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Effects test needed to foster stronger business environment

For Immediate Release

[Australian Dairy Farmers \(ADF\)](#) has continued calls for the Federal Cabinet to adopt stronger misuse of market power laws to foster a more competitive business environment.

January 26, 2016 marks five years since Coles' supermarket dropped the price of its home brand milk to \$1 per litre, igniting a price war with Woolworths that reduced the value of milk to an unsustainable level.

ADF President, Simone Jolliffe said there have been important breakthroughs for competition policy since 2011.

"The introduction of the Food and Grocery Code, which included a large number of ADF's recommendations, was a constructive first step toward fostering a more competitive business environment.

Further to this the Australian Government's support for key recommendations from the Harper Review of Competition Policy is extremely positive," Mrs Jolliffe said.

"ADF also welcomed the announcement in the Agricultural Competitiveness White Paper of \$11.4 million over four years to boost the ACCC's engagement with the agriculture sector including a new Agricultural Engagement Unit."

However, Mrs Jolliffe said the industry would continue to advocate for improved transparency regarding the impact of retailer actions on suppliers. ADF also continues to advocate for the regulating bodies to have the power to prevent predatory pricing in future.

"ADF also strongly supports the Harper Review's recommendations for any updated competition and consumer law to include an effects test," Mrs Jolliffe said.

"Addressing the misuse of market power is crucial in determining the Australian dairy industry's future profitability and sustainability."

Mrs Jolliffe encouraged consumers seeking to show their support for farmers to "buy branded".

"The more branded milk we buy the more money stays in our dairy value chain. By keeping these dollars in the value chain dairy has the capacity to reinvest in industry research and innovation – which helps to strengthen our farmers, improving their efficiency and prospects of long term sustainability.

"Farmers need every opportunity to improve their negotiating power for profitability and returns at the farm-gate to be achieved."

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