

EGG AND DAIRY INDUSTRIES — SUPERMARKET PRICING

**57. Hon COLIN de GRUSSA to the Minister for Agriculture and Food:**

I refer to ongoing challenges facing both the Western Australian egg industry and the dairy industry in negotiating a fair return for their products from the major supermarkets.

- (1) What support, if any, is the state government providing these industries?
- (2) What modelling has been done by the state government about the future viability of these industries?
- (3) What modelling has been done by the state government on the impact to our state's economy if these industries cease production?
- (4) What meetings has the government held with producers, processors and supermarkets? Please provide the dates and attendees.

**Hon ALANNAH MacTIERNAN replied:**

I thank the member for the question.

- (1)–(4) There is certainly no doubt that high grain prices and, in the case of the dairy industry, the dry season in 2019 have created real cost challenges for both those industries. That is part of the problem that they have experienced. The other part of the problem is that because of the structure of the industry and the dominance of a few supermarkets in the retail sector, prices do not change as they should to reflect those realities. Indeed, through their processes, generally, growers are price takers, not price makers. There certainly is not sufficient responsiveness to increases in cost in the returns that are going to those growers. We are deeply engaged in that. We have been having conversations with the Australian Competition and Consumer Commission about that.

In respect of the egg industry in particular, we have also written to Coles, which, in a very controversial way, shifted to cage-free eggs without giving the industry any meaningful notice to change its practices. We have met with egg producers on several occasions and offered them an industry round table. We understand that if we are going to mount these arguments, we need to have some idea of the average cost of production. We have offered to fund that study. For some reason or other, the industry is not particularly concerned about doing such a study, but we continue to try to work with it. We have certainly been working with the ACCC to ensure that all those issues and complaints about the mislabelling of free-range eggs are being dealt with and that active investigation is underway with the ACCC in relation to that. As I said, we have written to Coles and we absolutely want to help the egg industry deal with that, but we need to do that in a logical way. We cannot argue that we are not getting enough for eggs, unless we have some idea of the cost of production.

In contrast, we have been working with Western Dairies for a number of years. We have been providing financial assistance. Late last year, we agreed to extend that financial assistance so that the industry can continue to understand the costs in the industry and work to bring them down. That is very constructive. I met with the Western Australian Farmers Federation dairy council recently and we have discussed what might need to be done to ensure that we still have a substantial industry that is able to provide fresh milk. There is no way that the dairy industry will disappear but it is possible that if we do not do something about minimum pricing and if we do not have some way of delivering a better price, a number of producers will probably go out of production and that will compromise our ability to get cost-effective fresh milk all year round. We have discussed a range of options. We are certainly not going back to quotas. The industry does not want us to go back to quotas, but what other control mechanisms might we put in place to deal with that? We are organising a summit around that.