

8 April 2011

Dr. Richard Chadwick
General Manager
Adjudication Branch
Australian Competition and Consumer Commission

RE: Australian Dairy Farmers Ltd. Collective Bargaining Authorisation.

Dear Dr. Chadwick,

Thank you for your letter of 11th March, addressed to our Chairman Max Roberts, in which you sought comment from Dairy Australia (DA) in relation to the application by Australian Dairy Farmers Ltd. (ADF) to extend the current collective bargaining provisions as they apply to the Australian dairy industry.

As the industry-owned national service body for Australian dairy, Dairy Australia does not directly engage in the commercial purchase or sale of farm gate milk or finished dairy products. However, we do have an interest in the arrangements that affect the commercial operations and long term development of the local dairy industry.

As you would know, the dairy market is fully deregulated in Australia and milk remains a perishable product that must be processed before it can be legally sold to local consumers. These factors have raised issues around the relative bargaining positions of farmers and processors/ manufacturers.

As DA understands it, the current authorization allows farmers with a shared community interest to form collective bargaining groups to negotiate with milk processing companies subject to a range of conditions. Our sense is that these arrangements have worked effectively over the past five years in promoting understanding between the processing and farm sectors of Australian dairy and have provided opportunities for farmers to collectively negotiate with companies on issues relating to their businesses and business needs. This has occurred with public detriment. DA is unaware of any adverse reaction from the public processors or dairy farms to the operation of the current authorization.

We would expect that extension of the ADF authorization beyond June 2011 would facilitate the effective commercial operation of Australian dairy and support broader dairy industry efforts to maintain a platform for the profitable future growth of Australian dairy.

Thank you for considering these comments. If you wish to discuss any aspects of them feel free to contact me on 03-96943763 or Cphillips@dairyaustralia.com.au

Yours sincerely,



Chris Phillips
General Manager Trade and Strategy
Dairy Australia