



286 Tesch Road
Maleny...4552
5th April, 2011

Australian Competition &
Consumer Commission
GPO Box 3131
Canberra
ACT...2601

Attention: Erin Donohue

Re: Australian Dairy Farmers Ltd application for revocation of authorisation A90966 and substitution of new authorization A91263- interested party consultation.

I have read the submission put forward by the ADF and support the process of Collective Bargaining and the reasoning behind seeking a new authorisation. Collective Bargaining is a necessary tool for dairy farmers, to be able to use some collective might when dealing with dairy processors. Collective Bargaining used in a positive sense is just as beneficial to the processor as it is to the farmer.

In the experience of Progressive Dairies, Collective Bargaining is severely limited by virtue of the voluntary nature of the process. Adequate outcomes for dairy farmers are elusive in the system, now, where there is little or no choice of processor. In the five years that Progressive Dairies have been an entity, small gains were made initially, followed by a period of drought, where the process proved invaluable and now disastrous, as it appears that a new company structure at National Foods has forsaken all of its previous commitment to the Collective Bargaining process. This situation was enhanced by the ACCC allowing two of the three major processors (domestic supply) to purchase the other processor. This virtual duopoly has not allowed the market (at dairy farmer level) to function. Long term contracts which were forced onto suppliers a few years ago have distorted the ability of the dairy farmer to move to another processor. The processors work closely together in sourcing milk from one another and they appear to have an unofficial policy of not upsetting one another when it comes to the transfer of suppliers. In the more recent troubling times the ability to move supply has resulted in the exiting, of what would be classed as good dairy farms and amount to a significant loss to our state's economy.

PROGRESSIVE DAIRIES – Collective Bargaining Group

President: Rob Cork

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Collective Bargaining is a valuable tool to the dairy farmer, as was the stone axe to the caveman, but the modern dairy farmer really needs a chainsaw in the comparison. Voluntary Collective Bargaining is not an effective tool in the David & Goliath scenario of dairy farmer v multinational milk processing company. Collective Bargaining needs real teeth and should have recourse to arbitration, to even out the situation where companies can merge to improve economies of scale but dairy farmers are limited to small collectives, fragmented into processor regions.

Progressive Dairies will most likely be a casualty of the current milk price wars. Our Membership has seen real benefits from Collective Bargaining in the past with a total reversal in recent times. We still support the process but would like to see future provisions that reflect the huge imbalance that now exists in the farmer/processor relationship.

Yours faithfully



R. J. Cork
President

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