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Unity vital for dairy industry reform

For Immediate Release

A stronger dairy industry Code of Practice would include a formal dispute resolution mechanism and penalties procedure to solve conflicts between farmers and processors, according to Australia's peak dairy farmer group.

Australian Dairy Farmers recognises and supports the need for enforceable measures to protect farmers as the advocacy body gears up for an extensive consultation process that will consider feedback from milk suppliers.

"We absolutely want to achieve the best outcome for farmers, which is why we are taking a thorough approach to strengthening the industry Code of Practice and presenting this to industry for consideration," ADF President Terry Richardson said.

"All state dairy farmer organisations supported a review and strengthening of the Code of Practice, but unfortunately there has been ongoing agitation around which direction the industry should head, which is only distracting us from achieving genuine reform."

Industry body the Australian Dairy Industry Council, which Mr Richardson also chairs, has engaged legal counsel to provide technical advice to be incorporated into a second version of the Code.

"We are extremely aware that the industry is waiting for an outcome of this review, but we must ensure all reasonable steps are taken to address the issues identified by the ACCC (Australian Competition and Consumer Commission) report in a way that assists farmers," Mr Richardson said.

"While we understand the desire for action, conducting this review in a considered and comprehensive manner should be an expectation that farmers have of their national representative body. Whatever decision is made, this will be a significant step with long-term ramifications for the industry, so we must get it right."

The competition watchdog acknowledged the "positive impact" the current code had on contract terms offered by processors to farmers in the 2017-18 season, including improvements to mechanisms for setting and varying prices, exclusivity supply clauses and loyalty payments.

Mr Richardson said the current code was devised with the intention that it would be amended and strengthened based on feedback from across the dairy supply chain.

"This Code of Practice was always a first draft and must be viewed in the context that only a little over a year ago there was no mechanism at all in place to assist farmers with their contractual arrangements with their processor," he said.

"There was always an intention to review the code after the first twelve months."

The ADIC has consistently stated that all options will remain open in reviewing the code. Mr Richardson said in May that "nothing is off the table" in the ADIC review.

"The review will determine how effective the Voluntary Code has been and whether it is necessary to adopt a different approach. This could be a prescribed voluntary code, mandatory code or another mechanism altogether."

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