



Australian Dairy Industry Council Inc.

Media Release

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ADIC leads on mandatory code

For Immediate Release

RETROSPECTIVE milk price step-downs should be banned and contract disputes between farmers and processors handled through a thorough complaints and mediation process, according to Australia's peak dairy lobby.

The Australian Dairy Industry Council (ADIC), which comprises peak industry bodies Australian Dairy Farmers (ADF) and Australian Dairy Products Federation (ADPF), representing farmers and processors respectively, has submitted a draft code to the Department of Agriculture and Water Resources to be considered during the consultation process.

Under the proposed ADIC Code:

- **Retrospective price step-downs are banned**, and processors must give farmers at least 30 days' notice of any forward step down, including a reason for the adjustment;
- **Contract disputes are to be managed by an independent mediator or arbitrator** if the issue cannot be resolved between the farmer and processor;
- **Dairy businesses must act honestly in good faith**, without duress or pressure during contract negotiations, **or risk fines**;
- **Agreements must be for a minimum of 12-months** operating over a financial year or other term as agreed by both parties;
- **Processors must offer farmers a standard contract with an opening price by June 1 each year**, one month before the start of the next financial year;
- **Processors must pay farmers by the 15th day of the next month** for milk delivered under their contract; and
- **Both farmers and processors must give 30 days' written notice if they don't intend to renew a fixed term contract** and agree on a debt repayment scheme for outstanding payments.

"A new code of practice is an important step for the dairy industry that will clarify and strengthen relationships between farmers and processors across all states of Australia," ADIC Chair Terry Richardson said.

"Our aim is to address the information asymmetries that currently exist in the industry and strengthen bargaining power for farmers, while respecting commercial realities and supporting innovation and market dynamics."

The draft ADIC code is the result of an extensive review the organisation conducted into the dairy industry's current voluntary code and addresses the recommendations handed down by the Australian Competition and Consumer Commission (ACCC) in its report into the dairy sector.

“The ACCC identified a number of areas that need fixing and our aim is to help the Government implement a code of practice that improves the relationship between all parties,” Mr Richardson said.

Farmers and processors are encouraged to provide feedback on the code, either by attending regional meetings being organised by the federal Department of Agriculture and Water Resources, calling 1300 044 940, emailing dairycode@agriculture.gov.au or visiting the website <https://haveyoursay.agriculture.gov.au/dairy-code-conduct> for further information.

The Department has committed to release a detailed draft mandatory code for feedback later this year.

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For further information, contact:

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The Australian Dairy Industry Council (ADIC) is the dairy industry's peak policy body. It co-ordinates industry's policy and represents all sectors of the industry on national and international issues through its two constituent bodies, Australian Dairy Farmers Ltd (ADF) and the Australian Dairy Products Federation (ADPF). It aims to foster, promote and protect the interests of the Australian dairy industry by driving a whole of industry approach to dairy policy and the development of the dairy industry.