



20 May 2005

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**Dairy Farmers**

Quad 1  
8 Parkview Drive  
Homebush Bay NSW 21  
PO Box 72  
Lidcombe NSW 1825  
Australia

Tel: 02 8732 1000  
Fax: 02 8732 5366

The General Manager  
Adjudication Branch  
Australian Competition & Consumer Commission  
PO Box 1199  
DICKSON ACT 2602

**By Facsimile: (02) 6243 1211**

Dear Sir/Madam

**Re: Application for replacement Authorisation lodged by Australian Dairy Farmers**

In reference to your letter dated 13 April 2005, Australian Co-operative Foods Limited trading as "Dairy Farmers" provides the following comments regarding the application for replacement authorisation from Australian Dairy Farmers ("ADF") in relation to proposed collective bargaining arrangements.

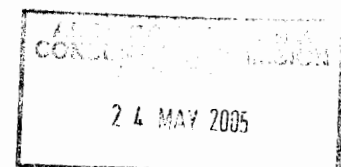
By way of background, Dairy Farmers is a co-operative which obtains most of its milk from Dairy Farmers Milk Co-operative Limited whose 2400 members are located in New South Wales, Queensland, South Australia and Victoria. Those 2400 members own 80% of Dairy Farmers whilst Dairy Farmers Milk Co-operative Limited owns the remaining 20%. The Dairy Farmers Milk Co-operative Limited is itself a co-operative owned by the same group of farmers.

Dairy Farmers supports the concept of collective bargaining by dairy farmers as it has consistently done over the past number of years. However, it is appropriate that the following comments are provided concerning the Australian Dairy Farmers' application:

1. Dairy Farmers agrees with the conditions attached to authorisation A90782 determined by the Australian Competition Tribunal (which are currently in place).
2. In particular, Dairy Farmers supports the requirement that any collective bargaining group have "a shared community interest" and that they not comprise all of the dairy farmers that operate within any of the regions set out in condition C3 of the Australian Competition Tribunal's Determination. Such condition was imposed in order to alleviate the anti-competitive efforts of such bargaining groups. Dairy Farmers submits that this condition should be maintained in the replacement authorisation A90966.



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3. Additionally, Dairy Farmers strongly supports the principle that price and supply negotiations take place between dairy farmers and processors, excluding any collective bargaining agents.
4. Dairy Farmers also strongly supports the push for production efficiencies along the entire dairy supply chain, resulting in a more sustainable industry and more stable milk prices for suppliers.
5. The ADF recognises that the co-operative structure through which Dairy Farmers operates is an option (see the ADF's comments regarding supply co-operatives). Because of Dairy Farmers' co-operative structure and ownership by dairy farmers, Dairy Farmers supports the general concept of collective bargaining by dairy farmers.

In summary, Dairy Farmers supports the general concept of collective bargaining by dairy farmers on the basis that the concept of "a shared community interest" be retained as a key condition of authorisation granted by the ACCC. For the reasons set out above, Dairy Farmers would not support the ADF's application that dairy farmers in any region of Australia be authorised to form a collective bargaining group.

Yours sincerely

A handwritten signature in black ink, appearing to be "Brett Wright".

Brett Wright  
**Group Secretary / Legal Manager**