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Dairy farmers praise mandatory code progress

For Immediate Release

PEAK dairy farmer group Australian Dairy Farmers (ADF) supports the federal government's commitment to pursuing a mandatory Code of Conduct for the industry.

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.

ADF has always 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.

We understand that a new mandatory code will include provisions to ***ban retrospective price step-downs*** to farmers; ***ban exclusive contracts*** which stop farmers selling their excess milk to another company; and ***ban processors from withholding "loyalty payments"*** if a farmer moves to another processor, giving farmers the freedom to sell their milk to the highest bidder.

Importantly, it will also establish a dispute resolution mechanism to resolve contract disputes between farmers and processors.

A mandatory code will not, however, regulate farm gate prices or set the price that dairy processors and retailers charge for their products.

ADF, working under the auspices of the Australian Dairy Industry Council (ADIC), last year released draft clauses, which was used by the Department of Agriculture and Water Resources (DAWR) as a basis for the Department's industry consultation process around a new mandatory code.

ADF's support for a mandatory code of conduct follows an extensive review of the dairy industry's existing voluntary code.

The Australian dairy industry is experiencing many challenges, and the government should be commended for progressing this important piece of work.

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