
30 April 2018

Independent umpire should mediate dairy contract disputes, says ADF

For Immediate Release

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AUSTRALIA'S peak dairy farmer group has thrown its support behind an independent umpire to mediate contract disputes between farmers and processors as the competition watchdog today released its final report into the dairy industry.

Australian Dairy Farmers President Terry Richardson said the organisation was still working through the bulk of the recommendations delivered by the Australian Competition and Consumer Commission but commended the recommendation to establish an independent mediator as an important safeguard of farmers' interests.

"It is vital that we have a mechanism to ensure farmers are protected in any disputes and this will form a central part of the current Code of Practice review process," Mr Richardson said.

"We recognise that there is some support for a mandatory code. However, we established the Code for the very reason that we could bring all of industry together in the one room to have an agreed set of values for processor contracts.

"ADF is taking a leadership role by reviewing the Code in consultation with our members, in line with the strong commitment we made when the Code was introduced, and we will incorporate the ACCC's analysis into our review process."

The report also analysed the impact of \$1 per litre milk, concluding that farmer earnings remain the same regardless of whether milk is sold as private label \$1 per litre milk or branded milk.

"Our concern has always been that selling milk as a loss leader at the rear of the supermarket at price points cheaper than water is a strategy that is not in the long-term interest of this industry," Mr Richardson said.

"Once money departs the supply chain, it is never returned. We have always strongly argued that \$1 per litre milk is not sustainable long term."

Mr Richardson said ADF remained frustrated that the report again failed to acknowledge the relationship between retailers and processors, but the dairy farmer group will work with the federal Government and industry to ensure the Code presents a strong voice for farmers.

"The ACCC has again highlighted the significant imbalance in bargaining power at each level of the supply chain, and ADF will work closely with all parties to ensure the Code adequately protects the interests of dairy farmers," he said.

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