

Your Ref:

Quote in reply: Competition and Consumer Law Committee: 21000857/4

13 December 2011

Committee Secretary
House of Representatives Standing Committee on
Agriculture, Resources, Fisheries and Forestry
PO Box 6021
CANBERRA ACT 2600

By email: arlf.resp@aph.gov.au

Dear Committee Secretary

**CONSTITUTIONAL CORPORATIONS (FARM GATE TO PLATE) BILL 2011
COMPETITION AND CONSUMER AMENDMENT (HORTICULTURAL CODE OF CONDUCT) BILL
2011**

I write on behalf of the Competition and Consumer Law Committee of the Queensland Law Society.

The Committee has had the opportunity of reading the Senate Economics Legislation Committee's Report on the *Constitutional Corporations (Farm Gate to Plate) Bill 2011* ("the Bill") tabled in November 2011. The Society endorses the Senate's Report in its entirety and observes that the Report is relevant to the Bill introduced by both Mr Katter and Mr Xenophon.

Terms of Reference

In relation to the Terms of Reference, the Society notes the following:

The practicalities of implementing the Bills' provisions, for both practitioners and regulators, taking into account the whole supply-chain

The Bill requires a constitutional corporation to display and publish producer prices¹ however:

- There are difficulties in accurately calculating the average farm gate price ("producer price"). The producer price is not static, with the price of produce subject to supply and demand, especially in times of natural disaster. It would be difficult to adequately encapsulate these fluid changes in price in time so that the constitutional corporation is not engaging in misleading or deceptive behaviour in displaying producer prices.

¹ Clause 9 of the Bill

- The definitions of “farm gate” and “farm gate price” in clause 7 of the Bill are not limited by the jurisdictional nexus of Australia. This would present difficulties to practitioners, regulators and the industry in independently verifying the producer price of international produce sellers.

The cost of implementation and possible amendments to the Bills, or other alternative measures, to achieve the objectives of the Bills

Consumers may be misled if only the producer price is displayed, as other costs are involved in the process from “farm gate to plate” (including storage costs, transportation costs etc). However to itemise all the costs involved would be cost prohibitive and would not assist in promoting the objectives of the Bill which is “to enable consumers to understand the pricing practices of grocery retailers.”²

The Society therefore recommends the Bill not be passed.

Thank you for the opportunity to provide comments and submissions to the proposed legislation.

If you have any queries regarding the contents of this letter, please do not hesitate to contact our Policy Solicitor, Louise Pennisi on (07) 3842 5872 or l.pennisi@qls.com.au

Yours faithfully

Bruce Doyle
President

² Clause 3 of the Bill.