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David Koch  
Chief Executive Officer  
Milk2Market

**By email:** David.koch@milk2market.com.au

Dear Mr Koch

### **Collective bargaining notifications CB326 and CB327 – Manning Valley dairy farmers**

I refer to the above collective bargaining notifications lodged with the Australian Competition and Consumer Commission (the ACCC) on 16 March 2016.

The ACCC has finalised its assessment of these notifications. The ACCC has decided to allow a group of seven Manning Valley dairy farmers (Manning Valley collective bargaining group) to collectively negotiate terms and conditions of raw milk supply agreements with Woolworths or its agent, Milk2Market. The applicants may also collectively negotiate the terms and conditions of the supply of raw milk with Milk2Market.

The ACCC is of the view that the collective bargaining arrangements will result in public benefits that will outweigh the likely detriment to the public, discussed below.

#### **The notified conduct**

Mr Tim Bale (**applicant**) 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 collective bargaining group proposes to collectively negotiate the terms and conditions of raw milk supply agreements to be entered into between each of the Manning Valley collective bargaining group members and Woolworths, and an agreement which deals with the obligations of the parties to work cooperatively to meet Woolworth's requirements.

The Manning Valley collective bargaining group also proposes to collectively negotiate the terms and conditions of the supply of raw milk directly to Milk2Market and/or brokerage agreements with M2M acting on behalf of Woolworths.

The Manning Valley collective bargaining group lodged collective bargaining notifications in relation to similar conduct in 2013. These notifications expired on 25 March 2016.

### **ACCC consideration**

The ACCC has assessed the collective bargaining arrangements proposed by Manning Valley collective bargaining group and considers that the arrangements are likely to result in public benefits in the form of transaction cost savings, and greater input by dairy farmers into contracts, which is likely to result in more efficient contracts.

The collective bargaining arrangements are also likely to lead to public benefits arising from the maintenance of a competitor for the acquisition of raw milk and providing more consumer choice by maintaining a premium milk product, which may also result in more efficient pricing that better reflects the quality or value of the differentiated milk product.

The ACCC considers that the potential for the arrangements to result in public detriments is limited. In particular, 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.

On the basis of the information available, the ACCC considers that the likely benefits to the public from the collective bargaining arrangements will outweigh the likely anti-competitive detriments to the public. Accordingly, the ACCC does not intend to take any further action in relation to the notifications at this stage.

As with any notification, the ACCC may act to remove the statutory protection afforded by these notifications at a later stage if it is satisfied that the likely benefit to the public from the collective bargaining arrangement no longer outweighs the likely detriment to the public.

A copy of this letter has been placed on the ACCC's public register. If you wish to discuss this matter, please contact Saraj Bhullar on (03) 9290 1941 or by email to [adjudication@acc.gov.au](mailto:adjudication@acc.gov.au).

Yours sincerely



Baethan Mullen  
A/g General Manager  
Adjudication