



Queensland Dairyfarmers' Organisation Limited ABN: 90 090 629 066

Australian Consumer and Competition Commission
GPO Box 3131
Canberra ACT 2601
Attention: Dr Richard Chadwick,
General Manager,
Adjudication Branch

7th April 2011

Dear Dr Chadwick,

**RE: Australian Dairy Farmers Ltd application for revocation of authorisation A90966
and substitution new authorisation A91263**

I write to acknowledge receipt of your recent correspondence, dated the 11th March, relating to the application from Australian Dairy Farmers Ltd for revocation and substitution of its existing authorisation with a new application seeking ACCC authorisation.

The Queensland Dairyfarmers' Organisation Ltd (QDO) understands and fully supports Australian Dairy Farmers application for a new authorisation to enable it to continue to offer groups of dairy farmers from around Australia the ability to maintain existing collective bargaining groups and to form new collective bargaining groups under the authorisation.

The QDO also supports the presentation presented in the Australian Dairy Farmers' collective bargaining authorisation application to the ACCC.

As per the QDO's recent submission to the Senate Inquiry into the Australian Dairy Industry, the QDO is a strong supporter of collective bargaining provision authorisations, which were originally given to Premium in Queensland and then nationally to the Australian Dairy Farmers.

The QDO believes that this provision by the ACCC is essential for groups of dairy farmers to be able to collectively discuss and negotiate outcomes with the processor they supply. This provision has provided the means for dairy farmers to be able to collectively negotiate in a more balanced 'market power' environment.

There currently exist some good examples of effective collective bargaining groups whom have developed good working relationships with the processor they supply and have used the collective bargaining provisions to not only negotiate on issues of price, but to develop a better understanding of each others business needs, to collectively seek to improve systems to reduce costs, and to structure business arrangements to better reflect the needs of both businesses, which can cover supply arrangements, transport, seasonal incentives, risk management etc.

Over recent years the processing sector has continued to consolidate and with this, the market share that remaining processing entities hold, has increased. With this consolidation within the processing sector the QDO believes that the Collective Bargaining provisions for farmer groups should be reviewed to ensure that the current provisions provide a reasonable balance for farmer group collective negotiation in the current processing sector environment. Some Collective Bargaining groups are severely constrained by regional boundaries and now with the consolidation of processors and expansion of their milk collection base these regional limitations on dairy farmer Collective Bargaining groups should be reviewed.

For further information or clarification please do not hesitate to contact me at the QDO office on (07) 3236 2955.

Yours sincerely,



Brian Tessmann
President
Queensland Dairyfarmers' Organisation Ltd