



10 July 2015

Alex Sim
Chief Advisor
Regulation Branch
Commerce Commission

Dear Alex

Submission on the Commerce Commission Consultation Paper – Review of the State of Competition in the New Zealand Dairy Industry

Synlait Milk welcomes the opportunity to provide this brief submission on the Consultation Paper, and looks forward to fully participating in the subsequent review.

It is acknowledged that the Commission must address the questions raised by the Minister in requesting the report. However we strongly submit that in doing so, the proposed process unduly narrows the scope of the report, limiting potentially beneficial outcomes.

Specifically, in paragraph 13.7 the scoping document sets out that the current review will not include considering if different regulations would better promote efficient New Zealand dairy markets. Synlait submits that no such instruction is contained in the terms of reference for the review provided by the Minister. To the contrary, the Minister specifically requested that:

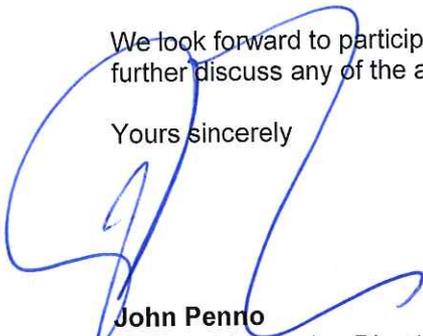
If the research determines that the current state of competition in the relevant New Zealand dairy markets is insufficient in one or more of the relevant New Zealand dairy markets, so far as the available information allows the provider of the report to reach a conclusion:

- i. Should either or both of the market share thresholds specified in s147 of the DIRA be reset (and, if so, to what new level(s))?*
- ii. Are there other expiry triggers that should be provided for, either in addition to or in place of the market share thresholds?*
- iii. What options, if any, are there for a transition pathway to deregulation?*
- iv. Are there any options (or sets of options) for a transition pathway to deregulation that should be pursued?*

Clearly a pathway to deregulation is a desirable outcome. However, if the research determines, as we believe it will, that the state of competition at the farm and factory gate remains insufficient, the best pathway to deregulation may well be different regulations that serve to further promote the development of competition so that the objective of a normal market enabling deregulation could be achieved earlier.

We look forward to participating in the review. Please feel free to contact me if you would like to further discuss any of the above,

Yours sincerely



John Penno
CEO and Managing Director