

# 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.<sup>1</sup>

1.2 The Senate subsequently extended the reporting date to 16 October 2008, and this was later extended to 20 August 2009.

### 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 62 submissions – 51 public submissions and 11 confidential submissions. A list of individuals and organisations that made public submissions to the inquiry is at Appendix 1. The committee held eight public hearings: Canberra on 16 May 2008, Melbourne on 23 July 2008, Canberra on 11 November 2008, 14 November 2008, and 4 February 2009, Perth on 24 March 2009 and Canberra on 7 May 2009 and 10 August 2009. 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 first interim report

1.6 The committee tabled an interim report on 2 December 2008.

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

1.7 This report addressed parts of the terms of reference relating to fertiliser supply and pricing arrangements. The report outlined the structure of the fertiliser industry, including the main industry players and provided details of production and consumption of fertiliser in Australia. The report also discussed the nature and extent of a range of market distortions and reviewed a number of options to address these issues.

1.8 In this report the committee stated that it would further review issues relating to pricing and supply arrangements in the fertiliser and chemical markets. The committee subsequently tabled a second interim report on 30 June 2009, indicating that it would present its final report on 20 August 2009.

### **The committee's final report**

1.9 In its final report, the committee's further addresses issues related to fertiliser supply and pricing as well as issues related to agricultural chemicals. Chapter 2 reviews the pricing and supply arrangements in the global and Australian fertiliser markets and the implications that increasing fertiliser prices have had on Australian farmers.

1.10 Chapter 3 discusses a range of regulatory and competition issues in relation to the fertiliser industry. The chapter reviews the adequacy of the current regulatory arrangements and the adequacy of the *Trade Practices Act 1974* in addressing anti-competitive practices and misuse of market power. In addition, the chapter discusses the adequacy of pricing and supply arrangements operating in the industry and the efficacy of industry codes of practice. Chapter 4 looks at future challenges facing the industry including options for improving fertiliser use efficiency, developing alternatives to chemical fertilisers and developing further domestic sources of supply.

1.11 Chapter 5 addresses the second part of the reference relating to pricing and supply arrangements in the Australian and global chemical market and discusses monopolistic behaviour in the sector.

### **Acknowledgement**

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