

ACCC Inquiry into the Australian Dairy Industry

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## **Issues Paper: ACCC Inquiry into the Australian Dairy Industry**

United Dairyfarmers of Victoria (UDV) has long held concerns with the items identified in the ACCC Inquiry into the Australian Dairy Industry Issues Paper and therefore welcomes the Inquiry. Our expectation is key industry practices and behaviours will be independently scrutinised in a through whole-of-supply-chain review that could then provide the basis for legitimate reform if that is required.

The unprecedented circumstances of this past season have provoked an equally unprecedented adverse impact on farmer's trust of those managing their milk products marketing. This has further impacted farmer's confidence in the supply chain and that impact has flowed through to businesses, towns and communities servicing dairy farmers.

Farmers understand the volatility of international markets but are interested in knowing where the value from the industry has gone, especially as our reliance on export markets has diminished in favour of what was once the more reliable and profitable domestic markets. Farmers wonder if the rise in the influence of supermarkets accounts for the change.

There is also a belief that the cost of manufacturing production has been managed through milk processors offering price payment structures designed to flatten milk production on farm, but which have the effect of moving the cost from manufacturing plant to farm through price and production incentives and bonuses. Some farm businesses responded to these signals, despite the significant challenge to moving a cow's lactation cycle, only to have the price package varied by the processors without due notice.

We anticipate the broad range of issues identified through the Terms of Reference will give the ACCC scope to gain an in-depth understanding of the limitations to profitable dairy growth. As concerns frequently overlap a range of issues with the industry, we implore the inquiry to read each issue with the appropriate wideness and consider them in context of the whole of industry.

The combination of issues identified has long been earmarked as limiting profitable growth in the Australian dairy industry. Our industry must focus on profit to achieve sustainable growth and this inquiry is a key cog in identifying barriers to that outcome.

The supply of information will also be pivotal to this inquiry, however many of the issues have the potential to have negative implications for those providing information due to the individual nature of agreements. We hope a system is established and promoted whereby information or submissions can be provided confidentiality.

The dairy industry was established on a cooperative model. To some extent that thinking remains with farmers despite the changes that have occurred in the manufacturing and retailing of milk products.

Farmers are looking for fairness, equity and transparency in their industry and hope this inquiry is the mechanism for achieving it.

This is a fantastic opportunity for our practices and behaviours influencing our industry to be better understood so we can move forward.

We welcome the Inquiry and strongly support the issues identified in the paper. We offer our support if it assists in delivering a robust, comprehensive and meaningful outcome.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Adam Jenkins', followed by a period.

Adam Jenkins  
President  
United Dairyfarmers of Victoria