



# Victorian Farmers Federation

4 April 2008

Jeanette Radcliffe  
Committee Secretary  
Senate Select Committee on Agricultural and Related Industries  
Department of the Senate  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Ms Radcliffe

## **Australian Fertiliser and Chemical markets**

The Victorian Farmers Federation is the largest farm lobby group in Australia, representing the interest of 15000 farm businesses.

The VFF has contributed information to the submission prepared by the National Farmers Federation and supports the points raised by the NFF in regard to fertiliser and chemical prices and will not repeat them here. The VFF would like to raise an additional factor to be considered by the Senate Select Committee on Agriculture and Related Industries in their review of the pricing and supply arrangements in the Australian and global fertiliser and chemical markets and related matters.

The VFF notes that Incitec Pivot is the dominant manufacturer and supplier of fertiliser to farmers in Australia's eastern and southern states supplying more than 50% of Australia's total agricultural plant nutrient needs.<sup>1</sup> A survey conducted by the NFF did observe that in most regions farmers had access to more than one fertiliser supplier. While this would indicate that there is at least a modest level of competition in regional markets, the VFF believes close attention should be applied to these domestic competition issues.

The input and output markets for farmers are characterised by ongoing and substantial concentration. While concentration of markets is not in itself evidence of illegal or anti-competitive behaviour, the level and use of the market power held by some companies should be scrutinised.

With one company controlling more than fifty per cent of the market there is a need to ensure transparency in the pricing of fertiliser and to provide confidence to users that abuses of market power are not occurring. To achieve this, an examination of the Australian pricing movements in comparison to other fertiliser markets; and the manner of the dealings between the fertiliser suppliers and farm clients should be conducted.

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<sup>1</sup> Incitec Pivot Website, <http://www.incitecpivot.com.au/>



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The cost of farm inputs has risen sharply and will make it difficult for farmers still in or, recovering from drought to maximise the production potential given seasonal conditions. The decline in production caused by drought has caused substantial flow on effect to rural, state and national economies. There is a need to instil confidence in farmers that the price rises they are facing are not being further inflated by anti-competitive conduct and that market power is not being abused.

Yours sincerely

**Simon Ramsay**  
**President**