

## It is all in the code

### Key points

- ✓ Code sets out recommended minimum good practice for milk supply contracts
- ✓ Parties have adopted code in full
- ✓ More than 95 per cent of milk expected to be covered by code

**T**HE Code of Practice for Contractual Arrangements between farmers and processors is a major achievement for the industry and will help ensure greater transparency and fairness in milk supply and pricing.

It was officially drawn up by the Australian Dairy Industry Council (ADIC), with farmers represented through Australian Dairy Farmers (ADF) and processors through Australian Dairy Products Federation (ADPF) who worked collaboratively and in good faith to establish the code.

The dairy industry Code of Practice builds upon the new legislation by setting out good practice for contracts between farmers and processors. It will address issues with contracts that may be contested under the Unfair Contract Terms law for Small Business which began operating on November 12, 2016. The code applies to all standard form contracts between processors and farmers but does not preclude a farmer negotiating an individual contract with a processor.

Although this code is voluntary, it is designed to set out recommended minimum good practice in terms of milk supply contracts.

Other benefits of a voluntary code include:

- Greater flexibility to adjust the code to suit the changing needs of industry rather than going through a potentially lengthy bureaucratic process.
- It is less intrusive.
- The industry signatories have a greater sense of ownership, leading to a stronger commitment to comply with the code.

All parties adopting this code have done so in full and it is anticipated



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that more than 95 per cent of milk produced in Australia will be covered by the code.

For purposes of definition, a contract is any written or verbal agreement between a farmer and a processor whether it is termed a contract or a supply agreement. Farmers and processors are encouraged to engage in discussion on all elements of the standard form contract before signing.

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***'It is anticipated that more than 95 per cent of milk produced in Australia will be covered by the code.'***

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The following 11 elements represent the code of practice with further details to be found in the addendum:

**1. Transparency:** Clauses in the contract should clearly and simply state the mutual obligations of both farmer and processor.

**2. Pricing:** Contracts should have a price or pricing mechanism that is negotiated and agreed; and/or have a pricing mechanism or price notification process.

**3. Pricing mechanisms:** Where the contract provides for a pricing mechanism it must include the exact pricing mechanism/formula to be

used and how any variations are to be dealt with.

**4. Contractual variations (step-ups and step-downs):** If an adjustment occurs, a description must be set out clearly and with any downward price adjustment the farmer must be given 30 days' written notice. In that time, the farmer must be allowed to terminate their contract without penalty.

**5. Loyalty payments:** A farmer is entitled to all loyalty and other payments where they have supplied to the end of a contract irrespective of whether they remain a supplier post a contract end date.

**6. Volume/exclusivity clauses:** Where a farmer has a contract with a processor and wishes to expand their production and a processor does not want to purchase the additional milk under the same contractual terms and conditions, the contract between the farmers and processor must allow the dairyfarmer to supply the additional milk to other processors.

This clause will apply if the primary processor is prepared to take the milk in addition to the contracted volume at a lower price.

**7. Contract duration:** Supply agreements may be for fixed terms or may be rolling arrangements.

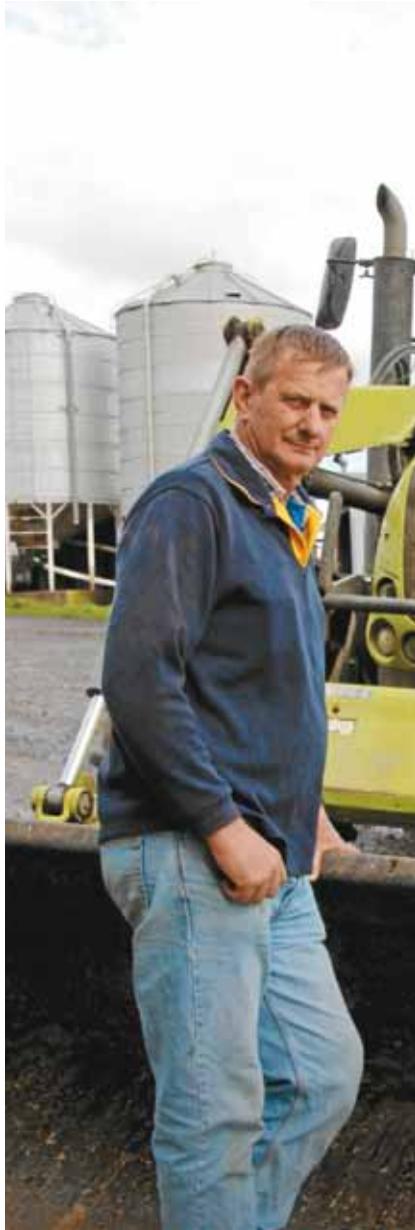
**8. Termination/notice to terminate:** For fixed-term contracts, notice of termination needs to be a minimum 90 days, and/or by mutual consent, but farmers must supply to at least the end of the contract period.

**9. Termination on fundamental breach:** The contract must allow either party to terminate the contract with immediate effect if the other party fundamentally breaches the terms of the contract.

**10. Dispute resolution:** A contract must include a clause which describes the process on how disputes between the parties to the contract will be managed.

**11. Review:** The Code on Contractual Arrangements will be reviewed after one year and then subject to a review every three years or whenever a need arises. D

# Culture of farm safety only way forward



John Verstedden says farmers need to urgently drive action to not only ensure there are no workplace fatalities but to ensure all dairy people have a safe and healthy workplace.

***'It is time we all agree to stop, take a step back, and change the way we think about safety on our farms.'***

- Key points**
- ✓ Farms need to commit to safety culture
  - ✓ Goal is zero fatalities on dairy farms
  - ✓ Tools and training available to help farmers

By **John Verstedden**  
**People and Human Capacity**  
**Policy Advisory Group chair**

**D**AIRYFARMERS need to commit to tougher safety standards on farm. Keeping ourselves, our families, and our staff safe is the number one priority.

Unfortunately, if you look at the dairy farm safety statistics for the past 10 years you will see that, on average, two dairyfarmers are killed per year and more than 300 injured.

The tragic impact on-farm deaths have on families and communities cannot be overstated.

It is time we all agree to stop, take a step back, and change the way we think about safety on our farms. Our goal is zero fatalities on dairy farms. Our second goal should be zero preventable injuries on farm.

The health and safety of our dairy workforce is crucial to the sustainability of our industry.

By the industry acknowledging the need to create a culture of safety across the supply chain, we will be able to reduce the occurrence of fatalities and injuries on farm.

Despite raised awareness and all the tools at our disposal, we are still pushing for an improvement in the culture of safety on farm.

A culture of safety is something that is ingrained in your mind and at the front of your actions. It lives in everyday conversation and must be seen as an investment — not a cost.

We need to urgently drive action to not only ensure we have no workplace fatalities but also to ensure that all of our people — whether they work in manufacturing facilities, on farms or in the service sector — have a safe and healthy workplace.

To achieve a culture of safety, it must become part of our everyday conversation and practice across the dairy value chain.

Protecting our workforce has always been a top priority for our industry. ADF is partnering with Dairy Australia and state dairyfarming organisations, regu-



lators and manufacturers to deliver the tools and training our workforce needs.

ADF supports practical measures to prevent injury and deaths on farm. These include complying with work health and safety regulations by identifying potential risks on farm and following farm safety guidelines.

Dairy Australia has developed a Farm Safety Starter Kit to encourage farmers to get their Farm Safety System underway or improve their existing systems.

The Farm Safety Starter Kit starts with a Safety System Snapshot that allows the farm owner, and the farm team, to check how their safety system measures up against work health and safety legislation.

The starter kit also encourages farmers to think back 2-3 years and record the actions they have taken on the farm that have improved safety.

The Quick Safety Scans are designed to get the farm team involved in checking for safety issues in the key hazard areas and then take action to minimise them. Each scan is designed to be done in 30 minutes.

The Farm Safety Starter Kit will be followed up with a Farm Safety Manual released later this year, to enable farmers to build a comprehensive Farm Safety System.

We urge all farmers to keep everyone safe on farm by talking to their staff and leading by example. Each year, accidental deaths on dairy farms have a tragic impact on families and communities across Australia. There's no excuse not to be 'farm safe' in your workplace.

Building a farm safety culture is the only way forward. **D**

To download a copy of the Farm Safety Starter Kit or to order a hard copy visit <http://www.thepeopleindairy.com.au/farm-safety/safetystarterkitdocs>.

# Visa changes: a challenge for dairy

## Key points

- ✓ Changes made to 457 visa and skilled migration program
- ✓ Dairy industry faces ongoing shortages of skilled labour
- ✓ ADF continues to meet with government about this issue

ON April 18, the Prime Minister Malcolm Turnbull announced changes to the 457-visa and the permanent employee sponsored skilled migration program.

The changes are being implemented in stages. Some changes will be immediate, while other changes won't come into effect until March 2018.

From March 2018, the 457-visa will be abolished and replaced with a new Temporary Skilled Shortage visa (TSS). In the meantime, considerable changes have been made to the occupation lists for both farmers and processors.

While the Dairy Industry Labour Agreement remains in effect, it will be reviewed in the next 12 months.

Interim Australian Dairy Farmers (ADF) chief executive officer John McQueen said although dairy was a highly dynamic industry offering lots of opportunities for career growth and development, it was no secret there were domestic labour shortages in regional and rural areas for both on-farm and processor skilled roles.

"Access to skilled workers is essential for the continued growth and productivity of our industry, and we rely on skilled migration to bolster our workforce to help dairyfarmers with critical labour shortages," Mr McQueen said.

"Many dairy employers rely on skilled overseas workers to fill core on-farm roles due to the lack of available local labour."

The changes have not just affected dairy farms, processors are facing similar challenges in filling specialist roles with the right food science and engineering skills, as some occupations have been removed from the skilled occupation lists.

ADF and the Australian Dairy Products Federation (ADPF) are working hard on behalf of farmers and processors to try to lessen the impact of these reforms. They are partnering with the National Farmers' Federation (NFF) and other commodities to



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ensure that agriculture is treated as a skilled industry and has a seat at the table in all negotiations.

ADF and ADPF have held meetings with the Department of Immigration and Border Protection, and from now until March 2018, will continue to ensure the dairy industry is included in discussions about future occupation lists and any other policy changes.

Dairyfarmers and processors know that their first choice is always to hire local people. However, despite more than 10 years of making attracting people a priority for the industry, like other agricultural commodities,

the industry is still suffering from labour shortages.

"The dairy industry is a cohesive supply chain," Mr McQueen said. "As milk is a perishable product, dairyfarmers cannot operate without domestic processing capacity, nor can processors survive without domestic farm milk supply."

"If farmers cannot access the workers needed to perform vital on-farm tasks and processors can no longer employ specialist staff, the ability to innovate into new markets will impact on the entire industry's profitability."

ADF supports the employment of overseas workers to fill vital on-farm roles and will continue to liaise with government to ensure dairyfarmers that need to employ overseas staff can do so. **D**

**For more information or to share concerns, contact ADF, phone (03) 8621 4200, email <info@australiandairyfarmers.com.au>.**

# Introducing new CEO David Inall



David Inall believes his strong industry links and love of livestock will assist in supporting the dairy industry to seize upon future opportunities.

## Key points

- ✓ New ADF CEO appointed
- ✓ Deep history with farm organisations
- ✓ Committed to working across industry

**A**USTRALIAN Dairy Farmers (ADF) is pleased to introduce David Inall as the incoming chief executive officer (CEO).

Mr Inall has 25 years of experience in leadership roles in Australian and international agricultural peak bodies. Starting as a policy manager with the NSW Dairy Farmers Association, he spent six years learning the policy and advocacy trade during a period leading up to industry deregulation.

He has also held the position of chief executive officer with the Cattle Council of Australia (Canberra) and livestock export manager (Asia & Australia) for Meat & Livestock Australia/Livecorp (Sydney).

His career experience has given him insight into state-based, national and international organisations, working on both the lobbying and levy-collecting sides. With demonstrated leadership, policy management and advocacy at the most senior level, Mr Inall has experience working with highly complex issues and is capable of balancing distinctly different needs.

With a strong background working with industry and government on strategic policy matters, including animal welfare and sustainability, Mr Inall comes into the role after four years as the senior vice-president of United Egg Producers based in Atlanta, Georgia, United States.

“In the United States, farmers are very good at working together with other sectors,” he said.

***‘I have always had a passion for agriculture so the opportunity to come back to Australia was never far from my mind.’***

“When they determine a change is needed, whether it’s an issue like the North American Free Trade Agreement or the US pulling out of the Trans Pacific Partnership, you’ll find those affected industries pulling together very quickly and going to the Congress building and very aggressively pushing their case.”

Mr Inall believes his strong industry links and love of livestock will assist in supporting the dairy industry to seize

upon future opportunities. “I have always had a passion for agriculture so the opportunity to come back to Australia was never far from my mind,” he said.

“It is exciting to be joining the team at ADF and I look forward to working alongside the chairman and board, members, the ADF staff, and state dairy organisations as well as the broader value chain, serving whatever active role I can in supporting and advancing the industry.”

While dairyfarmers were still navigating their share of challenges, Mr Inall said he was confident that the outlook was bright as the industry was poised to seize upon future opportunities.

“I’ve always tried to form a group of like-minded people, and I’ve always said, ‘A problem shared is a problem half solved’,” he said.

“It is an honour to now be returning to this great industry, and I’ll enjoy forming friendships between dairy and other sectors, including the National Farmers Federation and the state dairy-farming organisations.”

Mr Inall has a Bachelor in agricultural science from the University of Western Sydney and is a graduate of the Australian Institute of Company directors. **D**