

ADF Member Update

The dairy market shock is the result of unprecedented circumstances, and they require an unprecedented response from our industry.

In a leadership collaboration with our [state members](#), we have driven positive policy responses and commitments from the Commonwealth and State Governments in Victoria, Tasmania and South Australia.

[Australian Dairy Farmers \(ADF\)](#) have strongly advocated the Commonwealth for immediate solutions to help farmers, who have been placed in an extremely difficult situation by the actions of these processors.

We believe these Government responses are broadly positive and reflect the immediate needs of the most affected dairy farmers, but we also need to understand more detail before we can effectively endorse them as being of most value to dairy farming businesses.

ADF sought interest rate assistance for farmers from the Commonwealth and we believe the adapted concessional loan scheme for dairy farmers flagged by Agriculture Minister Barnaby Joyce will help address this need.

But we do need more urgency in implementation to support continuity for many farmers.

More resources for Rural Financial Counselling is a significant gain and will help to ensure dairy farmers are making decisions based on the best available and most accurate information about their business.

Further support for Dairy Australia's [Tactics For Tight Times](#) initiative and streamlined access to various Government services will also directly benefit farm businesses.

However, we will continue to press for exceptional circumstance recovery grants and to ensure all assistance measures are available to all dairy farmers.

While we understand and support the intent of the proposed dairy price index, we have concerns about how this will work in practice.

And in the dry conditions affecting much of Australia's dairy production zone, we will continue to press for the release of Commonwealth-owned environmental water.

While we must manage the here and now, our attention is also looking to the longer-term, to smooth out volatility and safeguard the future of our industry.

ADF has always advocated that there needs to be a better balance between retailers, processors and farmers.

We continue to pursue processors and governments to ensure milk agreements from 1 July are more equitable, more fair and more transparent for farmers. Equitable competition policy is essential to achieving a better in risk between supplier, retailer and processor.

ADF is calling for:

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- All political parties to support an Effects Test in section 46 of the Competition and Consumer Act to assist the ACCC in taking a longer term view of issues and discovering the true impact for consumers, farmers and others of strategies undertaken by those with significant market power.
- Higher penalties and harsher remedies are necessary to deter and reprimand those who misuse market power. Applying a legislated base fine that is a significant percentage of the revenue derived from the sales affected by anti-competitive behaviour is warranted.
- That the Federal Treasurer give direction to the ACCC to undertake an immediate investigation of the pricing of milk at \$1 per litre for a potential breach of section 46, of the Competition and Consumer Act 2010 in relation to predatory pricing, particularly in regional and remote areas.
- It is important in any commercial relationship that acceptable and ethical business be promoted and undertaken. It is ADF's belief that enacting a statutory duty of good faith in the Competition and Consumer Act will assist in ensuring this takes place. ADF understands that recent case law has provided a framework upon which a statutory duty of good faith could be based.

Dairy farmers are not asking for a return to past days of a highly-regulated market, and they are not asking for consumers to be punished with a tax as proposed by some on the fringe of our industry.

Our industry is resilient, we know about volatility, and with the right support we will be better positioned to manage for long-term profitability and productivity.

David Basham

ADF President