter 2 outlines the structure of the fertiliser industry including the

1 *Journals of the Senate*, 14 February 2008, p. 145.

main industry players, market concentration and production and consumption of fertiliser in Australia. It also reviews current regulatory arrangements. Chapter 3 of the report discusses a range of competition issues, including the impact on the market of major players in the industry. The chapter also discusses the nature and extent of a range of market distortions and reviews a number of options to address these issues.

1.7 In its final report, the committee will further review issues related to fertiliser supply and pricing arrangements, including options for addressing anti-competitive behaviour through the *Trade Practices Act 1974*, and other options such as the adoption of an industry code of conduct and provision of a greater monitoring role for the Australian Competition and Consumer Commission. The committee will also investigate the need for a strengthening of current regulatory arrangements under which the industry operates. In addition, the committee will review whether there is a need for improving fertiliser use efficiency, and developing alternatives to chemical fertilisers and developing further domestic sources of supply.

1.8 The committee, in its final report, will also address the second part of the reference relating to pricing and supply arrangements in the Australian and global chemical market, and the implications for Australian farmers of world chemical supply and pricing arrangements.

1.9 The committee intends to table its final report by 30 June 2009.

Acknowledgement

1.10 The committee thanks those individuals and organisations who made submissions and gave evidence at the public and *in camera* hearings.