



**Australian
Competition &
Consumer
Commission**

Our Ref: C2013/262
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Dear Sir/Madam

Collective bargaining notifications CB00281 and CB00282 lodged by Manning Valley Dairy Farmers

I refer to the above collective bargaining notifications lodged with the Australian Competition and Consumer Commission (the ACCC) on 25 March 2013.

I am writing to inform you of the outcome of the ACCC's assessment of the notifications. On the basis of the information available, the ACCC considers that the likely benefit to the public from the collective bargaining conduct will outweigh the anti-competitive detriment. The ACCC does not intend to take any further action in relation to these notifications at this stage.

The notified conduct

Mr Tim Bale lodged two collective bargaining notifications on behalf of himself and six other dairy farmers from the Manning Valley area in New South Wales (the Manning Valley Dairy Farmers Collective Bargaining Group),

The Manning Valley Dairy Farmers Collective Bargaining Group proposes to collectively negotiate the terms and conditions of raw milk supply agreements to be entered into between each of the participants and Woolworths, and an agreement which deals with the obligations of the parties to work cooperatively to meet Woolworth's requirements.

The participants may also collectively negotiate the terms and conditions of the supply of raw milk and/or brokerage agreements with Milk2Market.

Statutory protection conferred by the notifications commenced on 8 April 2013 and will expire three years after the date of lodgement (25 March 2016).

ACCC consideration

The ACCC may revoke the statutory protection provided by a collective bargaining notification at any time if the ACCC considers the relevant tests in section 93AC of the *Competition and Consumer Act 2010* are satisfied. Generally, if the ACCC concludes that the benefit to the

public likely to result from the collective bargaining arrangement will not outweigh the detriment, the ACCC can remove the statutory protection provided by the notification.

The ACCC considers that the proposed collective bargaining arrangements are likely to result in public benefits by introducing a new competitor for the acquisition of raw milk and providing more consumer choice by introducing a new milk product which may also result in more efficient pricing that better reflects the quality or value of the differentiated milk product.

The ACCC also considers the arrangements will provide benefits through transaction cost savings; by providing dairy farmers with access to better information about the dairy market and providing dairy farmers with greater input into contractual terms from improved bargaining power which may result in more efficient commercial outcomes.

The ACCC considers that the potential for anti-competitive detriment is limited: dairy farmers have been collectively bargaining to sell their milk for some time without any identifiable public detriment; the bargaining group is small – seven dairy farmers located in Manning Valley, NSW – and the total volume of raw milk being sold is a small proportion of milk produced in the region. The ACCC also notes that participation in the collective bargaining process is voluntary for all parties.

As stated above, on the basis of the information available, the ACCC considers that the likely benefit to the public from the collective bargaining arrangement will outweigh any anti-competitive detriment. The ACCC does not intend to take any further action in relation to the notifications at this stage.

A copy of this letter has been placed on the ACCC's public register. If you wish to discuss any aspect of this matter, please contact Gina D'Ettorre on 03 9290 1483.

Yours sincerely



Dr Richard Chadwick
General Manager
Adjudication Branch