



Fairer competition for farm produce

Fostering a competitive business environment for a stronger agriculture sector and a stronger economy

The Government wants strong but fair competition throughout the supply chain. Competition law establishes the rules of the game. The rules need to provide a playing field where farmers are not subject to unfair market practices and misuse of market power.

We want farmers to be able to negotiate and improve their margins, terms and conditions. By adopting better business models there is more scope for farmers to reach into new markets, change business practices and better respond to customer and market demands.

Better supply chain scrutiny

Australia's agricultural supply chains beyond the farm gate are highly concentrated. The relatively small, independent nature of farming can place farmers at a commercial disadvantage relative to buyers who are able to exercise significant market power.

To better identify unfair practices **the ACCC will have more resources to engage in agricultural supply chains.** This will include a **new commissioner with specific expertise in agriculture and the establishment of the Agricultural Enforcement and Engagement Unit.** The ACCC will have resources to examine competition and unfair trading issues along the supply chain and improve enforcement and compliance within the agriculture sector.

Business development

Modern markets require modern business skills. To attract investment, farmers need to present business propositions that are attractive to investors. To engage in the supply chain, farmers need to understand how other businesses work.

Many farmers want to improve their bargaining position and to operate beyond the farm gate—increasing their share of the consumer dollar.

We will establish a **\$13.8 million two-year pilot training programme** commencing in early 2016. This will be delivered through the Rural Industries Research and Development Corporation. In addition, we are making specialist advisors available to assist farmers in establishing these new business arrangements.

The Government will deliver information about innovative business models (including cooperatives) and contract negotiations. Training and materials will help give farmers the knowledge they need to improve business practices and restore the balance between farmers and processors and retailers.

Co-operating for a brighter future – how it might work in practice

A group of horticultural producers decide to explore forming a new cooperative to process and market their fruit. The producers access training on forming a cooperative (through the White Paper initiative). This helps them develop a business plan and governance arrangements for their cooperative.

Following the training, they also speak to a specialist (under the new pilot programme) for advice on their proposal. Their new cooperative completes a deal to sell produce to a major retailer with better returns than the farmers would have achieved individually.

Competition policy

The Government is strengthening Australia's competition framework through:

- *Championing the competition policy review*

The Government response to the **Competition Policy Review** will set out policies for a fairer and more competitive business environment.

- *Strengthening small business' voice*

We are establishing the **Australian Small Business and Family Enterprise Ombudsman**. The Ombudsman will act as the first port of call to help business, including farmers, resolve business disputes.

- *Supporting Codes of Conduct*
Industry codes can play an important role. We have introduced:
 - the **Mandatory Port Access Code of Conduct**, so bulk wheat exporters can access port terminal services fairly, regardless of who owns the terminal;
 - the opt-in **Food and Grocery Code of Conduct**, allowing retailers and wholesalers to commit to growing Australian businesses, ensure healthy competition, and undertake best practice commercial behaviour; and
 - a **review of the Horticulture Code of Conduct** (in 2015) to improve transactions between growers and wholesalers of fresh fruit and vegetables.
- *Reforming unfair contract term protections*
Small businesses often have little option but to sign up to standard contracts which may have unfair provisions. The Government is **extending the consumer unfair contract term protections to small businesses**. Under the protections, a court can strike out unfair terms in a small business contract. This important reform will give businesses a fairer go—helping vulnerable businesses who lack the resources or skills to fully understand contract terms, while still enabling businesses to contract freely with each other.

Further Information

- agwhitepaper.agriculture.gov.au