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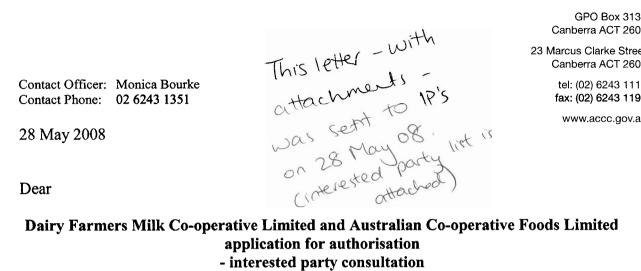
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www.accc.gov.au

Contact Officer: Monica Bourke Contact Phone: 02 6243 1351

28 May 2008

Dear



The Australian Competition and Consumer Commission (the ACCC) has received an application for authorisation from Dairy Farmers Milk Co-operative Limited (DFMC) and Australian Co-operative Foods Limited (ACF). The ACCC invites you to comment on the application. Attached is a summary of the authorisation process including how to make a submission to the ACCC.

DFMC and ACF are seeking authorisation for:

the amendment of the Milk Supply Agreement (MSA) prior to the completion of any sale of ACF to provide for the continuation of the back to back pricing and back to back milk purchasing policies provisions, contained in clauses 4.4 and 5.6 of the MSA and

in the event that authorisation is denied for the conduct above. implementation of the back to back pricing and back to back milk purchasing policies by DFMC in its dealings with farmers for the supply of milk to ACF.

A full copy of the application for authorisation and attachments are available on the ACCC's website <www.accc.gov.au>. Alternatively, you can contact Monica Bourke on (02) 6243 1351 to obtain a hard copy of the application and submission.

Interim authorisation

DFMC and ACF have sought interim authorisation to continue to engage in the conduct described above.

The ACCC endeavours to deal with requests for interim authorisation quickly. In making an assessment as to whether it is appropriate to grant interim authorisation, the ACCC is not required to undertake a full assessment of the benefit and detriment likely to arise as a result of the proposed conduct.

The ACCC decides whether to grant interim authorisation on a case by case basis. Should an applicant request interim authorisation, the ACCC will usually consider a range of factors, including harm to the applicant and other parties if interim is or is not granted, possible benefit and detriment to the public, the urgency of the matter and whether the market would be able to return to substantially its pre-interim state if the ACCC should later deny authorisation.

Request for submissions

The ACCC invites you to make a submission on the likely public benefits and effect on competition, or any other public detriment, from the proposed arrangements.

If you intend to provide a submission in relation to DFMC and ACF's application for authorisation, please do so by 20 June 2008. Submissions in relation to interim authorisation should be provided by 6 June 2008.

Alternatively, if you would like to provide comments orally, please contact Monica Bourke on (02) 6243 1351 to organise a suitable time.

Submissions, including oral submissions, will be placed on the ACCC's public register subject to any request for exclusion (guidelines are <u>attached</u>).

Timetable

The ACCC will progress its assessment of the application in a timely manner. An indicative timetable is set out below for your information.

22 May 2008	Lodgement of application and supporting submission.
28 May 2008	Public consultation process begins.
9 June 2008	Closing date for submissions on interim authorisation.
June 2008	ACCC decision regarding interim authorisation.
27 June 2008	Closing date for submissions from interested parties on substantive application.
July 2008	Applicant responds to issues raised in the public consultation process.
August 2008	Draft determination.

September 2008	Public consultation on draft determination including any conference if called.
October/November 2008	Final determination.

Please advise if you do not wish to make a submission at this time, but would like to be informed of the progress of the application at the draft and final determination stages. If you are able to please provide a nominated contact email address for future correspondence.

You can also forward this letter to any other party who may wish to make a submission to the ACCC regarding the application.

This letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please do not hesitate to contact Monica Bourke on (02) 6243 1351.

Yours sincerely

Dr Richard Chadwick General Manager Adjudication Branch

Interested parties consulted

Attiki Dairy Products

Bega

Brancourts

Challenge Dairy Co-Operative

Coca Cola Amatil

Fonterra Group Co-Op

Harvey Fresh

Jalna

Kraft

Murray Goulburn

Nestle

Norco

Nudie

Parmalat

Regal Dairies (Bulla)

Sanitarium

Tatura

United Dairy Power

Warrnambool Cheese and Butter Company

NSW Farmers Association Dairy

Progressive Collective Bargaining Group (Qld)

Oueensland Dairyfarmers' Organisation Ltd

South Australian Collective Bargaining group

South Australian Dairy Association

Southern Collective Bargaining group

Taree Collective Bargaining Group

United Dairy Farmers of Victoria

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ALDI

Bidvest

Coles

McDonalds

Metcash Trading Limited Australasia

Mobil

PFD

Starbucks

Woolworths

Australian Dairy Farmers

Australian Dairy Products Federation

Cadbury

Department of Primary Industries

Department of Primary Industries and Fisheries

Department of Primary Industries and Resources

Department of Primary Industries Water and Environment

Food and Agriculture Division

Department of Agriculture, Fisheries and Forestry

National Foods

ABARE