



Queensland Dairyfarmers' Organisation Limited ABN: 90 090 629 066

Chris Griffin,
President,
Australian Dairy Farmers Limited (ADF),
Level 2, Swann House,
22 William Street,
Melbourne VIC 3000
Email: cgriffin@australiandairyfarmers.com.au

28th June 2012

Dear Chris,

RE: Proposed ADF restructure

I refer to the notice for an ADF Board meeting via Teleconference for the 3rd of July at 4pm and the attached draft ADF Constitution.

As we have stated previously, the QDO is and has always been committed to a strong and unified national voice for all Australian dairy farmers and the Australian Dairy Industry.

The QDO has always tried to be flexible and constructive in restructure negotiations as far as possible and we find it extremely unfortunate a number of ADF board members do not understand and or agree with QDO's recommendations, in particular, for the need to maintain a representative board, while also making refinements to improve the governance and performance of ADF to equitably and effectively represent the best interests of all Australian dairy farmers regardless of what region they choose to dairy in.

In respect of the letter to you dated 4th June 2012, from Mr Campbell, while we acknowledge the proposal to have the "Board agenda's be published to the State Dairy Farmer Organisation ahead of a teleconference to be held on the business day prior to a normal Board meeting", would improve the level of communication and guidance to the proposed new ADF board, it does not actually address the core need for a strong efficient representative system that we have previously proposed and discussed.

We find the actions of a number of ADF directors in recent times to be even more concerning and as a result the QDO is concerned about the future of ADF's ability to represent the interests of all Australian dairy farmers.

QDO has been advised by SADA of proposed action by ADF to remove SADA as a constituent body. The QDO board is concerned about the proposed action against SADA and believes strongly that any action taken by ADF must comply with procedural fairness in providing SADA with the ability to prepare a detailed and effective response to the concerns raised regarding the alleged prejudicial conduct by SADA.

From information provided by SADA, QDO is concerned that SADA has not been provided with sufficient detailed information in being called upon to show cause why it should not be expelled from ADF because of actions that might be deemed as prejudicial to ADF. Without sufficient detailed information of the specific actions we feel ADF has not provided SADA with the necessary facts for SADA to construct a fairly researched and detailed response. QDO is concerned that another constituent body may be removed in circumstances where the ADF board have not clearly identified the issues of concern to the Constituent body.

Equally to this, without a clear process ADF directors can not be expected to be able to make an adequately informed decision on this matter and in respect to the alleged actions of prejudice.

In respect to the proposed new ADF constitution set to be considered by the ADF board on the 3rd July, and the ongoing constructive approach from QDO in the best interests of all Australian dairy farmers, we would like to raise the following issues and recommended refinements as follows;

- Clause 2.1.3: add the following words - , provided that there can only be one Business Member for each licensed bovine milk producing premises.
- Clause 2.4.1: that the following be added

The Board may in consultation with the National Council recommend to the National Council (a) & (b) - where the Board has made a recommended change to (a) and (b) the National Council for the Board to be able to adopt the recommendation, the National Council must vote in favour, with at least 75% of National Councillors and State Members voting in favour of the recommendation.

- Clause 2.6.7: A Member who ceases to be a Member must pay to the Company all membership fees to the value of the membership fees of the proceeding period of time equal the relevant notice period under 2.6.1 or other amounts owing to the Company which are due and unpaid at the time the Member ceases to be a Member, and any amounts which the Member is liable to pay under clause 2.2.2.
- Clause 3.4.1 – current constitution requires two thirds of members – should this be adjusted?
- Clause 4.1.2 – that the following amendments be made

The Board determines the Company's strategic direction and strategic plans as developed by and or through the Chief Executive Officer in consultation and with input from the National Council. The Board must consult with and seek input and recommendations from the National Council prior to determining or amending the Company's strategic direction or strategic plans. The National Council contributes to the development of the Company's policy position and makes policy recommendations on matters of importance to dairy farmers, for approval by the Board.

- Clause 5.2.2 – should this be State Member and not Business Member?
- Clause 5.2.3 – Rather than naming the State or Region should it not be the name of the State Member? Should it be stated as follows Business Member conducting the Business of Dairy Farming in

- Clause 5.2.4 (B) – should have 75% voting requirement added to recommend a new regional representation formula for States and or regions.
- Clause 5.4.3 - current constitution requires two thirds of members – should this be adjusted?
- Clause 7.1.1 - Not sure if legally correct to say they are presenting a State – should it be the name of the State Member?

I trust that you will circulate this correspondence to the ADF board for their consideration prior to the meeting.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Brian A. Tessmann".

Brian Tessmann
President,
Queensland Dairyfarmers' Organisation Ltd